PRELIMINARY OFFICIAL STATEMENT August 18, 2026

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this POS constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

New Issue | S & P Global Rating Requested

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Such interest is not included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.

$1,985,000
City of Osakis, Minnesota
General Obligation Bonds, Series 2026A

PURPOSE/AUTHORITY: The $1,985,000 General Obligation Bonds, Series 2026A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475 to finance street and utility improvements (the "Project"). The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. The City pledges tax levies, special assessments to benefitted properties, and revenues from its sewer and water utilities to make semi-annual payments.

BID OPEN & AWARD: Monday, September 14, 2026; Open 11:00 A.M. CST; Award 6:00 P.M. CST.

DATED DATE: September 28, 2026

MATURITY: The bonds will mature on February 1 as follows:

Year	Amount	Year	Amount
2028	$ 80,000	2036	$ 135,000
2029	110,000	2037	145,000
2030	115,000	2038	145,000
2031	115,000	2039	150,000
2032	120,000	2040	160,000
2033	120,000	2041	165,000
2034	125,000	2042	170,000
2035	130,000		

INTEREST: August 1, 2027, and each February 1 and August 1 thereafter.

MATURITY AGREEMENT: The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of $5,000 each.

CALL DATE: February 1, 2033

MINIMUM BID: $1,959,195.00 (98.7%)

TAX STATUS: Tax-exempt; bank-qualified

GOOD FAITH DEPOSIT: $39,700 payable to the City on September 14, 2026

CLOSING/ DELIVERY DATE: On or about September 28, 2026

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.

DDA
David Drown Associates, Inc.
Public Finance Advisors

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55419-1126
612-920-3320 (phone); 612-605-2375 (fax)
www.daviddrown.com

COMPLIANCE WITH S.E.C. RULE 15C-12

Municipal obligations (issued in an aggregate amount over $1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Obligations to prospective underwriters in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement."

REVIEW PERIOD

This Preliminary Official Statement has been distributed to members of the legislative body and other public officials of the Issuer as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to David Drown Associates, Inc. (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

FINAL OFFICIAL STATEMENT

Upon award of sale of the Obligations, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto was prepared relying on information of the Issuer and other sources and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the Issuer, is contingent upon the sale of the issue.

Table of Contents

CITY OF OSAKIS, MINNESOTA

City of Osakis City Council

Name	Position	Term Expires
Judy Dvorsak	Mayor	2026
Randy Anderson	Council Member	2028
Laura Backes	Council Member	2026
Stephanie Finnegan	Council Member	2026
Tim Thornbloom	Council Member	2028

Administration

Angela Jacobson	City Clerk-Treasurer	Appointed

Bond Counsel

Taft Stettinius & Hollister LLP
Minneapolis, MN

Municipal Advisor

David Drown Associates, Inc.
Minneapolis, MN

INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the $1,985,000 G.O. Bonds, Series 2026A, of City of Osakis, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.

Issuer:	City of Osakis, Minnesota
Sale Date & Time:	Monday, September 14, 2026, 11:00 A.M. Central
Award Date & Time:	Monday, September 14, 2026; 6:00 P.M. Central
Dated Date:	September 28, 2026
Interest Payments:	August 1, 2027, and each February 1 and August 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the "Record Date").
Principal Payments:	February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2028	$ 80,000	2036	$ 135,000
2029	110,000	2037	145,000
2030	115,000	2038	145,000
2031	115,000	2039	150,000
2032	120,000	2040	160,000
2033	120,000	2041	165,000
2034	125,000	2042	170,000
2035	130,000		

Rating:	The City *has* requested a rating from S & P Global Rating.
Maturity Adjustment:	The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of $5,000 each.
Continuing Disclosure:	Limited continuing disclosure
Security:	General Obligation pledge of the City and pledge of tax levies, special assessments from benefitted properties, and revenues from the City's sewer and water utilities.
Purpose:	Proceeds will finance street and utility improvements
Authority:	Minnesota Statutes, Chapters 429, 444 and 475
Optional Redemption:	Bonds are callable on February 1, 2033.
Tax Status:	Tax-exempt, bank-qualified
Legal Opinion:	Taft Stettinius & Hollister LLP, Minneapolis, Minnesota
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota
Closing/Delivery:	On or about September 28, 2026.

Questions regarding the Bonds or the Preliminary Official Statement can be directed to and additional copies of the Preliminary Official Statement and the City's audited financial reports can be obtained from the City's Municipal Advisor David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 (612-920-3320).

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TERMS OF OFFERING

City of Osakis, Minnesota

$1,985,000

General Obligation Bonds, Series 2026A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Monday, September 14, 2026 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council of the City of Osakis (the "City") at 6:00 P.M., Central Time, on that same date.

SUBMISSION OF PROPOSALS

Proposals must be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, must be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:00 A.M., local time on September 14, 2026. Bids must be submitted electronically via PARITY® pursuant to this Notice until 11:00 A.M., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders must contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City of Osakis nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

DETAILS OF THE BONDS

The Bonds will be dated September 28, 2026, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2027. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2028	$ 80,000	2036	$ 135,000
2029	110,000	2037	145,000
2030	115,000	2038	145,000
2031	115,000	2039	150,000
2032	120,000	2040	160,000
2033	120,000	2041	165,000
2034	125,000	2042	170,000
2035	130,000		

TERM BOND OPTION

Bids for the bonds must contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds must be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name Northland Bond Services, a division of First National Bank of Omaha., Minneapolis, MN, as registrar for the Bonds. Northland Bond Services shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City pledges tax levies, special assessments to benefitted properties, and revenues from its sewer and water utilities to make semi-annual payments.
The proceeds will finance costs associated with street and utility improvements .

TYPE OF PROPOSALS

Proposals shall be for not less than $1,959,195.00 (98.7%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of $39,700 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

MATURITY ADJUSTMENTS

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate must indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto must be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
ii. all bidders shall have an equal opportunity to submit a bid;
iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. In such event, any proposal submitted will not be subject to cancellation or withdrawal. Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

SETTLEMENT

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

LIMITED CONTINUING DISCLOSURE

On the date of the actual issuance and delivery of the Bonds, the City will be obligated with respect to more than $10,000,000 of outstanding municipal securities, including the Bonds being offered hereby. In order to assist bidders in complying with SEC Rule 15c2-12, the City will covenant to provide certain financial information that is customarily prepared and is publicly available and notices of certain material events to the limited extend required by SEC Rule 15c2-12(d)(2). A description of the City’s undertaking is set forth in the Official Statement.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.
The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the

senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: 10 August, 2026 BY ORDER OF THE CITY COUNCIL

/s/ Angela Jacobson
City Clerk-Treasurer

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OFFICIAL STATEMENT

CITY OF OSAKIS, MINNESOTA

$1,985,000 General Obligation Bonds, Series 2026A

INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of the $1,985,000 General Obligation Bonds, Series 2026A (the “Bonds”) by City of Osakis, Minnesota (the “City”.) This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Ms. Angela Jacobson, City Clerk-Treasurer, City of Osakis, PO Box 486, Osakis, MN 56360-1486 or by telephoning (320) 859-2150.

Limited Continuing Disclosure

In order to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") the City will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds. Through the Undertaking, the City covenants and agrees to provide certain annual financial information data about the City and to provide notice of the occurrence of certain material events. This information shall be provided according to the time parameters described in the Undertaking and to the information repositories and the Municipal Securities Rulemaking Board as required by the Rule. The specific provisions of the Undertaking are set forth in the Continuing Disclosure Certificate (the "Certificate") in substantially the form attached hereto as Appendix C. The Certificate will be executed and delivered by the City at the time the Bonds are delivered. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The City has complied with all Continuing Disclosure requirements in the past five (5) years. The City works with a dissemination agent to assist in monitoring their continuing disclosure requirements. A partial listing of filings from EMMA can be found in Appendix E.

Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475 for the purpose of financing street and utility improvements.

Sources and Uses

Sources		Uses	
Par Amount of the Bonds	$ 1,985,000	Project Costs	$ 1,909,603
City Contribution	408	Underwriter’s Discount (1.30%)	25,805
		Issuance & Legal	50,000
Totals	$ 1,985,408	Total	$ 1,985,408

Payment and Security

The Bonds are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. The City pledges tax levies, special assessments from Benefitted Properties, and revenues from its Sewer and Water utilities to make the semi-annual Bond payments.

Optional Redemption

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

Rating

The City *has* requested a rating on this issue from S & P Global Ratings, Inc. Such a rating, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings, Inc. There is no assurance that such rating, if and when received, will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Taxability of Interest

At closing, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation which may have a retroactive effect), regulations, ruling and decisions, to the following effect:

1. Gross Income: the Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax.
2. Alternative Minimum Tax: interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations.
3. Compliance: the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to the issuance of the Bonds. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE BONDS IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE BONDS.

No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences arising with respect to the Bonds. See the form of opinion in Appendix B.

Other Federal Tax Considerations

Property and Casualty Insurance Companies Property and casualty insurance companies are required by federal tax law for taxable years beginning after January 31, 1986, to reduce the amount of their loss reserve deduction by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies Foreign companies carrying on an insurance business in the United States are subject to a federal tax on income which is effectively connected with their conduct of any trade or business in the United States. Such income includes tax-exempt interest.

Branch Profits Tax Foreign corporations are subject to a federal "branch profits tax" equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits", including tax-exempt municipal bond interest.

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Financial Institutions For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Bonds but for their designation as qualified tax-exempt obligations. See "Qualified Tax-Exempt Obligations" below.

Social Security and Railroad Retirement Benefits Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Bonds.
Exclusion Not Constitutionally Required The United States Supreme Court ruled in 1988 that the exclusion from gross income of interest on state and local bonds is not required by the United States constitution. The Constitution of the State of Minnesota likewise does not require the exclusion from gross income or taxable net income of interest on bonds of Minnesota issuers. Hence, future federal and/or state laws could cause the inclusion of interest on bonds, including the Bonds, in gross income or taxable net income, or could otherwise cause such interest to be taxed or to be included in the calculation of other income which is taxed.

General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Details of Certain Terms

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Record Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the month prior to the interest payment date (the “Record Date”).

Original Issue Discount

Original Issue Discount Bonds ("OID Bonds") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or less upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

Original Issue Premium

Original Issue Premium Bonds ("Premium Bonds") may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Premium Bonds should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

Term Bond Option

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

Bank-qualified Tax-Exempt Obligations

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations. "Qualified tax-exempt obligations" are treated as acquired by the financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance contained in prior law.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York State Banking Law, a "banking organization" within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York State Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-sale settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities

Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on files with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Obligations, except in the event that use of the book entry system for the Obligations is discontinued or as an option upon the transfer of an entire maturity.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Obligations shall be sent to Cede & Co. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issue or Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, Issuer, or Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. The information in this section concerning DTC and DTC's book entry-system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Litigation

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

Future Financing

The City is not currently planning on financing any future projects in the next twelve (12) months.

Legality

The Bonds are subject to approval as to certain matters by Taft Stettinius & Hollister LLP of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has neither been engaged nor undertaken to prepare, opine on, examine or independently verify the accuracy of any portion of this Official Statement, including the financial, statistical or operational statements or data contained in this Official Statement and risks associated with the purchase of the Bonds, except for statements under "Taxability of Interest" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "Appendix B – PROPOSED FORM OF LEGAL OPINION," and a legal opinion in substantially the form set out in Appendix B herein will be delivered at closing.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

Municipal Advisor

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Certification

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor's Certificate from Douglas and Todd Counties in Minnesota for taxes payable in 2026 found under Appendix A.

The City of Osakis lies within two (2) counties. Unless otherwise indicated, all figures are a combined total that represents the entirety of the City.

