

STATE OF MINNESOTA

Office of the State Auditor



**Rebecca Otto
State Auditor**

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

YEAR ENDED DECEMBER 31, 2006

Description of the Office of the State Auditor

The mission of the State Auditor's Office is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Year Ended December 31, 2006



**Audit Practice Division
Office of the State Auditor
State of Minnesota**

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

TABLE OF CONTENTS

	<u>Reference</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditor's Report		2
Management's Discussion and Analysis		4
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	Exhibit 1	13
Statement of Activities	Exhibit 2	15
Fund Financial Statements		
Governmental Funds		
Balance Sheet	Exhibit 3	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets-- Governmental Activities	Exhibit 4	20
Statement of Revenues, Expenditures, and Changes in Fund Balance	Exhibit 5	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities--Governmental Activities	Exhibit 6	25
Fiduciary Funds		
Statement of Fiduciary Net Assets	Exhibit 7	26
Statement of Changes in Fiduciary Net Assets	Exhibit 8	27
Notes to the Financial Statements		28
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	Schedule 1	63
Road and Bridge Special Revenue Fund	Schedule 2	66
Human Services Special Revenue Fund	Schedule 3	67
Notes to the Required Supplementary Information		68

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

TABLE OF CONTENTS

	Reference	Page
Financial Section (Continued)		
Supplementary Information		
Budgetary Comparison Schedule		
Debt Service Fund	Schedule 4	69
Capital Projects Fund	Schedule 5	70
Nonmajor Special Revenue Funds		71
Combining Balance Sheet	Statement 1	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement 2	74
Budgetary Comparison Schedules		
Library Special Revenue Fund	Schedule 6	76
High Island Water Assessment Project Special Revenue Fund	Schedule 7	77
Trust and Agency Funds		78
Private-Purpose Trust Funds		
Combining Statement of Fiduciary Net Assets	Statement 3	79
Combining Statement of Changes in Fiduciary Net Assets	Statement 4	80
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	Statement 5	81
Other Schedules		
Tax Capacity, Tax Rates, Tax Levies, and Percentage of Collections	Schedule 8	84
Balance Sheet - By Ditch - Ditch Special Revenue Fund	Schedule 9	85
Schedule of Intergovernmental Revenue	Schedule 10	101
Management and Compliance Section		
Schedule of Findings and Questioned Costs	Schedule 11	102
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		107
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		110
Schedule of Expenditures of Federal Awards	Schedule 12	113

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2006**

Office	Name	Term	
		From	To
Commissioners			
1st District	Leo "Lee" Anderly	January 2003	January 2007
2nd District	William "Bill" Pinske ¹	January 2003	January 2009
3rd District	Leo L. Bauer	January 1991	January 2009
4th District	Charles Woehler	January 1993	January 2007
5th District	Harold Pettis ²	January 1999	January 2007
Officers			
Elected			
Attorney	David E. Schauer	February 1988	January 2007
Auditor	Lisa Pfarr	January 1999	January 2007
County Recorder	Kathy Dietz (appointed)	February 2005	January 2007
Registrar of Titles	Kathy Dietz (appointed)	February 2005	January 2007
Sheriff	Bruce Ponath	January 2003	January 2007
Surveyor	LeRoy Grewe	November 1978	January 2007
Treasurer	Mary Fisher	January 1999	January 2007
Appointed			
Assessor	Calvin Roberts	November 1978	December 2008
Coroner	Janis Amatuzio, M.D.	January 2006	December 2009
Public Works Director	Darin Mielke	March 2005	April 2010
Veterans Services/Emergency Services Director	Steven Schow		Indefinite
Human Services Director	Vicki Stock		Indefinite
Court Administrator	Karen Messner (State)		Indefinite
Examiner of Titles	Gregory Engwall		Indefinite
Public Health Director	Alethea Freidrichs		Indefinite
Environmental Services Director	Jeffrey Majeski		Indefinite
Court Services Director	Mary Karl (State)		Indefinite
Information Service Director	Beth Wilson		Indefinite
Human Resource Director	Roseann Nagel		Indefinite
Extension/Economic Development Director	Tim Dolan		Indefinite

¹Chair

²Vice Chair

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sibley County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sibley County, Minnesota, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sibley County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sibley County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison schedules for the General Fund and the Road and Bridge and Human Services Special Revenue Funds are not a required part of the basic financial statements but are supplementary information required by the

Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Sibley County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents as supplementary information and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Sibley County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007, on our consideration of Sibley County'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 13, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006
(Unaudited)**

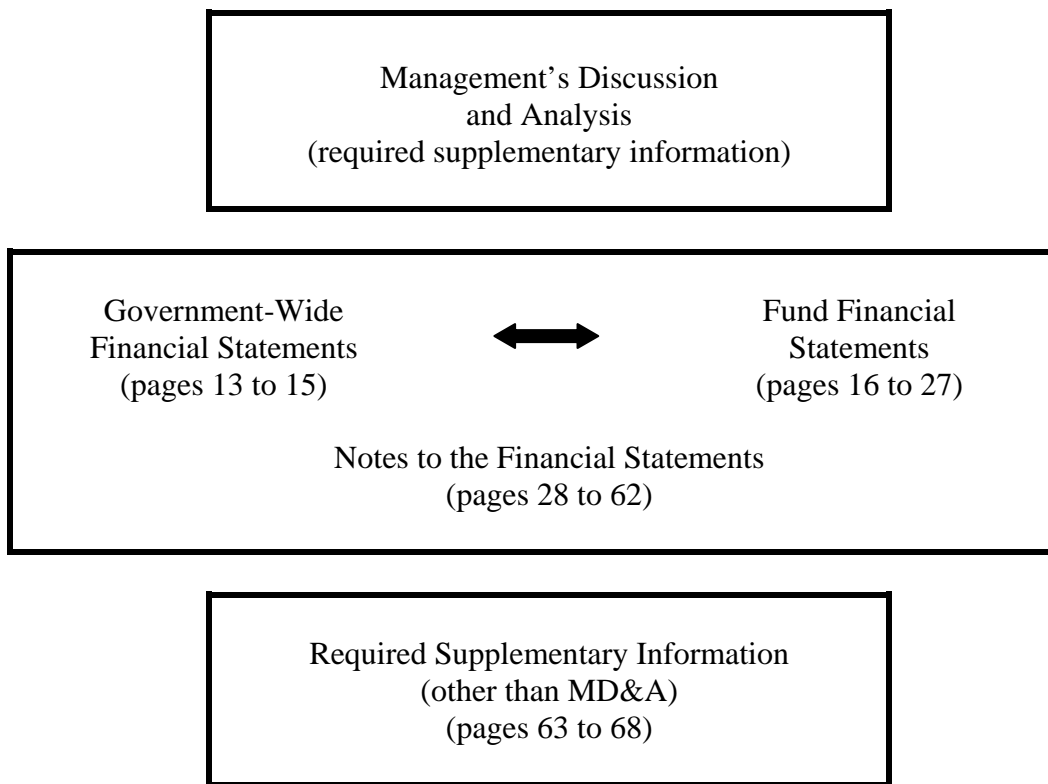
Sibley County's Management Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2006. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements beginning on page 13.

FINANCIAL HIGHLIGHTS

- The assets of Sibley County exceeded its liabilities at the close of the most recent fiscal year by \$51,495,146, of which \$35,550,684 is invested in capital assets, net of related debt, and \$2,181,002 is restricted for specific purposes.
- Sibley County's net assets increased by \$8,284,387, including a prior period restatement of \$1,024,786, for the year ended December 31, 2006.
- The net cost of governmental activities decreased by \$2,530,640 to \$4,031,523 for the current fiscal year. The net cost was funded by general revenues totaling \$11,291,124.
- The fund balances of all government funds increased by \$2,516,182. This increase is due to the revenues exceeding expenditures in the General Fund by \$1,823,420, the Road and Bridge Special Revenue Fund by \$182,877, and the Human Services Special Revenue Fund by \$823,652.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Sibley County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are interrelated.



There are two government-wide financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a long-term view of the County's finances. Fund financial statements start with Exhibit 3. For governmental activities, fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements--The Statement of Net Assets and the Statement of Activities

Our analysis of the County as a whole begins with Exhibits 1 and 2. The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in net assets. You can think of the County's net assets--the difference between assets and liabilities--as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors need to be considered, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

Governmental Activities--Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

Our analysis of the County's major funds begins with Exhibit 3. The fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds--The County's basic services are reported in governmental funds, which focus on the flow of money in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.