TRENDS IN VALUATIONS

Trends in Valuations

Year	Economic Market Value*	Estimated Market Value	Taxable Market Value	Adjusted Net Tax Capacity
2025/26	$ 195,670,284	$ 186,722,700	$ 171,394,467	$ 1,679,666
2024/25	194,825,301	174,578,100	158,620,842	1,564,446
2023/24	176,045,481	167,463,000	156,283,999	1,541,301
2022/23	159,783,740	151,754,800	139,969,470	1,381,924
2021/22	146,402,101	131,273,500	118,790,148	1,189,537
2020/21	131,882,032	126,126,600	113,166,406	1,149,901
2019/20	124,672,595	118,191,900	105,048,759	1,071,241

**Economic Market Value is calculated by the MN Dept. of Revenue.*

CASH AND INVESTMENTS

(as of August 17, 2026)

Fund	Cash/Investments
General	$ 2,819,534
Special	461,007
Economic Development	36,311
Debt Service	
GO Debt supported by Assessments	613,818
GO Debt supported by Revenues	867,193
Capital	161,268
Enterprise	1,031,866
Total	$ 5,990,998

CITY INDEBTEDNESS

(as of 09/01/2026)

Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	$ 5,554,659
Less: Outstanding Debt Subject to Limit	0
Legal Debt Margin as of 09/01/2026	$ 5,554,659

** The City's Estimated Market Value for taxes payable in 2026 is $185,155,300.*

General Obligation Debt Supported by Assessments

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
09/28/2026	$ 1,385,000	Improvement Portion, This issue	02/01/2042	$ 1,385,000
06/01/2016	805,000	PIR Fund	02/01/2032	345,000
11/16/2012	475,000	Improvements	02/01/2029	110,000
Total				$ 1,840,000

General Obligation Debt Supported by Revenues

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
09/28/2026	$ 350,000	Sewer Revenue Portion, This Issue	02/01/2042	$ 350,000
09/28/2026	250,000	Water Revenue Portion, This Issue	02/01/2042	250,000
12/22/2025	759,000	Sewer Revenue	02/01/2046	759,000
08/23/2024	651,000	Taxable Water Revenue	08/23/2064	629,787
08/23/2024	800,000	Taxable Water Revenue	08/23/2064	768,717
08/08/2022	774,000	Disposal System	02/01/2042	649,000
2018	475,604	Taxable Water Revenue	08/20/2037	295,000
2018	653,961	Taxable Sewer Revenue	08/20/2037	405,961
09/19/2017	360,000	Utility Revenue	02/01/2033	191,000
07/01/2016	525,048	Sewer Revenue	08/20/2036	283,000
07/01/2016	523,083	Water Revenue	08/20/2036	280,000
02/21/2013	433,000	Water Revenue Note	01/01/2053	340,000
02/21/2013	1,275,000	Water Revenue Note	01/01/2053	1,003,000
Total				$ 6,204,465

Summary of Direct Debt Including This Issue

	Gross Debt	Less: Debt Funds	Net Direct Debt
GO Debt Supported by Assessments	$ 1,840,000	$ -	$ 1,840,000
GO Debt Supported by Revenues	6,204,465	-	6,204,465
Total	$ 8,044,465	$ -	$ 8,044,465

Overlapping Debt

Taxing Unit	2025/26 Tax Capacity	% in City	Total G.O. Debt	City Share
Douglas County	$ 105,865,525	1.14%	$ 13,880,000	$ 158,161
Todd County	44,662,762	1.06	1,575,076	16,693
ISD # 213	4,218,136	28.60%	2,110,000	603,430
Sauk River Watershed	5,941,891	20.30%	1,285,000	260,882
Total				$ 778,285

Debt Ratios

	Net G.O. Debt	Debt/Economic Market Value $ 195,670,284	Debt per Capita 1,623
Net Direct G.O. Debt*	$ 1,840,000	0.94%	$ 1,134
Net Direct and Overlapping GO Debt	8,044,465	4.11%	4,957

** Excludes G.O. Debt supported by revenues*

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Annual Debt Service Payments

	GO Debt Supported by Tax Levies			GO Debt Supported by Assessments		
Year	Principal	Payment	% Retired	Principal	Payment	% Retired
2026	$ -	$ -	0%	$ -	$ -	0%
2027	90,000	143,189	5%	252,882	369,245	4%
2028	145,000	203,521	13%	287,313	400,544	9%
2029	170,000	224,415	22%	302,752	409,490	14%
2030	140,000	190,075	30%	309,199	409,140	19%
2031	140,000	185,865	37%	314,653	407,646	24%
2032	145,000	186,509	45%	321,116	406,015	29%
2033	85,000	122,748	50%	327,586	405,228	34%
2034	90,000	124,575	55%	303,064	373,787	39%
2035	90,000	121,268	60%	313,552	376,626	44%
2036	95,000	122,798	65%	318,047	374,258	49%
2037	100,000	124,068	70%	269,511	317,927	54%
2038	100,000	120,193	76%	208,063	250,088	57%
2039	105,000	121,169	81%	213,584	248,432	60%
2040	110,000	121,895	87%	224,114	251,555	64%
2041	115,000	122,338	93%	229,655	249,443	68%
2042	120,000	122,490	100%	234,204	246,212	71%
2043	-	-		135,763	141,925	74%
2044	-	-		140,332	142,600	76%
2045	-	-		143,910	142,238	78%
2046	-	-		147,499	141,850	81%
2047	-	-		95,098	118,097	82%
2048	-	-		96,707	117,635	84%
2049	-	-		99,328	118,135	85%
2050	-	-		101,959	118,585	87%
2051	-	-		103,601	117,997	89%
2052	-	-		106,255	118,372	90%
2053	-	-		107,920	117,710	92%
2054	-	-		41,597	49,872	93%
2055	-	-		42,286	49,872	93%
2056	-	-		42,987	49,872	94%
2057	-	-		43,700	49,872	95%
2058	-	-		44,426	49,872	95%
2059	-	-		45,166	49,872	96%
2060	-	-		45,919	49,872	97%
2061	-	-		46,684	49,872	98%
2062	-	-		47,464	49,872	98%
2063	-	-		48,256	49,872	99%
2064	-	-		48,313	49,121	100%
Total	$ 1,840,000	$ 2,357,113		$ 6,204,465	$ 7,438,615	

GENERAL INFORMATION

The City of Osakis is located in Douglas and Todd Counties approximately 125 miles northwest of the City of Minneapolis and 55 miles northwest of the City of St. Cloud. US Interstate 94 runs within two (2) miles of the City and Minnesota Highway 27 runs through City; both providing easy access to St. Cloud and the Twin Cities as well as the Fargo/Moorhead to the northwest.

Organization

The City was organized in 1889 as a Statutory City and currently operates under the Mayor-Council form of government. The City Council is composed of a mayor and four (4) Council members. The Mayor is elected at large and serves a four-year term while the Council members elected at-large to serve overlapping four-year terms. The present Council is comprised of the following members:

Name	Position	Term Expires
Judy Dvorsak	Mayor	2026
Randy Anderson	Council Member	2028
Laura Backes	Council Member	2026
Stephanie Finnegan	Council Member	2026
Tim Thornbloom	Council Member	2028

The City Clerk-Treasurer, Angela Jacobson, is appointed by the City Council and is responsible for administering the various City departments, implementing Council policies and coordinating the preparation of the annual City budget.

The City currently employs eleven (11) full-time and ten (10) part-time staff members in the departments of Police, Public Works, Administration, Liquor Store, and Community Center. They also have 20 volunteer firefighters.

City Services

The municipal water utility consists of 2 wells and has a pumping capacity of 511 gallons per minute. The average demand is 150,000 gallons per day with a peak demand of 300,000 gallons per day. The City's elevated storage capacity is 200,000 gallons. There are 664 connections to the water utility.

The city operates a stabilization pond system system for its sanitary sewer utility with a treatment capacity of 210,000 gallons per day, an average demand of 175,000 gallons per day, and a peak demand of 460,000 gallons per day. There are 737 connections to the sanitary sewer utility.

The City has two parks. Park Osagi, which has 3 shelters, bathrooms, playground equipment, and Lions Park, which has bathrooms, picnic tables, and a VFW memorial.

Employee Pensions

The City participates in the General Employees Retirement Plan (General Plan), a cost-sharing, multi-employer defined benefit pension plans administered by the PERA. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 353D, 353E, 353G, and 356. The City's contribution to the General Plan for the year ending December 31, 2025 was $53,971.

The Osakis Firemen's Relief Association participates in the Statewide Volunteer Firefighter Regirement Plan, however the City did not have any required contributions for that fund.

Please refer to the 2025 Audited Financial Statement (appendix E of this document) for more detailed information.

Census Data

Population Trends

	Population
2024 U.S. Census Estimate	1,623
2020 U.S. Census	1,771
2010 U.S. Census	1,704

Source: U.S. Census Bureau

Income and Housing Statistics

	City of Osakis	Douglas County	Todd County	State of Minnesota
2024 per Capita Income	$ 31,590	$ 44,466	$ 33,830	$ 47,926
2024 Median Household Income	50,833	79,043	67,662	87,117
Percent Living in Poverty	14.5%	9.0%	11.5%	9.3%
Median Value of Owner-Occupied Housing	$ 173,500	$ 321,400	$ 207,700	$ 344,600

Source: U.S. Census Bureau

The City of Osakis has approximately 693 single-family homes and 17 multi-family homes within the City. In the past year four (4) single-family homes were constructed. There are currently no residential subdivisions planned.
Source: City Records

Employment Data

	Labor Force		*Unemployment Rate*		
	Douglas Cnty	Todd County	Douglas Cnty	Todd County	Statewide
June, 2026	21,898	13,449	4.1%	5.7%	4.6%
June, 2025	22,277	13,451	3.3%	4.8%	4.0%

Source: Minnesota Department of Employment and Economic Development

Building Permits

	Number of Permits			Total Value
Year	Comm./Ind.	Residential	Other	of Permits
2026*	6	28	13	$ 1,814,965
2025	7	70	19	1,954,022
2024	6	65	17	3,471,848
2023	10	56	12	2,903,817
2022	6	60	19	3,704,051
2021	5	60	0	2,220,904

** Source: City Records as of August 5, 2026*

Commercial/Industrial Development (in the past 3 years)

Name of Business	Product/Service	Type of Building	(estimated) Cost of Project
Hydronic Distribution	Pumps/Valves	Office/Warehouse	$ 1,200,000
Storage Unit	Storage Unit	Storage Unit	31,000
Jorgenson Homes	Building/Contractor	Remodel Shop/Office	50,000

** Source: City Records as of August 7, 2026*

Major Employers

Employer	Product/Service	# of Employees
Osakis Public Schools	Public Education	105
Galeon	Skilled Nursing Care	100
Ichor Systems	Manufacturing	40
Rollie's Sales & Service	Tanks & Tank Components	38
Osakis Creamery	Dairy/Ag Components	19
Hensley, Inc.	Trucking & Storage	18
Market on Main	Grocery Store	16
Brothers Market	Gasoline Service Station/Store	12
First National Bank of Osakis	Bank	12
Osakis Medical Center	Health Care	11

Source: City Records

Financial Services

The First National Bank of Osakis are the only Bank located within City. They reported deposits of $76,326,000 as of June 30, 2025.

Source: FDIC on-line "Summary of Deposits"

Healthcare

The closest hospital is located in Alexandria, Minnesota, approximately 10 miles from the City of Osakis. There is a fully licensed nursing home (Galeon Senior Living) located in the City.

Source: www.city-data.com

Education

Osakis Elementary (in Osakis) serves students pre-kindergarten through grade 6. Osakis High School serves students from grades 7 through 12.

The closest post-secondary education facility is Alexandria Technical & Community College (Alexandria, MN) approximately 11 miles from the City of Osakis. The closest private college is the College of Saint Benedict in Saint Joseph, Minnesota (about 46 miles away).

Source: www.city-data.com

Transportation

US Interstate 94 runs within two (2) miles of the City and Minnesota Highway 27 runs through City; both providing easy access to St. Cloud and the Twin Cities as well as the Fargo/Moorhead to the northwest.

Source: www.mapquest.com

Utilities

The City of Osakis is supplied natural gas by Center Point Energy. Electric services are provided by Xcel Energy.

Source: City records.

Communications

The City of Osakis is provided local telephone service by Osakis Telephone Company. The City's official newspaper is the Long Prairie Leader which is published weekly on Wednesdays. The City of Osakis can be found on-line at: **www.cityofosakis.com**.

Source: City Records

APPENDIX A

COUNTY AUDITOR'S CERTIFICATE

The following pages contain copies of the Douglas and Todd County Auditor's Certificates for taxes payable in 2026.

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

Current Valuation 2025/2026

	Estimated Market Value	Taxable Market Value	Tax Capacity
Real Estate:			
Residential Homestead (Non-Agricultural) (Class 1a & 1b)		76,258,360	761,129
Agrcultural (Class 2 & 4b(3)		2,433,473	22,146
Commercial & Industrial (Class 3, 5(1), & 5(3)) (zoned Comm/Industrial/Public Utility)			
Commercial/Industrial		14,091,700	242,337
Public Utility		5,300	106
Railroad Operating Property		0	0
Residential Non-Homestead (Class 4a, 4b (1-2), 4c (1-4) (7-8), 4d & 4c)		22,530,100	245,392
Seasonal/Recreational Comm & Residential (Class 1c & 4c (5-6))		7,743,200	77,628
Other		0	0
Total Real Estate	137,035,100	123,062,133	1,348,738
Total Personal Property	1,567,400	1,567,400	31,158
Total Real Estate & Personal Property	138,602,500	124,629,533	1,379,896
Total Residential Homestead Market Exclusion Value		12,237,067	
If Applicable To The Taxing District			
Subtract: Captured Tax Capacity Of Tax Incement District			(173,568)
Job Zone Tax Capacity			(0)
10% of 200 kV Transmission Lines			(0)
Total Adjusted Taxable Net Tax Capacity			1,206,328
(+) Todd County Adj. NTC			473,338
Total Adj. NTC			1,679,666

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

Valuation History (Real & Personal Property)

Assessment/ Payable Year	Estimated Market Value	Taxable Market Value	Mkt Value Homestead Exclusion Values	Less Tax Increment/ Fiscal Disparities/ Transmission Lines	Net Tax Capacity
2025/2026	138,602,500	124,629,533	12,237,067	(173,568)	1,206,328
2024/2025	127,509,200	112,993,737	12,583,563	(148,865)	1,103,631
2023/2024	120,809,600	110,284,588	8,765,412	(141,729)	1,077,662
2022/2023	114,671,800	103,904,299	9,185,501	(133,402)	1,020,557
2021/2022	99,631,600	88,231,545	10,083,255	(110,229)	883,434
2020/2021	95,640,600	83,772,527	10,544,973	(99,447)	854,722
2019/2020	91,420,200	79,485,789	10,794,911	(90,387)	815,958
MH Valuation - Most Recent Date And Data Available					
7/13/2026	506,200	372,160	134,040		4,151

Twenty-five Largest Taxpayers

Taxpayer	ASMT Code Description	Taxable Market Value	Tax Capacity
COMMUNITY MEMORIAL HOME	4 OR MORE UNITS	4,404,000	55,050
MINNEGASCO INC	LAND/BLD-P UTILITY	1,314,600	26,292
ROACH PROPERTIES LLC	4 OR MORE NC > 06/30/01	1,997,400	24,968
OSAKIS CREAMERY ASSOCIATION	INDUST LAND/BUILDING	1,187,200	23,744
EASTDALE BROTHERS LLC	COMM LAND/BLD	1,046,600	20,182
PATTERSON/DAVID T/REV LIV TR	COMM LAND/BLD	950,700	18,264
PAUL HARTMANN PROPERTIES LLC	COMM LAND/BLD	1,220,100	15,833
INNOVATIVE DEVELOPERS LLP	INDUST LAND/BUILDING	808,200	15,414
DGF SUB 2 LLC	COMM LAND/BLD	758,700	14,424
VALLE/ANGEL M	COMM LAND/BLD	504,500	9,340
HENSLEY/DARRIN & BECKY	COMM LAND/BLD	616,700	9,105
PANTHER PROPERTIES-OSAKIS LLC	INDUST LAND/BUILDING	498,400	8,469
FIRST NATIONAL BANK OSAKIS	COMM LAND/BLD	400,500	6,802
SHRODE/MICHAEL W & ASHLEY L	RESIDENTIAL\SINGLE UNIT	636,600	6,793
MC GEARY/EDWARD J & BETTY J	RESIDENTIAL\SINGLE UNIT	598,800	6,235
MC INTIRE/KEITH & KERRY/JOINT	SEASONAL REC RESIDENTIAL	620,600	6,206
MUNRO/JULI J	SEASONAL REC RESIDENTIAL	598,200	5,982
BETTS/CHARLES E & KRISTI A/TR	SEASONAL REC RESIDENTIAL	578,400	5,980
HUNTER/TRINA R & EDWARD M	RESIDENTIAL\SINGLE UNIT	576,000	5,950
DAAS/MARY A/REV TRUST ETAL	RESIDENTIAL\SINGLE UNIT	574,500	5,931
QUINN/TIMOTHY & THERESA/REV TR	RESIDENTIAL\SINGLE UNIT	571,400	5,893
RUDNICK/BASIL M & ELIZABETH L	RESIDENTIAL\SINGLE UNIT	450,400	5,787
DROWN/CHRISTOPHER E & DENISE C	COMM LAND/BLD	363,600	5,772
MARTIN PARTNERS LLC	COMM LAND/BLD	325,500	5,760
SCHMIDTBAUER/MARK & JACQUELINE	RESIDENTIAL\SINGLE UNIT	554,400	5,680

County Employees	Full Time	Part Time	Seasonal	Total
	321	12	23	356

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

If the County has plans for additional financing within the next three months, please complete:

Amount: Purpose: None known at this time.

Have the bonds authorized? When:

Taxing Authority and Local Tax Rate History

Local Tax Rate History
(Levy Year/Collection Year)

Governmental Unit	2021/22	2022/23	2023/24	2024/25	2025/26
COUNTY	44.69700	40.92000	38.03700	36.16000	35.44900
HRA	1.74300	1.49600	1.38200	1.24000	1.28900
OSAKIS CITY	65.80200	58.34000	53.87700	56.26300	54.76100
IND SCH DIST 213	23.60100	21.76500	19.74000	18.49400	17.74600
WATERSHED	1.00200	.98300	.87300	.69600	.72400
IND SCH DIST 213	.13953	.16742	.15822	.17475	.18004

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

Bonded Indebtedness 2025/2026

Gov. Unit Name	**** T A X C A P A C I T Y O F **** Entire Gov.Unit	DOUGLAS COUNTY	OSAKIS CITY	Bonded Debt as of 12/31/25
COUNTY	105,865,525	105,865,525	1,206,328	13,880,000
OSAKIS CITY	1,206,328	1,206,328	1,206,328	6,335,922
IND SCH DIST 213	4,218,136	4,218,136	1,206,328	2,110,000
WATERSHED	5,941,894	5,941,894	1,206,328	1,285,000
Debt Serv $ For Cnty		.00		
Sinking $ For Spc. Dist		.00		

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

Tax Levies and Collections

Levy Year/ Collection Year	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Original Gross Tax	582,925.45	595,393.00	580,612.14	620,935.88	660,597.27
Prop Tax Credits	132.19	307.57	345.17	402.70	414.93
Levy Adjustmnts	.00	.00	.00	.00	.00
Net Tax Levy	582,793.26	595,085.43	580,266.97	620,533.18	660,182.34
Amount Collected in Collection Year	574,595.97	586,282.88	570,498.06	608,753.23	N/A
Amt Dlq at End of Collection Year	8,197.29	8,802.55	9,768.91	11,779.95	N/A
Dlq Collected as of 12/31/25	4,057.14	4,245.56	7,514.16	.00	N/A
Dlq Abt/cancelled as of 12/31/25	2,664.21-	2,377.40-	.00	.00	N/A
Tot Dlq Outstanding as of 12/31/25	1,475.94	2,179.59	2,254.75	11,779.95	N/A

County of DOUGLAS COUNTY

Township 93 OSAKIS CITY

Please list the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions

Contact Person	STACY NOVAK
Telephone	3207623077
E-mail address	STACYN@CO.DOUGLAS.MN.US
Preferred method to receive certificate (i.e.: mail or email) or, please indicate if your county prefers to use a separate form.	EMAIL

Witness My hand and official seal this 16th day of July, 2026

Stacy L Novak

County Auditor-Treasurer /Deputy

(SEAL)

County of TODD COUNTY

Township **37 OSAKIS**

Current Valuation 2025/2026

	Estimated Market Value	Taxable Market Value		Tax Capacity
Real Estate:				
Residential Homestead (Non-Agricultural) (Class 1a & 1b)		18,303,284		185,110
Agrcultural (Class 2 & 4b(3)		20,900		209
Commercial & Industrial (Class 3, 5(1), & 5(3)) (zoned Comm/Industrial/Public Utility)				
Commercial/Industrial		896,400		10,744
Public Utility		0		0
Railroad Operating Property		0		0
Residential Non-Homestead (Class 4a, 4b (1-2), 4c (1-4) (7-8), 4d & 4c)		1,638,150		16,942
Seasonal/Recreational Comm & Residential (Class 1c & 4c (5-6))		25,791,900		258,047
Other		0		0
Total Real Estate	48,005,900	46,650,634		471,052
Total Personal Property	114,300	114,300		2,286
Total Real Estate & Personal Property	48,120,200	46,764,934		473,338
Total Residential Homestead Market Exclusion Value		1,055,266		
If Applicable To The Taxing District				
Subtract: Captured Tax Capacity Of Tax Incement District			(	0)
Job Zone Tax Capacity			(	0)
10% of 200 kV Transmission Lines			(	0)
Total Adjusted Taxable Net Tax Capacity				473,338

County of TODD COUNTY

Township **37 OSAKIS**

Valuation History (Real & Personal Property)

Assessment/ Payable Year	Estimated Market Value	Taxable Market Value	Mkt Value Homestead Exclusion Values	Less Tax Increment/ Fiscal Disparities/ Transmission Lines	Net Tax Capacity
2025/2026	48,120,200	46,764,934	1,055,266	(0)	473,338
2024/2025	47,068,900	45,627,105	1,141,795	(0)	460,815
2023/2024	46,653,400	45,999,411	653,989	(0)	463,639
2022/2023	37,083,000	36,065,171	1,017,829	(0)	361,367
2021/2022	31,641,900	30,558,603	1,083,297	(0)	306,103
2020/2021	30,486,000	29,393,879	1,092,121	(0)	295,179
2019/2020	26,771,700	25,562,970	1,208,730	(0)	255,283

Twenty-five Largest Taxpayers

Taxpayer	ASMT Code Description	Taxable Market Value	Tax Capacity
OSAKIS BEACH COOPERATIVE	SEASONAL REC RESIDENTIAL	1,135,200	11,694
ECKLUND/JOSEPH R & CINDY	RESIDENTIAL\SINGLE UNIT	810,700	8,664
JOHNSON/MARLIN & LAURA	SEASONAL REC RESIDENTIAL	781,200	8,515
HETLAND/DANA D & VIRGINIA K	RESIDENTIAL\SINGLE UNIT	713,600	7,670
OSAKIS COUNTRY CLUB INC	QUAL GOLF COURSE	490,900	6,921
NORTH STAR PROPERTY CONCEPTS	SEASONAL REC RESIDENTIAL	687,800	6,878
SCHOEN/TIMOTHY J & ANITA L	SEASONAL REC RESIDENTIAL	646,700	6,834
BORASH/DONNA F	RESIDENTIAL\SINGLE UNIT	633,400	6,668
LANGER/DAVID M/TRUSTEE	SEASONAL REC RESIDENTIAL	626,100	6,576
LEHRKE/EUGENE DALE	SEASONAL REC RESIDENTIAL	625,800	6,573
OLSON/DAVID A & LAURIE M	RESIDENTIAL\SINGLE UNIT	625,400	6,568
HALVERSON/HARVEY R & KARLA J	RESIDENTIAL\SINGLE UNIT	652,598	6,542
BONSACK/JACOB	RESIDENTIAL\SINGLE UNIT	613,500	6,418
MIDWAY BEACH RESORT LLC	RESIDENTIAL\SINGLE UNIT	906,399	6,404
VETERANS OF FOREIGN WARS	CONG CHARTER VET-DONATIO	595,100	5,951
JOHNSON/MARK D & JACKIE A	RESIDENTIAL\SINGLE UNIT	571,900	5,899
BROWN/HARLEY	SEASONAL REC RESIDENTIAL	537,800	5,378
FULL/TRAVIS & SHANNON L	SEASONAL REC RESIDENTIAL	511,800	5,148
IVERSON/ROGER & CARLA	SEASONAL REC RESIDENTIAL	472,800	4,728
MANDERS/JEROME M	RESIDENTIAL\SINGLE UNIT	463,243	4,633
WILL/CRAIG C & KRISTEN L	RESIDENTIAL\SINGLE UNIT	457,902	4,579
RAHLF/RANDALL & LAURIE	RESIDENTIAL\SINGLE UNIT	447,329	4,474
AMDAHL/DAVID R & JANE E	RESIDENTIAL\SINGLE UNIT	441,334	4,414
FUHRMAN/LANCE & JULIA	SEASONAL REC RESIDENTIAL	424,200	4,242
MAJERUS/RONALD L & DIANNE	RESIDENTIAL\SINGLE UNIT	418,989	4,190

County Employees	Full Time	Part Time	Seasonal	Total
	221	18	3	242

County of TODD COUNTY

Township **37 OSAKIS**

If the County has plans for additional financing within the next three months, please complete:

Amount: Purpose:

Have the bonds authorized? When:

Taxing Authority and Local Tax Rate History

Local Tax Rate History
(Levy Year/Collection Year)

Governmental Unit	2021/22	2022/23	2023/24	2024/25	2025/26
COUNTY	63.30400	51.58700	45.07800	43.74900	44.14800
COUNTY WIDE	.12700	.10300	.08300	.08300	.08100
OSAKIS	65.80200	58.34000	53.87700	56.26300	54.76100
OSAKIS	23.60100	21.76500	19.74000	18.49400	17.74600
SAUK WATER SHED DISTRI	1.03800	.92300	.84700	.75000	.72400
OSAKIS	.13953	.16742	.15822	.17475	.18004

County of TODD COUNTY

Township **37 OSAKIS**

Bonded Indebtedness 2025/2026

	**** T A X	C A P A C I T Y	O F ****	Bonded Debt
Gov. Unit Name	Entire Gov.Unit	TODD COUNTY	OSAKIS	as of 12/31/25
COUNTY	44,662,762	44,662,762	473,338	0
OSAKIS	473,338	473,338	473,338	0
OSAKIS	4,505,004	4,505,004	473,338	0
SAUK WATER SHED DIST	13,442,347	13,442,347	473,338	0
Debt Serv $ For Cnty		.00		
Sinking $ For Spc. Dist		.00		

County of TODD COUNTY

Township **37 OSAKIS**

Tax Levies and Collections

Levy Year/ Collection Year	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Original Gross Tax	201,421.93	210,821.59	249,794.78	259,268.35	259,204.63
Prop Tax Credits	.00	.00	.00	.00	.00
Levy Adjustmnts	.00	.00	.00	.00	.00
Net Tax Levy	201,421.93	210,821.59	249,794.78	259,268.35	259,204.63
Amount Collected in Collection Year	195,804.71	201,822.20	244,077.90	253,984.84	N/A
Amt Dlq at End of Collection Year	5,617.22	8,999.39	5,716.88	5,283.51	N/A
Dlq Collected as of 12/31/25	5,484.57	5,535.34	1,959.54	.00	N/A
Dlq Abt/cancelled as of 12/31/25	.00	.00	.00	.00	N/A
Tot Dlq Outstanding as of 12/31/25	132.65	3,464.05	3,757.34	5,283.51	N/A

County of TODD COUNTY

Township 37 OSAKIS

Please list the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions

Contact Person	KAYLA DOBLE-MARTY
Telephone	320-732-4467
E-mail address	KAYLA.DOBLE-MARTY@TODDCOUNTYMN.GOV
Preferred method to receive certificate (i.e.: mail or email) or, please indicate if your county prefers to use a separate form.	