Reporting the County's Fiduciary Responsibilities

Fiduciary Funds--The County is the trustee, or fiduciary, over assets that can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on Exhibits 7 and 8. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The County's combined net assets increased from \$44,235,545 to \$51,495,146 from year-end 2005 to year-end 2006. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental activities.

Table 1
Net Assets

	Governmental Activities	
	2006	2005 (Restated)
Current and other assets	\$ 22,230,471	\$ 19,979,003
Capital assets	39,387,256	35,544,535
Total Assets	\$ 61,617,727	\$ 55,523,538
Long-term debt outstanding	\$ 8,894,762	\$ 8,906,478
Other liabilities	1,227,819	2,381,515
Total Liabilities	\$ 10,122,581	\$ 11,287,993
Net Assets		
Invested in capital assets, net of related debt	\$ 35,550,684	\$ 31,278,721
Restricted	2,181,002	1,663,727
Unrestricted	13,763,460	11,293,097
Total Net Assets	\$ 51,495,146	\$ 44,235,545

The total net assets of the County's governmental activities increased by 16.4 percent (\$51.5 million compared to \$44.2 million, restated). Unrestricted net assets--the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--increased from \$11.3 million at the end of 2005 to \$13.8 million at the end of 2006.

Table 2
Changes in Net Assets

	Governmental Activities	
	2006	2005 (Restated)
Revenues		
Program revenues		
Fees, fines, and charges	\$ 3,259,978	\$ 3,563,027
Operating grants and contributions	5,036,789	3,994,083
Capital grants and contributions	1,523,180	1,862,044
General revenues		
Property taxes	8,460,766	7,477,383
Other taxes	77,775	97,428
Grants and contributions not restricted to specific programs	1,658,803	1,630,931
Other general revenues	1,093,780	493,131
Total Revenues	\$ 21,111,071	\$ 19,118,027

(Unaudited)

Page 7

	Governmental Activities	
	2006	2005 (Restated)
Expenses		
General government	\$ 2,070,097	\$ 2,777,767
Public safety	2,197,034	1,952,601
Highways and streets	2,260,738	3,472,890
Sanitation	411,692	202,841
Human services	3,430,143	3,485,164
Health	1,343,903	1,249,110
Culture and recreation	318,983	275,458
Conservation of natural resources	1,308,072	1,077,401
Economic development	178,335	172,417
Interest	332,473	290,882
Total Expenses	\$ 13,851,470	\$ 14,956,531
Increase in Net Assets	\$ 7,259,601	\$ 4,161,496
Net Assets - Beginning January 1, as restated	44,235,545	40,074,049
Net Assets - Ending December 31	\$ 51,495,146	\$ 44,235,545

GOVERNMENTAL ACTIVITIES

The County's total revenues increased by \$1,993,044, or 10.42 percent. The total cost of all programs and services decreased by \$1,105,061, or 7.39 percent.

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through County taxes and non-program revenues was only \$4,031,523 because some of the cost was paid by those who directly benefited from the programs (\$3,259,978) or by other governments and organizations that subsidized certain programs with operating or capital grants and contributions (\$6,559,969).

Table 3 represents the cost of each of the County's five largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Human services	\$ 3,430,143	\$ 3,485,164	\$ 1,232,933	\$ 1,509,877
Highways and streets	2,260,738	3,472,890	(793,678)	(34,637)
General government	2,070,097	2,777,767	1,168,817	1,760,527
Public safety	2,197,034	1,952,601	1,481,985	1,653,750
Health	1,343,903	1,249,110	7,548	720,599
All others	2,549,555	2,018,999	933,918	952,047
Total	\$ 13,851,470	\$ 14,956,531	\$ 4,031,523	\$ 6,562,163

(Unaudited)

Page 8

THE COUNTY'S FUNDS

The focus of Sibley County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing Sibley County's financing requirements. In particular, unreserved balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Sibley County's governmental funds reported a combined ending fund balance of \$16,706,770. This is an increase of \$2,516,182 in comparison to the prior fiscal year. Of the \$16,706,770 total fund balances, \$10,981,119 constitutes unreserved fund balances, which is available for spending at the government's discretion. The remaining \$5,725,651 fund balance is reserved for specific purposes and programs and is not available for new spending.