Witness My hand and official seal this 10th day of July, 2026

(SEAL)

County Auditor-Treasurer

County's Auditor's Report of Outstanding Indebtedness

of the

Governmental Units

in

TODD County, Minnesota

For the Year Ended December 31, 2025

I do hereby certify that the following is a true and correct abstract of the reports of outstanding indebtedness of the governmental units for the year ended December 31, 2025.

Denise Gaida	Auditor/Treasurer
Signature	**Title**
Denise Gaida	(320) 732 - 4472
Print Name	**Telephone**
	denise.gaida@co.todd.mn.us
	Email Address

Office of the State Auditor
525 Park Street
St. Paul, MN 55103
Telephone: (651) 297-3682
Fax: (651) 282-2391
Email: county@auditor.state.mn.us

County Auditors Report of Outstanding Indebtedness

TODD COUNTY

Name of Governmental Unit	Bonds												Other Long-term Indebtedness		State Aid and Tax Anticipation Certificates		Refunding (Included in Bonds Outstanding)
	Outstanding Jan. 1		Issued During the Year	Paid During the Year	Total	General Obligation	G. O. Tax Increment	G. O. Special Assessment	G. O. Revenue	Revenue	Other (Identify)						
County:																	
Todd County	1,981,960.47			406,884.50	1,575,075.97	1,575,075.97											185,000.00
Subtotal:	1,981,960.47												-	-	-		185,000.00
Cities:																	
Bertha	2,951,612.40			153,517.50	2,798,094.90				2,798,094.90								
Browerville	8,830,892.18		2,076,499.03	510,164.00	10,397,227.21				5,474,000.00	4,923,227.21							
Burtrum	0.00		-	-	0.00	-											
Clarissa	3,021,199.99			213,837.50	2,807,362.49				2,807,362.49								
Eagle Bend	4,163,017.00		167,822.00	327,078.00	4,003,761.00	3,949,761.00				54,000.00							
Grey Eagle	1,674,000.00			95,000.00	1,579,000.00	446,000.00			1,031,000.00		102,000.00	1					102,000.00
Hewitt	0.00		-	-	-												
Long Prairie	31,607,497.00			1,988,500.00	29,618,997.00	1,185,000.00	605,000.00	4,885,000.00	20,088,997.00		2,855,000.00	2					395,000.00
Osakis	5,886,961.00	A.	759,000.00	310,039.00	6335922	1,652,000.00		545,000.00	2,802,961.00		1,335,961.00	3					
Staples	4,213,330.00			1,320,330.00	2,893,000.00	845,000.00		980,000.00	558,000.00	355,000.00	155,000.00	4	5,400,840.00				155,000.00
Swanville	3,593,000.00	B		658,000.00	2,935,000.00	784,000.00	96,000.00		2,055,000.00								
West Union	0.00		-	-	0.00	-	-	-	-	-	-		-		-		-
Subtotal:	65,941,509.57		3,003,321.03	5,576,466.00	63,368,364.60	8,861,761.00	701,000.00	6,410,000.00	37,615,415.39	5,332,227.21	4,447,961.00		5,400,840.00		-		652,000.00
School Districts:																	
Osakis - 213	3,100,000.00			990,000.00	2,110,000.00	2,110,000.00											2,110,000.00
Little Falls - 482	23,025,000.00	C		1,675,000.00	21,350,000.00	19,560,000.00					1,790,000.00	5					
Swanville - 486	6,655,000.00		13,375,000.00	415,000.00	19,615,000.00	19,615,000.00											
Upsala - 487	7,255,000.00			630,000.00	6,625,000.00	6,625,000.00									2,000,000.00		1,950,000.00
Melrose - 740	3,080,000.00		3,070,000.00	985,000.00	5,165,000.00	5,165,000.00											
Sauk Centre - 743	43,605,000.00			2,150,000.00	41,455,000.00	41,455,000.00											
Bertha-Hewitt - 786	4,895,000.00			475,000.00	4,420,000.00	4,420,000.00							155,455.00				1,625,000.00
Browerville - 787	17,640,000.00		7,565,000.00	790,000.00	24,415,000.00	24,415,000.00											
Verndale - 818	6,257,000.00			360,000.00	5,897,000.00	5,897,000.00											
Wadena - Deer Creek - 2155	11,590,000.00			680,000.00	10,910,000.00	10,910,000.00											
Staples Motley - 2170	19,050,000.00			3,310,000.00	15,740,000.00	15,740,000.00											
Long Prairie/Grey Eagle - 2753	16,059,000.00			711,000.00	15,348,000.00	15,348,000.00							1,275,000.00				5,145,000.00
Subtotal:	162,211,000.00		24,010,000.00	13,171,000.00	173,050,000.00	171,260,000.00	-	-	-	-	1,790,000.00		1,430,455.00		2,000,000.00		10,830,000.00
Townships																	
Staples Township	123,038.41			39,999.34	83,039.07	83,039.07											-
Subtotal:	123,038.41		-	39,999.34	83,039.07	83,039.07	-	-	-	-	-		-	-	-		-
Special Taxing Districts:																	
Lakewood Health Systems	63,171,325.00			1,180,394.75	61,990,930.25	2,140,000.00			38,785,553.99	21,065,376.26							
Region V Development Comm.	0.00				0.00												
Sauk River Watershed District	1,385,000.00			100,000.00	1,285,000.00	1,285,000.00							2,385,949.00				
Subtotal:	64,556,325.00		-	1,280,394.75	63,275,930.25	3,508,039.07	-	-	38,785,553.99	21,065,376.26	-		2,385,949.00		-		-
Grand Total All Districts:	294,813,833.45		27,013,321.03	20,027,860.75	299,777,333.92	183,629,800.07	701,000.00	6,410,000.00	76,400,969.38	26,397,603.47	6,237,961.00		9,217,244.00		2,000,000.00		11,667,000.00

A. Adjusted due to Pfit Loan schedule - Never received updated report for 2024

B. Debt was missed on 2024 Form (Series 2024A)

C. Inputed debt in other longterm indebtedness for 2024 instead of under other.

1 Refunding

2 G.O. Tax Abatement

3 PFA

4 Refunding

5 COP

PROPOSED FORM OF LEGAL OPINION

$1,985,000
GENERAL OBLIGATION BONDS, SERIES 2026A
CITY OF OSAKIS
COUNTIES OF DOUGLAS AND TODD
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Osakis, Counties of Douglas and Todd, Minnesota (the "Issuer"), of its $1,985,000 General Obligation Bonds, Series 2026A, bearing a date of original issue of September 28, 2026 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

Section 1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

Section 2. The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

Section 3. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for

State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

[Appendix __C__ to Official Statement]

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Osakis, Minnesota (the "Issuer"), in connection with the issuance of its $1,985,000 General Obligation Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on September 14, 2026 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 4 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated ________________, 2026, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2026, the Issuer shall, or shall cause the Dissemination Agent to provide, at least annually to the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, its Audited Financial Statements for the most recent Fiscal Year, which is the only financial information or operating data which is customarily prepared by the Issuer and publicly available, by not later than December 31, 2027, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the dates required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Reporting of Significant Events. This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to rights of security holders, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
(13) The consummation of a merger, consolidation, or acquisition involving an

obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

SECTION 5. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 8. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 9. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 10. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 11. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 7 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: September 28, 2026.

CITY OF OSAKIS, MINNESOTA

By ______________________________
Its Mayor

By ______________________________
Its City Clerk-Treasurer

Appendix D
Summary of Tax Levies, Payment Provisions & Valuations

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate and multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies
(Chapters 275, 276, 277, 279 – 282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on non-homestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on non-homestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for non-homestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits

(Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition and betterment of public waterworks systems, and public lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.

7. Certain obligations to repay loans.

8. Obligations specifically excluded under the provisions of law authorizing their issuance.

9. Certain obligations to pay pension fund liabilities.

10. Debt service funds for the payment of principal and interest on obligations other than those described above.

11. Obligations issued to pay judgments against the municipality.

12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

Metropolitan Revenue Distribution
(Chapter 473F, Minnesota Statutes) *("Fiscal Disparities Law")*

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/St. Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

Minnesota Property Class Rate Schedule

(current through taxes payable 2022)

Property Type	Taxes Payable Year 2018	2019	2020	2021	2022
Residential Homestead (1a)					
Up to $500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Residential Non-homestead					
Single Unit (4bb1)					
Up to $500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000	1.25%	1.25%	1.25%	1.25%	1.25%
1-3 unit and undeveloped land (4b1)	1.25%	1.25%	1.25%	1.25%	1.25%
Market Rate Apartments					
Regular (4a)	1.25%	1.25%	1.25%	1.25%	1.25%
Low-Income (4d)					
Up to $115, 000[4]	0.75%	0.75%	0.75%	0.75%	0.75%
Over $115, 000[4]	0.25%	0.25%	0.25%	0.25%	0.25%
Commercial/Industrial/Public Utility (3a)					
Up to $150,000	1.50%[1]	1.50%[1]	1.50%[1]	1.50%[1]	1.50%[1]
Over $150,000	2.00%[1]	2.00%[1]	2.00%[1]	2.00%[1]	2.00%[1]
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
Commercial Seasonal Residential					
Homestead Resorts (1c)					
Up to $600,000	0.50%	0.50%	0.50%	0.50%	0.50%
$600,000 - $2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over $2,300,000	1.25%[1]	1.25%[1]	1.25%[1]	1.25%[1]	1.25%[1]
Seasonal Resorts (4c)					
Up to $500,000	1.00%[1]	1.00%[1]	1.00%[1]	1.00%[1]	1.00%[1]
Over $500,000	1.25%[1]	1.25%[1]	1.25%[1]	1.25%[1]	1.25%[1]
Non-Commercial (4c12)					
Up to $500,000	1.00%[1 2]	1.00%[1 2]	1.00%[1 2]	1.00%[1 2]	1.00%[1 2]
Over $500,000	1.25%[1 2]	1.25%[1 2]	1.25%[1 2]	1.25%[1 2]	1.25%[1 2]
Disabled Homestead (1b)					
Up to $50,000	0.45%	0.45%	0.45%	0.45%	0.45%
Agricultural Land & Buildings					
Homestead (2a)					
Up to $500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Remainder of Farm					
Up to $2,050,000[4]	0.50%[2]	0.50%[2]	0.50%[2]	0.50%[2]	0.50%[2]
Over $2,050,000[4]	1.00%[2]	1.00%[2]	1.00%[2]	1.00%[2]	1.00%[2]
Non-homestead (2b)	1.00%[2]	1.00%[2]	1.00%[2]	1.00%[2]	1.00%[2]

[1] *Subject to the State General Property Tax.*

[2] *Exempt from referendum market value tax.*

For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision).

APPENDIX E

FINANCIAL STATEMENT

The City's financial statements are audited annually. The following pages contain a copy of the 2025 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

Carlson SV CPAs & Advisors, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Carlson SV CPAs & Advisors also has not performed any procedures relating to this offering document.

CITY OF OSAKIS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2025

CITY OF OSAKIS, MINNESOTA
ELECTED OFFICIALS AND ADMINISTRATION

ELECTED OFFICIALS

		Term Expires
Judy Dvorsak	Mayor	2027
Stephanie Finnegan	Council Member	2026
Laura Backes	Council Member	2026
Randy Anderson	Council Member	2028
Tim Thornbloom	Council Member	2028

ADMINISTRATION

Angela Jacobson	Clerk/Treasurer	Appointed
Lynnette Swenstad	Deputy Clerk	Appointed

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Osakis, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Osakis, Minnesota, which comprise the statements of balances arising from cash transactions as of December 31, 2025, and the related statements of cash receipts, disbursements and changes in cash fund balances for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Osakis, Minnesota, as of December 31, 2025, and the revenues it received and expenditures it paid, and where applicable, cash flows thereof, for the year then ended in accordance with the financial reporting provisions "Minimum Reporting Requirements for City Financial Statements for Cities Under 2,500 in Population" as promulgated by *Minnesota Statutes*, Section 471.698. described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Osakis, Minnesota, as of December 31, 2025, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Osakis, Minnesota, 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1, the financial statements are prepared by the City of Osakis, Minnesota, on the basis of the financial provisions of the of "Minimum Reporting Requirements for City Financial Statements for Cities Under 2,500 in Population" as allowed by *Minnesota Statutes,* Section 471.698, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements and variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, as described in Note 1. Management is also responsible 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 Osakis, Minnesota'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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 City of Osakis, Minnesota'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 City of Osakis, Minnesota'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Osakis, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund statements and the schedules of indebtedness and other long-term liabilities, accounts receivable, and accounts payable, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and the schedules of indebtedness and other long-term liabilities, accounts receivable, and accounts payable, are fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information 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.

Management has omitted the management's discussion and analysis that the regulatory basis of accounting requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the financial provisions of “Minimum Reporting Requirements for City Financial Statements for Cities Under 2,500 in Population” as allowed by *Minnesota Statutes,* Section 471.698, 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2026 on our consideration of the City of Osakis, Minnesota’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 the City of Osakis, Minnesota’s 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 Osakis, Minnesota’s internal control over financial reporting and compliance.

Carlson SV LLP

Fergus Falls, Minnesota
April 6, 2026

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

CITY OF OSAKIS, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
December 31, 2025

	General	TIF 1-5 Osakis Residential Revolving Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 2,813,351	$ 475,058	$ 1,149,171	$ 4,437,580
TOTAL ASSETS	**$ 2,813,351**	**$ 475,058**	**$ 1,149,171**	**$ 4,437,580**
LIABILITIES				
Overdrawn cash balance	$ -	$ -	$ 2,412	$ 2,412
CASH FUND BALANCE				
Restricted for				
Tax increments	-	475,058	-	475,058
DWI assessment expenses	-	-	1,922	1,922
Community park and rec expenditures	-	-	49,972	49,972
Lodging tax payments	-	-	13,673	13,673
Debt service	-	-	396,287	396,287
Unrestricted				
Committed for				
Fire service and equipment expenditures	-	-	164,328	164,328
First responders operations	-	-	100,392	100,392
Economic development expenditures	-	-	27,074	27,074
Cemetery operations	-	-	48,172	48,172
National Night Out expenditures	-	-	469	469
Bike Share expenditures	-	-	1,500	1,500
Assigned for				
Future capital purchases	762,612	-	-	762,612
Repairs and maintenance expenditures	699,120	-	-	699,120
Fireworks	4,498	-	-	4,498
Industrial park expenditures	-	-	282,492	282,492
Park Osagi expenditures	-	-	41,855	41,855
Unassigned	1,347,121	-	18,623	1,365,744
TOTAL LIABILITIES AND CASH FUND BALANCES	**$ 2,813,351**	**$ 475,058**	**$ 1,149,171**	**$ 4,437,580**

(The accompanying notes are an integral part of these financial statements.)

CITY OF OSAKIS, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	General	Formerly Major Fund Fire Service & Equipment	TIF 1-5 Osakis Residential Revolving Housing	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	$ 852,418	$ -	$ -	$ 30,992	$ 883,410
Franchise taxes	13,661	-	-	-	13,661
Lodging taxes	-	-	-	9,282	9,282
Special assessments	-	-	-	40,169	40,169
Tax increments	-	-	121,861	51,421	173,282
Licenses and permits	41,084	-	-	-	41,084
Intergovernmental	716,070	-	-	5,000	721,070
Charges for services	38,528	-	-	146,211	184,739
Fines and forfeits	10,410	-	-	708	11,118
Investment earnings	103,918	-	26,205	29,234	159,357
Donations	48,290	-	-	275,977	324,267
Refunds	1,654	-	-	-	1,654
Miscellaneous	700	-	30,098	7,500	38,298
Total Receipts	1,826,733	-	178,164	596,494	2,601,391
DISBURSEMENTS					
Current					
General government	340,272	-	-	-	340,272
Public safety	730,861	-	-	21,251	752,112
Streets	270,067	-	-	301	270,368
Culture and recreation	181,724	-	-	18,403	200,127
Economic development	-	-	46,163	64,195	110,358
Miscellaneous	144,163	-	-	1,260	145,423
Debt service					
Principal	-	-	-	90,000	90,000
Interest and other charges	-	-	-	14,197	14,197
Capital outlay	316,624	-	330,973	192,374	839,971
Total Disbursements	1,983,711	-	377,136	401,981	2,762,828
RECEIPTS OVER (UNDER) DISBURSEMENTS	(156,978)	-	(198,972)	194,513	(161,437)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	466	-	-	-	466
Insurance recovery	250	-	-	-	250
Transfers in	172,515	-	-	53,740	226,255
Transfers out	(2,291)	-	(10,000)	(193,464)	(205,755)
Total Other Financing Sources (Uses)	170,940	-	(10,000)	(139,724)	21,216
NET CHANGE IN CASH FUND BALANCES	13,962	-	(208,972)	54,789	(140,221)
CASH FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	2,799,389	91,596	684,030	1,000,374	4,575,389
CHANGE WITHIN FINANCIAL REPORTING ENTITY (MAJOR TO NONMAJOR FUNDS)	-	(91,596)	-	91,596	-
CASH FUND BALANCES - BEGINNING, AS RESTATED	$ 2,799,389	$ -	$ 684,030	$ 1,091,970	$ 4,575,389
CASH FUND BALANCES - ENDING	**$ 2,813,351**	**$ -**	**$ 475,058**	**$ 1,146,759**	**$ 4,435,168**

(The accompanying notes are an integral part of these financial statements.)

CITY OF OSAKIS, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activities - Enterprise Funds				
	Water	**Sewer**	**Liquor**	**Nonmajor Garbage/ Recycling**	**Total**
ASSETS					
Current Assets					
Cash and investments	$ 371,678	$ 1,306,206	$ 254,139	$ 54,209	$ 1,986,232
TOTAL ASSETS	**$ 371,678**	**$ 1,306,206**	**$ 254,139**	**$ 54,209**	**$ 1,986,232**
NET CASH POSITION					
Unrestricted	$ 371,678	$ 1,306,206	$ 254,139	$ 54,209	$ 1,986,232
TOTAL NET CASH POSITION	**$ 371,678**	**$ 1,306,206**	**$ 254,139**	**$ 54,209**	**$ 1,986,232**

(The accompanying notes are an integral part of these financial statements.)

CITY OF OSAKIS, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2025

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Liquor	Nonmajor Garbage/ Recycling	Total
OPERATING RECEIPTS					
Charges for services	$ 474,521	$ 446,393	$ 992,099	$ 143,374	$ 2,056,387
Less: Cost of sales	-	-	(664,785)	-	(664,785)
Miscellaneous	262	-	-	-	262
Total Operating Receipts	474,783	446,393	327,314	143,374	1,391,864
OPERATING DISBURSEMENTS					
Personnel services	120,257	95,674	179,873	-	395,804
Payroll taxes	9,053	6,984	13,179	-	29,216
Employee benefits	33,013	31,138	59,474	-	123,625
Pension contributions	9,019	7,175	12,590	-	28,784
Professional services	2,400	1,000	2,000	136,899	142,299
Utilities	21,880	15,438	12,993	-	50,311
Supplies	11,393	1,370	14,382	-	27,145
Repairs and maintenance	47,635	65,827	29,306	-	142,768
Chemicals	70,749	31,423	-	-	102,172
Insurance	-	-	3,366	-	3,366
Testing	1,175	4,507	-	-	5,682
Office expenses	4,421	1,240	4,473	-	10,134
Other disbursements	19,228	7,311	49,473	-	76,012
Total Operating Disbursements	350,223	269,087	381,109	136,899	1,137,318
OPERATING CASH INCOME (LOSS)	124,560	177,306	(53,795)	6,475	254,546
NONOPERATING RECEIPTS (DISBURSEMENTS)					
Interest and investment receipts	13,076	19,614	11,508	1,391	45,589
Special assessments	17,796	25,186	-	-	42,982
Federal grants and aids	703,281	-	-	-	703,281
State grants and aids	79,539	-	-	-	79,539
Bond proceeds	-	759,000	-	-	759,000
Rent income	-	-	58,823	-	58,823
Miscellaneous receipts	1,203	-	4,690	-	5,893
Capital outlay	(826,578)	(74,655)	(12,990)	-	(914,223)
Debt principal	(122,539)	(97,500)	-	-	(220,039)
Interest disbursements	(69,437)	(56,248)	-	-	(125,685)
Total Nonoperating Receipts (Disbursements)	(203,659)	575,397	62,031	1,391	435,160
NET CASH INCOME (LOSS) BEFORE TRANSFERS	(79,099)	752,703	8,236	7,866	689,706
TRANSFERS					
Transfers out	-	-	(20,500)	-	(20,500)
CHANGE IN NET CASH POSITION	(79,099)	752,703	(12,264)	7,866	669,206
TOTAL NET CASH POSITION - BEGINNING	450,777	553,503	266,403	46,343	1,317,026
TOTAL NET CASH POSITION - ENDING	**$ 371,678**	**$ 1,306,206**	**$ 254,139**	**$ 54,209**	**$ 1,986,232**

(The accompanying notes are an integral part of these financial statements.)

CITY OF OSAKIS, MINNESOTA
STATEMENT OF CASH FLOWS - CASH BASIS
PROPRIETARY FUNDS
Year Ended December 31, 2025

	Business Type Activities - Enterprise Funds				
	Water	Sewer	Liquor	Nonmajor Garbage/ Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 474,783	$ 446,393	$ 327,314	$ 143,374	$ 1,391,864
Payments to suppliers	(11,393)	(1,370)	(14,382)	-	(27,145)
Payments to employees	(120,257)	(95,674)	(179,873)	-	(395,804)
Payments for services provided	(176,852)	(149,333)	(107,139)	(136,899)	(570,223)
Payments to other governments	(18,072)	(14,159)	(25,769)	-	(58,000)
Other receipts	1,203	-	63,513	-	64,716
Other payments	(23,649)	(8,551)	(53,946)	-	(86,146)
Net Cash Provided by Operating Activities	125,763	177,306	9,718	6,475	319,262
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Special assessments	17,796	25,186	-	-	42,982
Transfers to other funds	-	-	(20,500)	-	(20,500)
Net Cash Provided (Used) by Noncapital Financing Activities	17,796	25,186	(20,500)	-	22,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(826,578)	(74,655)	(12,990)	-	(914,223)
Intergovernmental grants	782,820	-	-	-	782,820
Bond proceeds	-	759,000	-	-	759,000
Principal paid on capital debt	(122,539)	(97,500)	-	-	(220,039)
Interest paid on capital debt	(69,437)	(56,248)	-	-	(125,685)
Net Cash Provided (Used) by Capital and Related Financing Activities	(235,734)	530,597	(12,990)	-	281,873
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	13,076	19,614	11,508	1,391	45,589
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(79,099)	752,703	(12,264)	7,866	669,206
CASH AND INVESTMENTS - BEGINNING	450,777	553,503	266,403	46,343	1,317,026
CASH AND INVESTMENTS - ENDING	**$ 371,678**	**$ 1,306,206**	**$ 254,139**	**$ 54,209**	**$ 1,986,232**
RECONCILIATION OF OPERATING CASH INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating cash income (loss)	$ 124,560	$ 177,306	$ (53,795)	$ 6,475	$ 254,546
Adjustments to reconcile operating cash income (loss) to net cash provided by operating activities					
Other income related to operations	1,203	-	63,513	-	64,716
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 125,763**	**$ 177,306**	**$ 9,718**	**$ 6,475**	**$ 319,262**

(The accompanying notes are an integral part of these financial statements.)

CITY OF OSAKIS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2025

		Revolving Loan Trust Fund
ASSETS		
Current Assets		
Cash and investments	$	23,322
TOTAL ASSETS	**$**	**23,322**
NET CASH POSITION		
Held in trust	$	23,322
TOTAL NET CASH ASSETS	**$**	**23,322**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2025

		Revolving Loan Trust Fund
ADDITIONS		
Investment income	$	304
Miscellaneous revenue		11,000
Total Additions		11,304
CASH NET POSITION - BEGINNING OF YEAR		12,018
CASH NET POSITION - END OF YEAR	**$**	**23,322**

(The accompanying notes are an integral part of these financial statements.)

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
The City of Osakis, Minnesota was incorporated under the laws of the State of Minnesota and is governed by an elected Mayor and four-member Council.

The financial statements of the reporting entity include those of the City (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent on the City.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component unit's funds are blended into those of the City by appropriate activity type to compose the primary government presentation. The City has one blended component unit:

> The Osakis Economic Development Authority (EDA) was organized in 1997 for the purpose of promoting economic development in the Osakis area. The governing body is composed of a seven member board. The City Council approves all appointments to the EDA Board, and two City Council members are members of the EDA Board. The EDA is included as a blended component unit of the City because the EDA is financially accountable to the City and the EDA provides services almost entirely for the City. The EDA is included as a special revenue fund of the City. Separate financial statements are not prepared for the EDA.

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Joint Venture and Jointly Governed Organizations. The City has a local lodging tax. The proceeds of the lodging tax provides for a local tourism and visitors bureau whose purpose is to promote tourism in the City. The joint powers agreement established a lodging tax of up to 3% and is collected by the City. The City retains 5% of the tax for reimbursement of administrative expenses and the balance of the tax remitted to the tourism and visitors bureau. Collections of lodging taxes and remittance to the tourism and visitors bureau are accounted for in the General Fund. Separate financial statements are not prepared.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following represents the significant accounting policies used by the City of Osakis, Minnesota:

Basis of Accounting and Financial Statement Presentation
The City follows the *Reporting and Publishing Requirement for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* as prescribed by the Minnesota Office of the State Auditor, for all funds. The statements of cash receipts and disbursements were prepared on the cash basis and, accordingly, revenues and expenditures are recognized only as cash is received or paid. These statements do not give effect to receivables, payables, accrued expenses, and inventories, and, accordingly, are not presented in accordance with generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating receipts of the City proprietary funds are charges to customers for sales and services. Operating disbursements of the City include the cost of sales and services, and administrative expenses. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

The financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, cash fund balance/net cash assets, receipts, and disbursements.