The General Fund is the chief operating fund for Sibley County. At the end of the fiscal year, unreserved fund balances of the General Fund were \$5,862,293, and reserved fund balance was \$1,135,814. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 80 percent of the total General Fund expenditures, while total fund balance represents 95.5 percent of that same amount.

The Road and Bridge Special Revenue Fund had a total fund balance of \$1,031,566 at the end of 2006. The increase of \$353,569 is in part due to a transfer in and the sale of several capital assets.

The Human Services Special Revenue Fund had a total fund balance of \$4,118,431 at the end of the current fiscal year. This increase of \$735,754 is due to an increase in state grants from the Department of Human Services as well as an overall decrease in fund expenses.

General Fund Budgetary Highlights

Over the course of the year, the County Board revised the County's General Fund budget once. The Board increased revenues as well as expenditures by \$1,000 for the D.A.R.E. program.

After the budget was finalized, the actual revenues exceeded the budgeted amount by \$1,247,474, and the expenditures were less than expected by \$575,946.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the County had net \$39,387,256 invested in a broad range of capital assets including land, buildings, highways and streets, and furniture and equipment. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$3,842,721, or 10.81 percent, over last year.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$ 1,288,439	\$ 1,194,070
Construction in progress	-	673,869
Buildings	5,751,639	4,278,493
Improvements other than buildings	17,683	12,202
Machinery and equipment	1,903,683	1,816,715
Infrastructure	30,425,812	27,569,186
Total	<u>\$ 39,387,256</u>	<u>\$ 35,544,535</u>

The capital asset events this year were primarily the construction of bridges and highways, the completion of the Courthouse remodeling project, and the purchase of highway equipment and election equipment.

The County's fiscal year 2006 capital budget called for spending of \$1,027,000 on highway and bridge construction, all to be financed with resources on hand in existing County state-aid funds. For the other projects, the plan was to use resources on hand in the County's Road and Bridge Special Revenue Fund. The Courthouse remodeling project began in late 2001 and was completed in early 2006. The project was funded primarily through a general obligation bond in the amount of \$3,405,000.

Debt

At the end of the current fiscal year, the County had total outstanding debt of \$8,624,342 versus \$8,906,477 last year--a decrease of three percent--as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	2006	2005
Bonds payable		
General obligation capital improvement bonds	\$ 6,370,000	\$ 6,795,000
Revenue notes	103,300	103,300
Special assessment debt with governmental commitment	1,020,000	1,120,000
Less: deferred amounts for issuance costs	(43,288)	(43,611)
	<hr/>	<hr/>
Total bonds and notes payable	\$ 7,450,012	\$ 7,974,689
Promissory notes	263,294	60,509
Compensated absences	911,036	871,279
	<hr/>	<hr/>
Long-Term Liabilities	<u>\$ 8,624,342</u>	<u>\$ 8,906,477</u>

On May 23, 2006, the Board approved issuing two notes, one for the Rush River Project for \$1,000,000, and another for the Buffalo Creek Project for \$250,000. The Minnesota Pollution Control Agency Agreement (see Note 3.C.3.) permits the County to draw up to \$259,000 on the Rush River note and \$50,000 on the Buffalo Creek note at this time, with an interest rate of two percent.

The County maintains a general obligation bond rating of "A3." This rating is assigned by national rating agencies. The state limits the amount of net debt counties can issue to two percent of the total taxable market value of all property. In 2006, the taxable market value was \$1,571,346,300, and in 2005, the amount was \$1,377,051,500. The County's outstanding net debt of \$8,624,342 is significantly below the state-imposed limit of \$33,846,654.

The County does not purchase commercial insurance for employee health coverage and has claims and judgments of \$57,610 outstanding at year-end compared with \$79,994 last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2007 budget and the tax rates and fees that will be charged for government services.

- Sibley County is anticipating no extraordinary changes in state aids to local governments. The County will be able to maintain stable services environments if no further state reductions are implemented.