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

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

2. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following types of funds:
Governmental Funds

General – the General Fund is the general operating fund of the City. It is used to account for all financial resources and transactions, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, public works, parks and recreation, and general government services.

Special Revenue Funds – used to account for specific revenue sources (other than expendable trusts and agency funds or major capital assets) that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City has twelve special revenue funds. The City's major special revenues funds and their purposes are as follows:

TIF 1-5 Osakis Residential Revolving Housing – accounts for the resources accumulated and used to promote improvements of single family owner occupied homes in Douglas County.

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of long-term debt principal, interest, and related costs, other than enterprise debt. The City has four debt service funds. The City has no major debt service funds.

Capital Project Funds – used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City has four capital projects funds. The City has no major capital project funds.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary Funds

Enterprise Funds – used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that the cost of providing goods or services be financed or recovered primarily through user charges. In addition, the general property taxes and special assessments levied to retire the bonded indebtedness relating to the construction of the water and sewer systems are accounted for in these funds. The City's major enterprise funds and their purposes are as follows:

Water – accounts for the activities of the City's water service operations.

Sewer – accounts for the activities of the City's sewer service operations.

Liquor – accounts for the operations of the City's liquor store.

Fiduciary Funds

Trust Fund – accounts for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The City's intent is to use the principal and interest collected for future development projects. The City currently has a revolving loan trust fund.

Cash and Investments (Including Cash Equivalents)

Available cash balances from all funds are pooled and invested in accordance with *Minnesota Statutes*. Each fund's share of the pool is shown on the financial statements as "cash and investments." The City's cash and investments are considered to be cash on hand, demand deposits, and short-term maturities with original maturities of three months or less from the date of acquisition , and certificates of deposit with maturities of three months or more. Investments are valued at fair value.

Property Tax Revenue

The City levies its property taxes for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. Douglas County and Todd County are the collecting agencies for the levy and then remits the collections to the City. The County Auditors also collect all special assessments, except for certain payments made directly to the City. The City receives its taxes in three installments in July, December, and January following the year for which the taxes were levied.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets
In the fund financial statements, property and equipment purchases are accounted for as capital outlay expenditures of the fund upon acquisition.

Long-Term Debt
Long-term debt is not reported as a liability in the regulatory basis financial statements. The face value of the debt obligations is reported as other financing sources and payments of principal and interest are reported as expenditures. 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.

Fund Balance Classifications
Cash fund balance is classified as follows in the City's financial statements:

Governmental Fund Financial Statements
Governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the council.

Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year-end. Based on resolution of the City Council, the City Clerk/Treasurer has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's policy to first use restricted fund balance, and then unrestricted resources as they are needed. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's policy to use committed, assigned, and then unassigned fund balance.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued)

Proprietary Fund Statements

Net cash position is reported as restricted in the statements when there are limitations imposed on its used through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The remaining balance is considered to be unrestricted. When restricted and unrestricted net cash position is available for an expense, it is the City's policy to use restricted and then unrestricted net cash position.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

The Tax Increment Financing District 1-9 funds had deficit balances of $2,412, as of December 31, 2025.

Budgetary Information

Budgets are prepared on the same basis of accounting as the financial statements to reflect actual cash receipts and disbursements. Each year, the City Council adopts an annual budget for the following year for the General Fund. Comparisons of budgeted receipts and disbursements to actual for the General Fund are presented as other information.

Budgetary Accounting

An operating budget is adopted each year for the General Fund on the same basis used in the fund financial statements to reflect actual cash receipts and disbursements. Budgeted amounts are as originally adopted or as amended by Council.

Annual appropriations lapse at year-end. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary program level.

Administration can authorize transfers of budgeted amounts within any fund. Revisions that change total expenditures of any fund must be approved by the City Council. Budgetary control is maintained at the object of expenditure category within each activity and is in compliance with Minnesota Statutes.

Compliance

The General Fund expenditures exceeded budgeted appropriations by $268,753 for the year ended December 31, 2025. The overage, considered by the City management to be the result of necessary expenditures critical to operations, were approved by the City Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits
Minnesota Statues authorize the City to deposit its cash and to invest in certificates of deposit in financial institutions designated by the City Council.

The City maintains a cash and investment pool that is available for use by all funds. As of December 31, 2025, the City's cash and investment balances are reported as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash and investments				
Cash in bank	$ 3,577,222	$ 1,981,708	$ 23,322	$ 5,582,252
Cash on hand	100	4,524	-	4,624
Investments				
Certificates of deposit	857,846	-	-	857,846
TOTAL	**$ 4,435,168**	**$ 1,986,232**	**$ 23,322**	**$ 6,444,722**

A reconciliation to the basic financial statements is as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash and investments	$ 4,437,580	$ 1,986,232	$ 23,322	$ 6,447,134
Overdrawn cash balances	(2,412)	-	-	(2,412)
TOTAL	**$ 4,435,168**	**$ 1,986,232**	**$ 23,322**	**$ 6,444,722**

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City maintains its deposits in accordance with Minn. Stat. § 118A.03. Under that statute, all deposits must be covered by Federal Deposit Insurance Corporation (FDIC) or collateralized with eligible securities in an amount equal to 110% of the deposits not covered by FDIC or corporate surety bonds. As of December 31, 2025, the City's deposits with various financial institutions had a bank balance of $6,613,115. Of these deposits, $500,000 was covered by FDIC insurance and $6,113,115 was collateralized in accordance with Minn. Stat. § 118A.03.

Investments
Investment of City funds is restricted by *Minnesota Statutes*. Authorized investments include obligations of the U.S. Treasury and U.S. Agencies, bankers' acceptances, certain repurchase agreements and commercial paper rate A-1 by Standard & Poor's Corporate or P-1 by Moody's Commercial Paper Record.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)
Certificates of deposit totaling $857,846 at December 31, 2025 are included in cash and investments in the accompanying financial statements. The certificates bear interest at rates ranging from 2.67% to 3.94% and have initial maturities of twelve months, with penalties for early withdrawal.

The investments of the City are exposed to various risks as follows:

Interest Rate Risk – the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City's policy, which adheres to State of Minnesota law, is to limit its corporate and municipal investments as noted above. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality per GASB Statement No. 40. The City's investments in certificates of deposit are not rated.

Concentration of Credit Risk – the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that the City may invest in any one issuer.

NOTE 4 – INTERFUND TRANSFERS

Amounts were transferred between funds as follows:

Transferred From	Transferred To	Amount
General	TIF 1-8 Industrial Park	$ 2,291
COVID Funding	General	13,873
TIF 1-6 Downtown	General	500
TIF 1-6 Downtown	G.O. Series 2016A Downtown	51,449
TIF 1-5 Osakis Residential Revolving Housing	General	10,000
G.O. Refunding Bonds 2010A	General	127,442
TIF District 1-9	General	200
Liquor	General	20,500
Total		**$ 226,255**

NOTE 4 – INTERFUND TRANSFERS (Continued)

The transfers between the General Fund and the following funds were made to close the funds: Tax Increment Financing District Industrial Park (TIF 1-8), Covid Funding, and G.O. Refunding Bonds 2010A. The transfers from the Tax Increment Financing Downtown (TIF 1-6) and the Tax Increment Financing District (TIF 1-9) to the General Fund were for the reimbursement of administrative fees. Also, the transfer from TIF 1-6 to the G.O. Series 2016A Downtown Fund was to aid in debt repayment. The transfer from Tax Increment Financing Osakis Residential Revolving Housing (TIF 1-5) Fund to the General Fund was for the reimbursement of time spent by the City's administration on the fund. The transfer from the Liquor Fund to the General Fund was to aid in operations.

NOTE 5 – LONG-TERM OBLIGATIONS

Long-term obligations activity as of December 31 was as follows:

	Balance 2024	Additions	Reductions	Balance 2025	Due Within One Year
Governmental Activities					
General obligation bonds	$ 635,000	$ -	$ 90,000	$ 545,000	$ 90,000
Other liabilities					
Net pension liability	356,673	-	245,238	111,435	-
OPEB liability	208,225	60,206	-	268,431	-
TOTAL GOVERNMENTAL ACTIVITIES, NET	**$ 1,199,898**	**$ 60,206**	**$ 335,238**	**$ 924,866**	**$ 90,000**
Business-Type Activities					
General obligation revenue bonds	$ 3,807,000	$ 759,000	$ 111,039	$ 4,454,961	$ 114,457
Public Facilities revenue notes	1,444,961	-	109,000	1,335,961	110,000
Other liabilities					
Net pension liability	158,000	-	22,461	135,539	-
OPEB liability	188,393	54,476	-	242,869	-
TOTAL BUSINESS-TYPE ACTIVITIES	**$ 5,598,354**	**$ 813,476**	**$ 242,500**	**$ 6,169,330**	**$ 224,457**

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

Debt outstanding at December 31, 2025, include the following issues:

	Outstanding	Due Within One Year
Governmental Activities		
General obligation bonds		
$475,000 G.O. improvement note, series 2012A, issued November 21, 2012, due in annual installments of $25,000 to $40,000, through February 2029, interest at 2.25%	$ 145,000	$ 35,000
$805,000 G.O. PIR revolving fund bond, series 2016A, issued June 1, 2016, due in annual installments of $50,000 to $60,000 through February 2032, interest at 1.10 to 2.55%	400,000	55,000
TOTAL GOVERNMENTAL ACTIVITIES	**$ 545,000**	**$ 90,000**
Business-Type Activities		
General obligation revenue notes - Public Facilities Authority (PFA)		
$507,614 G.O. revenue notes - PFA, issued August 2, 2016, due in annual installments of $11,083 to $28,000, through August 2036, interest at 1.00%	$ 298,000	$ 26,000
$476,199 G.O. revenue notes - PFA, issued August 2, 2016, due in annual installments of $11,048 to $26,000, through August 2036, interest at 1.00%	278,000	24,000
$475,604 G.O. revenue notes - PFA, issued February 26, 2018, due in annual installments of $10,000 to $28,604, through August 2037, interest at 1.00%	319,000	25,000
$653,961 G.O. revenue notes - PFA, issued February 26, 2018, due in annual installments of $12,000 to $38,961, through August 2037, interest at 1.00%	440,961	35,000
Total G.O. Revenue Notes - PFA	1,335,961	110,000

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

	Outstanding	Due Within One Year
Business-Type Activities (Continued)		
General Obligation Revenue Bonds		
$1,275,000 G.O. water revenue bond, series 2013A, issued February 21, 2013, due in annual installments of $20,000 to $50,000, through January 2053, interest at 2.50%	$ 1,029,000	$ 26,000
$433,000 G.O. water revenue bond, series 2013B, issued February 21, 2013, due in annual installments of $7,000 to $17,000, through January 2053, interest at 2.50%	349,000	9,000
$360,000 G.O. utility revenue bond, series 2017A, issued September 19, 2017, due in annual installments of $16,000 to $30,000, through February 2033, interest at 3.20%	215,000	24,000
$774,000 G.O. disposal system note, series 2022A, issued August 8, 2022, due in annual installments of $27,000 to $52,000, through February 2042, interest at 3.70%	678,000	29,000
$800,000 G.O. disposal system note, series 2024B, issued August 12, 2024, due in annual installments of $15,544 to $24,851, through February 2064, interest at 1.25%	784,456	15,739
$651,000 G.O. disposal system note, series 2024C, issued August 12, 2024, due in annual installments of $10,495 to $23,462, through February 2064, interest at 2%	640,505	10,718
$759,000 G.O. sewer revenue bond, series 2025A, issued December 22, 2025, due in annual installments of $21,000 to $55,000, through February 2046, interest at 4.45%	759,000	-
Total General Obligation Revenue Bonds	4,454,961	114,457
TOTAL BUSINESS-TYPE ACTIVITIES	**$ 5,790,922**	**$ 224,457**

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

The annual debt service requirements to maturity for long-term bonds and notes outstanding are as follows:

	Governmental Activities		Business-Type Activities	
Year Ending December 31,	**Principal**	**Interest**	**Principal**	**Interest**
2026	$ 90,000	$ 11,598	$ 224,457	$ 135,579
2027	90,000	9,697	248,882	130,258
2028	90,000	7,699	259,313	124,685
2029	95,000	5,645	264,752	119,054
2030	60,000	3,825	270,199	113,099
2031 - 2035	120,000	3,060	1,378,971	473,091
2036 - 2040	-	-	1,005,319	325,096
2041 - 2045	-	-	783,864	190,401
2046 - 2050	-	-	540,591	108,116
2051 - 2055	-	-	401,659	54,630
2056 - 2060	-	-	222,198	27,162
2061 - 2064	-	-	190,717	8,020
TOTAL	**$ 545,000**	**$ 41,524**	**$ 5,790,922**	**$ 1,809,191**

NOTE 6 – CONDUIT DEBT

Conduit debt represents debt for which the City has no obligation for debt repayment beyond the resources provided from the related leases or loans incorporated within the debt documents. At December 31, 2025, the following conduit debt existed relating to the Community Memorial Home:

Community Memorial Home Project, Series 2017	**$ 1,114,442**

NOTE 7 – DEFINED BENEFIT PENSION PLANS

General Employees Retirement Plan (General Plan)

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to *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.

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.

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 requires three years of service to vest. Benefits are based on a member's highest average salary for any five 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 the 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 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 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

General Employees Retirement Plan (Continued)

Benefits Provided (Continued)

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 prorated increase.

Contributions

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

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were $53,971. The City's contributions were equal to the required contributions as set by state statute.

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.

Osakis Firemen's Relief Association

Plan Description

The Osakis Firemen's Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2025, the plan covered 19 active firefighters and 4 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353G.

Benefits Provided

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with 5 years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Osakis Firemen's Relief Association (Continued)

Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed $51,639 in fire state aid for the year ended December 31, 2025. Required employer contributions are calculated annually based on statutory provisions. The City did not have any statutorily-required contributions to the SVF plan for the year ended December 31, 2025.

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund'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 at www.mnpera.org.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

The City's current employment agreements state the City will pay 100% of negotiated health and medical insurance premiums for employees whose employment ends with the City after 20 years of service until that employee becomes eligible for Medicare health insurance or is eligible for employer covered health insurance elsewhere. Employees hired after January 1, 2007, must be at least 55 years of age to receive the benefit. During the year ended December 31, 2025, the City paid retiree benefits for one retiree totaling $11,172.

NOTE 9 – LEASES

The City leases space in the City liquor store to Nelson Community Club for the operation of the gambling booth. The term of the lease agreement is concurrent with the premises permit issued by the Gambling Control Board. The City receives monthly rent based on 20% of gross profits from paper pull-tabs and 15% of gross profits from e-tabs, which amounted to $58,823 in 2025.

NOTE 10 – TAX INCREMENT FINANCING

The City has entered into four Tax Increment Financing (TIF) agreements. The City's authority to enter into these agreements comes from *Minnesota Statute* 469. These agreements are for the purpose of promoting economic development and housing opportunities.

NOTE 10 – TAX INCREMENT FINANCING (Continued)

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs. The notes are not debt of the City and the City is not liable on the notes, except for the City's obligations to make payments of pledged tax increment from the applicable TIF district. The notes shall not be payable out of any funds or properties other than pledged tax increment.

During the year ended December 31, 2025, the City generated $173,282 in tax increment revenue on all four TIF districts and made $63,371 in payments to developers. The following four agreements represent the tax increment generated on the pay-as-you-go TIF districts during the year:

- TIF District No. 1-5 is a housing district established in 2000 for the purpose of establishing new retail real estate on a parcel of blighted property. All obligations have been paid in full for this TIF district. The district has been modified to allow the City to continue to collect increment in the district to support low to moderate housing development in the City. During the year ended December 31, 2025, the district generated $121,861 of tax increment revenue.
- TIF District No. 1-6 is a redevelopment district established in 2008. The district was reconstructed from original purpose. The City issued bonds to reconstruct the infrastructure for downtown. As part of the bonding, $395,000 was allocated from this TIF district. Tax increment revenue generated is being used to assist in debt repayment of the 2016A G.O. Bonds. During the year ended December 31, 2025, the district generated $38,002 of tax increment revenue.
- TIF District No. 1-8 is an economic development district established in 2015. Under the agreement, up to $45,000 of development costs plus interest at 4% will be reimbursed through tax increment. Duration of the TIF district is 10 years from the date of receipt of the first increment by the City. During the year ended December 31, 2025, the district generated $3,522 of tax increment revenue. The note's balance at year-end was $37,746.
- TIF District No. 1-9 is a housing district established in 2017. Under the agreement, up to $125,000 of development costs will be reimbursed through tax increment. Duration of the TIF district is 25 years from the date of receipt of the first increment by the City. During the year ended December 31, 2025, the district generated $9,897 of tax increment revenue. The note's balance at year-end was $65,733.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; job-related illnesses or injuries to employees and natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The City also carries commercial insurance for certain other risks of loss.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The LMCIT can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements.

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

OTHER INFORMATION

CITY OF OSAKIS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance Over
	Original	Final	Amounts	(Under)
BEGINNING FUND BALANCE - JANUARY 1	$ 2,799,389	$ 2,799,389	$ 2,799,389	$ -
RECEIPTS				
Taxes				
Property taxes	808,822	808,822	852,418	43,596
Franchise taxes	15,000	15,000	13,661	(1,339)
Total Taxes	823,822	823,822	866,079	42,257
Licenses and permits	43,000	43,000	41,084	(1,916)
Intergovernmental				
State grants and aids				
Local government aid	592,016	592,016	592,016	-
Market value credit - agricultural	350	350	403	53
Police aid	28,000	28,000	34,646	6,646
Fire relief aid	-	-	51,639	51,639
Other state aids	40,113	40,113	20,920	(19,193)
County grants and aids				
Street and highway aid	10,000	10,000	16,446	6,446
Total Intergovernmental	670,479	670,479	716,070	45,591
Charges For Services				
Fire safety	11,000	11,000	11,000	-
Highways and streets	10,000	10,000	16,446	6,446
Community center rent	13,400	13,400	16,065	2,665
Other charges for services	2,200	2,200	(4,983)	(7,183)
Total Charges For Services	36,600	36,600	38,528	1,928
Fines and forfeitures	10,000	10,000	10,410	410
Miscellaneous				
Investment earnings	50,000	50,000	103,918	53,918
Contributions and donations	13,000	13,000	48,290	35,290
Refunds	4,800	4,800	1,654	(3,146)
Other	1,600	1,600	700	(900)
Total Miscellaneous	69,400	69,400	154,562	85,162
Total Receipts	1,653,301	1,653,301	1,826,733	173,432
OTHER FINANCING SOURCES				
Sale of assets	2,000	2,000	466	(1,534)
Insurance recovery	1,000	1,000	250	(750)
Transfers in	27,200	41,073	172,515	131,442
Total Other Financing Sources	30,200	44,073	173,231	129,158
Total Receipts and Other Financing Sources	1,683,501	1,697,374	1,999,964	302,590
AMOUNTS AVAILABLE FOR APPROPRIATION	4,482,890	4,496,763	4,799,353	302,590

CITY OF OSAKIS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Over (Under)
DISBURSEMENTS				
General Government				
Mayor and council	$ 32,625	$ 36,625	$ 42,718	$ 6,093
Clerk / finance and administration	185,960	191,055	195,911	4,856
Elections	1,000	1,000	1,218	218
Professional fees	50,000	54,380	61,866	7,486
Other general government	33,550	33,550	38,559	5,009
Total General Government	303,135	316,610	340,272	23,662
Public Safety				
Police protection	460,920	463,547	512,761	49,214
Fire protection	71,025	69,025	157,209	88,184
First responders	29,530	29,530	35,983	6,453
Building inspection	24,500	24,500	23,858	(642)
Civil defense	2,000	2,000	1,050	(950)
Total Public Safety	587,975	588,602	730,861	142,259
Streets				
Maintenance	260,373	243,544	270,067	26,523
Culture and Recreation				
Visitor's center	7,680	7,680	9,442	1,762
Community center	32,245	36,072	34,521	(1,551)
Beach	9,000	10,500	10,574	74
Ice rink	500	500	306	(194)
Parks	119,100	135,500	126,881	(8,619)
Total Culture and Recreation	168,525	190,252	181,724	(8,528)
Miscellaneous				
Cemetary	9,450	9,450	8,582	(868)
Insurance (unallocated)	135,000	135,000	104,274	(30,726)
Other	32,500	27,500	31,307	3,807
Total Miscellaneous	176,950	171,950	144,163	(27,787)
Capital Outlay				
Government buildings	12,000	12,000	3,565	(8,435)
Police	22,500	22,500	72,255	49,755
Streets	150,000	150,000	201,974	51,974
Senior center	1,000	1,000	-	(1,000)
Culture and recreation	3,500	3,500	-	(3,500)
Community center	5,000	5,000	9,057	4,057
Parks	10,000	10,000	13,890	3,890
Miscellaneous	-	-	15,883	15,883
Total Capital Outlay	204,000	204,000	316,624	112,624
Total Disbursements	1,700,958	1,714,958	1,983,711	268,753
OTHER FINANCING USES				
Transfers to other funds	-	-	2,291	2,291
TOTAL DISBURSEMENTS AND OTHER FINANCING USES				
(Charges to appropriations)	1,700,958	1,714,958	1,986,002	271,044
ENDING BUDGETARY FUND BALANCE - DECEMBER 31	**$ 2,781,932**	**$ 2,781,805**	**$ 2,813,351**	**$ 31,546**

SUPPLEMENTARY INFORMATION

CITY OF OSAKIS, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR FUNDS
Year Ended December 31, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
RECEIPTS				
Property taxes	$ -	$ 30,992	$ -	$ 30,992
Lodging taxes	9,282	-	-	9,282
Special assessments	-	36,755	3,414	40,169
Tax increment	-	-	51,421	51,421
Intergovernmental	5,000	-	-	5,000
Charges for services	146,211	-	-	146,211
Fines and forfeits	708	-	-	708
Investment earnings	11,061	7,616	10,557	29,234
Contributions and donations	167,313	-	108,664	275,977
Miscellaneous	-	-	7,500	7,500
Total Receipts	339,575	75,363	181,556	596,494
DISBURSEMENTS				
Current				
Public safety	21,251	-	-	21,251
Streets	-	-	301	301
Culture and recreation	18,403	-	-	18,403
Economic development	46,987	-	17,208	64,195
Miscellaneous	1,260	-	-	1,260
Debt service				
Principal	-	90,000	-	90,000
Interest	-	14,197	-	14,197
Capital outlay	125,391	-	66,983	192,374
Total Disbursements	213,292	104,197	84,492	401,981
RECEIPTS OVER (UNDER) DISBURSEMENTS	126,283	(28,834)	97,064	194,513
OTHER FINANCING SOURCES (USES)				
Transfers in	-	51,449	2,291	53,740
Transfers out	(13,873)	(127,442)	(52,149)	(193,464)
Total Other Financing Sources (Uses)	(13,873)	(75,993)	(49,858)	(139,724)
NET CHANGE IN CASH FUND BALANCES	112,410	(104,827)	47,206	54,789
CASH FUND BALANCES - BEGINNING	316,127	501,114	274,729	1,091,970
CASH FUND BALANCES - ENDING	**$ 428,537**	**$ 396,287**	**$ 321,935**	**$ 1,146,759**

CITY OF OSAKIS, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended December 31, 2025

	Fire Service & Equipment	First Responders	Economic Development Authority	Osakis Economic Development Commission	Interstate Sign	Cemetery	DWI Assessment	National Night Out	Bike Share	COVID Funding	Community Park & Rec	Lodging Tax Payments	Total
RECEIPTS													
Lodging taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,282	$ 9,282
Intergovernmental	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Charges for services	145,511	-	-	-	-	700	-	-	-	-	-	-	146,211
Fines and forfeits	-	-	-	-	-	-	708	-	-	-	-	-	708
Investment earnings	5,144	3,488	499	-	-	1,930	-	-	-	-	-	-	11,061
Contributions and donations	450	39,138	38,326	41,739	22,935	-	-	1,350	1,500	-	21,875	-	167,313
Total Receipts	156,105	42,626	38,825	41,739	22,935	2,630	708	1,350	1,500	-	21,875	9,282	339,575
DISBURSEMENTS													
Current													
Public safety	12,903	8,348	-	-	-	-	-	-	-	-	-	-	21,251
Culture and recreation	-	-	-	-	-	-	-	-	-	-	18,403	-	18,403
Economic development	-	-	260	41,739	1,300	-	-	-	-	-	-	3,688	46,987
Miscellaneous	-	-	-	-	-	6	-	1,254	-	-	-	-	1,260
Capital outlay	70,470	19,208	35,713	-	-	-	-	-	-	-	-	-	125,391
Total Disbursements	83,373	27,556	35,973	41,739	1,300	6	-	1,254	-	-	18,403	3,688	213,292
RECEIPTS OVER DISBURSEMENTS	72,732	15,070	2,852	-	21,635	2,624	708	96	1,500	-	3,472	5,594	126,283
OTHER FINANCING SOURCES (USES)													
Transfers out	-	-	-	-	-	-	-	-	-	(13,873)	-	-	(13,873)
NET CHANGE IN CASH FUND BALANCES	72,732	15,070	2,852	-	21,635	2,624	708	96	1,500	(13,873)	3,472	5,594	112,410
CASH FUND BALANCES - BEGINNING	91,596	85,322	21,877	2,345	(600)	45,548	1,214	373	-	13,873	46,500	8,079	316,127
CASH FUND BALANCES - ENDING	**$ 164,328**	**$ 100,392**	**$ 24,729**	**$ 2,345**	**$ 21,035**	**$ 48,172**	**$ 1,922**	**$ 469**	**$ 1,500**	**$ -**	**$ 49,972**	**$ 13,673**	**$ 428,537**