- For fiscal year 2007, Sibley County's total taxable market value is \$1,774,703,300. This is an increase of \$203,357,000, or 12.94 percent, over the 2006 total taxable market value of \$1,571,346,300. This increase is a result to the County Sales Ratio Study conducted by the Sibley County Assessor's Office. These studies are used to update market values on a yearly basis and are based on actual land transactions in the County from year to year.
- The unemployment rate for Sibley County is currently 4.1 percent. Sibley County's unemployment rate is about the same percentage as the state unemployment rate of 4.2 percent but is lower than the United States unemployment rate of 4.6 percent.
- The 2007 property tax levy is currently at 7.017 percent; this is down from 8.773 percent in 2006.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Office of the Sibley County Auditor, Sibley County Courthouse, 400 Court Avenue, P. O. Box 171, Gaylord, Minnesota 55334.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Assets

Current assets

Cash and pooled investments	\$ 12,924,111
Petty cash and change funds	6,100
Departmental cash	8,909
Cash with fiscal agent	2,913,892
Investments	9,000
Taxes receivable	
Prior - net	130,465
Special assessments receivable	
Prior - net	7,035
Noncurrent - net	1,710,459
Accounts receivable - net	468,064
Accrued interest receivable	127,609
Due from other governments	1,926,047
Loans receivable	137,481
Inventories	737,350

Noncurrent assets

Advance to other governments	190,370
Deferred charges	31,867
Long-term receivables	151,482
Investment in joint venture	750,230

Capital assets

Non-depreciable	1,288,439
Depreciable - net of accumulated depreciation	38,098,817

Total Assets	<u>\$ 61,617,727</u>
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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Liabilities

Current liabilities

Accounts payable	\$	521,275
Salaries payable		260,519
Contracts payable		65,045
Due to other governments		247,761
Accrued interest payable		75,609
Claims payable		57,610
Compensated absences payable - current		245,980
General obligation bonds payable - current		445,000
General obligation special assessment debt payable - current		100,000

Noncurrent liabilities

Compensated absences payable		665,056
General obligation bonds payable		5,881,712
General obligation special assessment debt payable		920,000
Revenue notes payable		103,300
General obligation promissory notes payable		263,294
Advance from other governments		270,420

Total Liabilities	\$	10,122,581
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Net Assets

Invested in capital assets - net of related debt	\$	35,550,684
Restricted for		
General government		326,783
Public safety		385,366
Highways and streets		73,329
Culture and recreation		81,813
Sanitation		53,797
Capital projects		281,072
Debt service		978,842
Unrestricted		13,763,460
Total Net Assets	\$	51,495,146

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions		
<u>Functions/Programs</u>					
Governmental activities					
General government	\$ 2,070,097	\$ 685,366	\$ 215,914	\$ -	\$ (1,168,817)
Public safety	2,197,034	161,669	553,380	-	(1,481,985)
Highways and streets	2,260,738	25,439	1,505,797	1,523,180	793,678
Sanitation	411,692	421,745	-	-	10,053
Human services	3,430,143	448,429	1,748,781	-	(1,232,933)
Health	1,343,903	436,649	899,706	-	(7,548)
Culture and recreation	318,983	57,196	-	-	(261,787)
Conservation of natural resources	1,308,072	1,018,405	107,182	-	(182,485)
Economic development	178,335	5,080	6,029	-	(167,226)
Interest	332,473	-	-	-	(332,473)
Total	\$ 13,851,470	\$ 3,259,978	\$ 5,036,789	\$ 1,523,180	\$ (4,031,523)
 General Revenues					
Property taxes				\$ 8,460,766	
Gravel taxes				77,775	
Payments in lieu of tax				21,246	
Grants and contributions not restricted to specific programs				1,658,803	
Investment income				709,875	
Miscellaneous				290,759	
Gain on sale of capital assets				71,900	
				\$ 11,291,124	
					\$ 7,259,601
					44,235,545
					\$ 51,495,146

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 5,877,627	\$ 431,750	\$ 4,198,743
Petty cash and change funds	6,100	-	-
Departmental cash	8,909	-	-
Cash with fiscal agent	380,463	-	-
Investments	-	-	-
Taxes receivable			
Delinquent	64,575	26,876	28,664
Special assessments receivable			
Delinquent	5,415	-	-
Noncurrent	-	-	-
Accounts receivable	50	24,825	22,657
Accrued interest receivable	127,599	-	-
Due from other funds	484,913	766	-
Due from other governments	174,704	812,542	740,215
Loans receivable	-	-	-
Inventories	-	737,350	-
Advances to other governments	190,370	-	-
Long-term receivables	151,482	-	-
	\$ 7,472,207	\$ 2,034,109	\$ 4,990,279
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 169,651	\$ 71,109	\$ 195,877
Salaries payable	150,143	47,211	53,540
Contracts payable	-	18,769	-
Due to other funds	285	-	1,405
Due to other governments	26,421	74,145	74,448
Deferred revenue - unavailable	69,990	520,889	546,578
Claims payable	57,610	-	-
Advance from other government	-	270,420	-
	\$ 474,100	\$ 1,002,543	\$ 871,848

EXHIBIT 3

<u>Ditch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 603,098	\$ 1,054,451	\$ 281,072	\$ 477,370	\$ 12,924,111
-	-	-	-	6,100
-	-	-	-	8,909
-	2,533,429	-	-	2,913,892
-	-	-	9,000	9,000
-	10,350	-	-	130,465
383	-	-	1,237	7,035
1,374,214	-	-	336,245	1,710,459
420,532	-	-	-	468,064
-	-	-	10	127,609
-	-	-	-	485,679
171,478	-	-	27,108	1,926,047
-	-	-	137,481	137,481
-	-	-	-	737,350
-	-	-	-	190,370
-	-	-	-	151,482
<u>\$ 2,569,705</u>	<u>\$ 3,598,230</u>	<u>\$ 281,072</u>	<u>\$ 988,451</u>	<u>\$ 21,934,053</u>
\$ 79,076	\$ -	\$ -	\$ 5,562	\$ 521,275
-	-	-	9,625	260,519
46,276	-	-	-	65,045
482,681	-	-	1,308	485,679
26,478	-	-	46,269	247,761
1,818,130	10,350	-	353,037	3,318,974
-	-	-	-	57,610
-	-	-	-	270,420
<u>\$ 2,452,641</u>	<u>\$ 10,350</u>	<u>\$ -</u>	<u>\$ 415,801</u>	<u>\$ 5,227,283</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Road and Bridge	Human Services
<u>Liabilities and Fund Balances</u>			
(Continued)			
Fund Balances			
Reserved for			
Law library	\$ 34,531	\$ -	\$ -
Recorder's equipment	76,503	-	-
Court administration	12,321	-	-
Inventories	-	737,350	-
Gravel pit closure	-	73,329	-
Advances to other governments	190,370	-	-
Loans receivable	-	-	-
Long-term receivable	151,482	-	-
Sheriff's contingency	5,845	-	-
Gun permits	2,110	-	-
Alcohol education	13,743	-	-
Land records technology	25,281	-	-
Attorney's forfeited property	22,640	-	-
Drug task force	62,656	-	-
Parks	81,813	-	-
Check diversion	255	-	-
HAVA grant	35,631	-	-
E-911	273,683	-	-
Traffic diversion	26,139	-	-
Public transit	119,876	-	-
DARE	935	-	-
Debt service	-	-	-
Unused loan proceeds	-	-	-
Unreserved			
Designated for capital improvement	-	-	-
Designated for cash flows	3,223,841	-	4,118,431
Designated for petty cash and change funds	6,100	-	-
Undesignated	2,632,352	220,887	-
Unreserved, reported in nonmajor Special revenue funds	-	-	-
Total Fund Balances	\$ 6,998,107	\$ 1,031,566	\$ 4,118,431
Total Liabilities and Fund Balances	\$ 7,472,207	\$ 2,034,109	\$ 4,990,279

EXHIBIT 3
(Continued)

<u>Ditch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,531
-	-	-	-	76,503
-	-	-	-	12,321
-	-	-	-	737,350
-	-	-	-	73,329
-	-	-	-	190,370
-	-	-	137,481	137,481
-	-	-	-	151,482
-	-	-	-	5,845
-	-	-	-	2,110
-	-	-	-	13,743
-	-	-	-	25,281
-	-	-	-	22,640
-	-	-	-	62,656
-	-	-	-	81,813
-	-	-	-	255
-	-	-	-	35,631
-	-	-	-	273,683
-	-	-	-	26,139
-	-	-	-	119,876
-	-	-	-	935
-	3,587,880	-	-	3,587,880
-	-	-	53,797	53,797
-	-	281,072	-	281,072
117,064	-	-	-	7,459,336
-	-	-	-	6,100
-	-	-	-	2,853,239
-	-	-	381,372	381,372
\$ 117,064	\$ 3,587,880	\$ 281,072	\$ 572,650	\$ 16,706,770
\$ 2,569,705	\$ 3,598,230	\$ 281,072	\$ 988,451	\$ 21,934,053