CITY OF OSAKIS, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
Year Ended December 31, 2025

	G.O. Bonds of 2008A and 2014A	G.O. Refunding Bonds of 2010A	G.O. Series 2016A Downtown	G.O. Series 2012A Rural Water Loan	Total
RECEIPTS					
Property taxes	$ 2,020	$ 1,016	$ 83	$ 27,873	$ 30,992
Special assessments	-	2,252	23,584	10,919	36,755
Investment earnings	852	4,676	2,088	-	7,616
Total Receipts	2,872	7,944	25,755	38,792	75,363
DISBURSEMENTS					
Debt service					
Principal	-	-	55,000	35,000	90,000
Interest	-	-	10,540	3,657	14,197
Total Disbursements	-	-	65,540	38,657	104,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,872	7,944	(39,785)	135	(28,834)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	51,449	-	51,449
Transfers out	-	(127,442)	-	-	(127,442)
Net Other Financing Sources (Uses)	-	(127,442)	51,449	-	(75,993)
NET CHANGE IN CASH FUND BALANCES	2,872	(119,498)	11,664	135	(104,827)
CASH FUND BALANCES - BEGINNING	92,021	120,649	273,844	14,600	501,114
CASH FUND BALANCES - ENDING	**$ 94,893**	**$ 1,151**	**$ 285,508**	**$ 14,735**	**$ 396,287**

CITY OF OSAKIS, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended December 31, 2025

	Tax Increment Financing District Industrial Park 1-8	Tax Increment Financing District Downtown 1-6	Industrial Park	Tax Increment Financing District 1-9	Park Osagi Project	Total
RECEIPTS						
Special assessments	$ -	$ -	$ 3,414	$ -	$ -	$ 3,414
Tax increment	3,522	38,002	-	9,897	-	51,421
Investment earnings	-	-	10,383	-	174	10,557
Contributions and donations	-	-	-	-	108,664	108,664
Miscellaneous	-	-	7,500	-	-	7,500
Total Receipts	3,522	38,002	21,297	9,897	108,838	181,556
DISBURSEMENTS						
Current						
Streets	-	-	301	-	-	301
Economic development	5,951	1,175	-	10,082	-	17,208
Capital outlay	-	-	-	-	66,983	66,983
Total Disbursements	5,951	1,175	301	10,082	66,983	84,492
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,429)	36,827	20,996	(185)	41,855	97,064
OTHER FINANCING SOURCES (USES)						
Transfers in	2,291	-	-	-	-	2,291
Transfers out	-	(51,949)	-	(200)	-	(52,149)
Net Other Financing Sources (Uses)	2,291	(51,949)	-	(200)	-	(49,858)
NET CHANGE IN CASH FUND BALANCES	(138)	(15,122)	20,996	(385)	41,855	47,206
CASH FUND BALANCES - BEGINNING	138	15,122	261,496	(2,027)	-	274,729
CASH FUND BALANCES - ENDING	**$ -**	**$ -**	**$ 282,492**	**$ (2,412)**	**$ 41,855**	**$ 321,935**

CITY OF OSAKIS, MINNESOTA
SCHEDULE OF INDEBTEDNESS AND OTHER LONG-TERM LIABILITIES
Year Ended December 31, 2025

	Interest Rate %	Issue Date	Final Maturity Date	Outstanding January 1, 2025	Issued in 2025	Paid in 2025	Outstanding December 31, 2025
Bonded Indebtedness							
General Obligation							
2012A GO improvement note	2.25%	11/21/2012	2/1/2029	$ 180,000	$ -	$ 35,000	$ 145,000
2016A GO PIR revolving fund bond	1.10%	6/1/2016	2/1/2032	455,000	-	55,000	400,000
Total General Obligation				635,000	-	90,000	545,000
Revenue Bonds							
2013A GO water revenue bond	2.50%	2/21/2013	1/1/2053	1,054,000	-	25,000	1,029,000
2013B GO water revenue bond	2.50%	2/21/2013	1/1/2053	358,000	-	9,000	349,000
2017A GO utility revenue bond	3.20%	9/19/2017	2/1/2033	238,000	-	23,000	215,000
2016 PFA water revenue notes	1.00%	8/2/2016	8/1/2036	324,000	-	26,000	298,000
2016 PFA sewer revenue notes	1.00%	8/2/2016	8/1/2036	302,000	-	24,000	278,000
2018 PFA water revenue notes	1.00%	2/26/2018	8/1/2037	344,000	-	25,000	319,000
2018 PFA sewer revenue notes	1.00%	2/26/2018	8/1/2037	474,961	-	34,000	440,961
2022A GO disposal system note	3.70%	8/8/2022	2/1/2042	706,000	-	28,000	678,000
2024B GO water revenue bond	1.25%	8/12/2024	8/23/2064	800,000	-	15,544	784,456
2024C GO water revenue bond	2.00%	8/12/2024	8/23/2064	651,000	-	10,495	640,505
2025A GO sewer revenue bond	4.45%	12/22/2025	2/1/2046	-	759,000	-	759,000
Total Revenue Bonds				5,251,961	759,000	220,039	5,790,922
TOTAL INDEBTEDNESS				**$ 5,886,961**	**$ 759,000**	**$ 310,039**	**$ 6,335,922**
Other Long-Term Liabilities							
Net pension liability							
PERA - general employees plan							$ 246,974
PERA - police and fire plan							221,220
OPEB liability							511,300

CITY OF OSAKIS, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
December 31, 2025

FUND	SOURCE OF REVENUE AND PURPOSE		AMOUNT
Water	Various customers - utilities	$	53,322
Sewer	Various customers - utilities		50,160
Garbage/recycling	Various customers - utilities		16,110
Liquor	Various customers - credit cards		4,924
TOTAL		**$**	**124,516**

CITY OF OSAKIS, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE
December 31, 2025

FUND	VENDOR NAME	ITEM AND PURPOSE	AMOUNT
General	Thornton, Dolan, Bowen, Klecker & Burkhammer, P.A.	Legal fees	$ 2,198
	Flaherty & Hood, P.A.	Legal and consulting services	2,050
	Inspectron Inc.	Inspection fees	5,410
	Metro Sales Inc.	Copies	1,579
	VISA	Credit card charges	1,637
	Computer Information Systems	Professional services	810
	Douglas County Information Systems	Professional services	150
	Northdale Oil, Inc.	Fuel	1,095
	Ampion	Solar	1,367
	Cybersprout LLC	Website maintenance	438
	Deluxe Oil Co	Fuel	1,328
	Sourcewell	Professional services	55
	Deedra Greene	Cleaning	94
	Midwest Captionns, Inc.	Website maintenance	51
	Xcel Energy	Utilities	4,437
	Customized Fire Rescue Training	Training	700
	Centerpoint Energy	Utilities	3,555
	Verizon	Telephone	262
			27,216
Fire Service and Equipment	MacQueen	Fire equipment	12,173
Water	Cargill	Salt	6,708
	MN Department of Revenue	Sales tax	362
	Ampion	Solar	1,128
	Gopher State One Call	Locates	4
	Northdale Oil Inc.	Fuel	101
	VISA	Credit card charges	221
	Xcel Energy	Utilities	1,084
	Centerpoint Energy	Utilities	981
			10,589
Sewer	Ampion	Solar	859
	Gopher State One Call	Locates	4
	Northdale Oil Inc.	Fuel	101
	Xcel Energy	Utilities	722
			1,686
Garbage	West Central Sanitation	December garbage fees	11,355
	MN Department of Revenue	Sales tax	845
			12,200
Liquor	Tri County Pumping LLC	Supplies	526
	HBI Radio Alexandria LLC	Advertising	370
	Leighton Media	Advertising	920
	Wacosa	Cleaning	710
	Xcel Energy	Utilities	840
	Centerpoint Energy	Utilities	355
	Mike Randt	Freight	310
	Central Lakes Restaurant Supply	Supplies	175
			4,206
TOTAL			**$ 68,070**

OTHER REPORTS

INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor and Members of the City Council
City of Osakis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Osakis, Minnesota as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 6, 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 of Osakis, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Osakis, Minnesota'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 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

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 Minn. Stat. § 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.

City of Osakis, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Osakis, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 results of that testing, and not to provide an opinion on the effectiveness of the City of Osakis, Minnesota'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 of Osakis, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carlson SV LLP

Fergus Falls, Minnesota
April 6, 2026

SIGNIFICANT DEFICIENCIES

2025-001. Lack of Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key control in preventing and detecting errors or irregularities. To protect City assets, proper segregation of the record keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: The City has a limited number of office personnel and, accordingly, does not have adequate separation of duties in cash receipts, cash disbursements, accounts payable and purchasing, payroll and related liabilities, and general ledger maintenance and reconciliation. An effective internal control structure provides an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The City has a limited number of office personnel and inadequate internal controls.

Effect: The failure to properly segregate duties increases the risk that misstatement may occur and not be detected within a time period by employees in the normal course of performing their assigned functions.

Recommendation: While we recognize the City's office staff is not large enough to permit an adequate segregation of duties in all respects for an effective internal control structure, it is important that the City be aware of this condition and look for opportunities to improve segregation of duties or add mitigating controls to prevent material misstatement of the financial statements.

Management's Response and Actions Planned: The City's management is aware of this condition and believes that it is not economically feasible to attain the ideal segregation of duties. Management is attempting to mitigate the associated risks by doing the following:

1. Identifying areas lacking segregation of duties and where there is higher risk of fraud occurring.
2. Implementing limited segregation to the extent possible to reduce risks without impairing efficiency.
3. Using the knowledge of management and the Council to review accounting records and reports.

SIGNIFICANT DEFICIENCIES (Continued)

2025-002. Preparation of Financial Statements and Related Footnotes

Criteria: Internal controls over financial reporting include those related to the actual preparation and review of the audited financial statements. In order to prepare a complete set of financial statements in conformity with the regulatory basis of accounting, the preparer must have the necessary expertise.

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. City personnel do prepare periodic financial statements and other financial information for internal use that meets the needs of management and council. However, the City does not have the internal resources to prepare full-disclosure financial statements required by the regulatory basis of accounting for external reporting. As auditors, we were requested to draft the financial statements and accompanying footnotes.

Cause: The City does not have the resources to compile their own financial statements.

Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation: This control deficiency is not unusual in a small city. However, it is the responsibility of management and the Council to decide whether to accept the degree of risk associated with this condition based on the cost of correction and other considerations.

Management's Response and Actions Planned: The City's management is aware of this significant deficiency. Management reviews and approves the draft annual audited financial statements and distributes them to users. For entities of this size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting. Management recognizes this and feels it is effectively handling its reporting responsibilities with the procedures described above.

APPENDIX F:
CONTINUING DISCLOSURE FILINGS

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.

Issue Details

CITY OF OSAKIS GENERAL OBLIGATION PERMANENT IMPROVEMENT REVOLVING FUND BONDS SERIES 2016A (MN)
OSAKIS MINN PERMANENT IMPT REVOLVING FD BDS 2016 A (MN)*

Dated Date:	**06/01/2016**
Underwriting Spread Amount:	**Disclosed in Official Statement**
Closing Date:	06/01/2016
Time of Formal Award:	05/02/2016 08:20 PM
Time of First Execution:	05/03/2016 10:00 AM

Final Scale | Official Statement | Continuing Disclosure | Trade Activity

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

FINANCIAL INFORMATION & DOCUMENTS Collapse

Most Recent 2024 Audit - Osakis MN for the year ended 12/31/2024 posted 07/23/2025 (1.5 MB) details

Audited Financial Statements or ACFR

2024 Audit - Osakis MN for the year ended 12/31/2024 posted 07/23/2025 (1.5 MB)	details
2023 Audit - Osakis MN for the year ended 12/31/2023 posted 09/30/2024 (2 MB)	details
2022 Audit - Osakis MN for the year ended 12/31/2022 posted 08/09/2023 (18.9 MB)	details
2021 Audit - Osakis MN for the year ended 12/31/2021 posted 10/12/2022 (1.4 MB)	details
2020 Audit - Osakis MN for the year ended 12/31/2020 posted 10/27/2021 (555 KB)	details
2019 Audit - Osakis MN for the year ended 12/31/2019 posted 08/24/2020 (458 KB)	details
2018 Audit - Osakis MN for the year ended 12/31/2018 posted 11/11/2019 (750 KB)	details
2017 Audit - Osakis MN for the year ended 12/31/2017 posted 09/13/2018 (470 KB)	details
2016 Audit - Osakis MN for the year ended 12/31/2016 posted 12/27/2017 (484 KB)	details
2015 Audit - Osakis MN for the year ended 12/31/2015 posted 10/06/2016 (586 KB)	details

EVENT NOTICES Collapse

Most Recent Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 (80 KB) details

Successor, Additional or Change in Trustee

Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 (80 KB)	details
Event Filing posted 12/26/2024 (133 KB)	details

View Document Archive

Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

- Bloomberg L.P.
- DPC Data
- ICE Data Services (formerly Interactive Data Pricing and Reference Data)
- Standard & Poor's