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Fund balance - total governmental funds (Exhibit 3)		\$ 16,706,770
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		39,387,256
Investments in joint ventures are reported in governmental activities and are not financial resources. Therefore, they are not reported in the governmental funds.		750,230
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		3,318,974
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
General obligation bonds, net of discounts	\$ (7,346,712)	
Revenue notes payable	(103,300)	
General obligation promissory notes	(263,294)	
Compensated absences	(911,036)	
Accrued interest payable	(75,609)	
Deferred debt issuance charges	31,867	
	(8,668,084)	(8,668,084)
Net assets of governmental activities (Exhibit 1)		<u>\$ 51,495,146</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 4,239,998	\$ 1,898,637	\$ 1,799,527
Special assessments	133,057	-	-
Licenses and permits	57,043	-	-
Intergovernmental	2,555,572	3,349,473	2,063,737
Charges for services	1,304,833	61,996	57,781
Fines and forfeits	22,993	-	-
Gifts and contributions	2,000	-	-
Investment earnings	601,147	-	-
Miscellaneous	235,510	98,346	308,319
	<u>\$ 9,152,153</u>	<u>\$ 5,408,452</u>	<u>\$ 4,229,364</u>
Expenditures			
Current			
General government	\$ 3,111,839	\$ -	\$ -
Public safety	2,085,374	-	-
Highways and streets	-	4,817,172	-
Sanitation	162,399	-	-
Human services	-	-	3,405,712
Health	1,353,494	-	-
Culture and recreation	65,739	-	-
Conservation of natural resources	371,553	-	-
Economic development	178,335	-	-
Capital outlay	-	174,420	-
Intergovernmental	-	233,983	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Administrative charges	-	-	-
	<u>\$ 7,328,733</u>	<u>\$ 5,225,575</u>	<u>\$ 3,405,712</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ 1,823,420</u>	<u>\$ 182,877</u>	<u>\$ 823,652</u>

EXHIBIT 5

<u>Ditch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 585,637	\$ -	\$ -	\$ 8,523,799
672,745	-	-	50,863	856,665
-	-	-	-	57,043
-	61,871	-	65,378	8,096,031
148,477	-	-	43,146	1,616,233
-	-	-	-	22,993
-	-	-	36,821	38,821
14,732	100,346	-	8,381	724,606
4,967	-	-	49,470	696,612
\$ 840,921	\$ 747,854	\$ -	\$ 254,059	\$ 20,632,803
\$ -	\$ -	\$ -	\$ 46,454	\$ 3,158,293
-	-	-	-	2,085,374
-	-	-	-	4,817,172
-	-	-	246,143	408,542
-	-	-	-	3,405,712
-	-	-	-	1,353,494
-	-	-	251,412	317,151
933,631	-	-	114,171	1,419,355
-	-	-	-	178,335
-	-	15,095	-	189,515
-	-	-	-	233,983
100,000	425,000	-	-	525,000
66,758	266,574	-	-	333,332
1,459	1,216	-	-	2,675
\$ 1,101,848	\$ 692,790	\$ 15,095	\$ 658,180	\$ 18,427,933
\$ (260,927)	\$ 55,064	\$ (15,095)	\$ (404,121)	\$ 2,204,870

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Other Financing Sources (Uses)			
Transfers in	\$ 87,898	\$ 66,015	\$ -
Transfers out	(214,596)	-	(87,898)
General obligation promissory notes	-	-	-
Proceeds from the sale of capital assets	3,850	68,050	-
	<u>3,850</u>	<u>68,050</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ (122,848)	\$ 134,065	\$ (87,898)
Net Change in Fund Balance	\$ 1,700,572	\$ 316,942	\$ 735,754
Fund Balance - January 1	5,297,535	677,997	3,382,677
Increase (decrease) in reserved for inventories	-	36,627	-
	<u>-</u>	<u>36,627</u>	<u>-</u>
Fund Balance - December 31	\$ 6,998,107	\$ 1,031,566	\$ 4,118,431
	<u><u>6,998,107</u></u>	<u><u>1,031,566</u></u>	<u><u>4,118,431</u></u>

EXHIBIT 5
(Continued)

<u>Ditch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 214,596	\$ 368,509
-	-	(66,015)	-	(368,509)
-	-	-	202,785	202,785
-	-	-	-	71,900
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,015)</u>	<u>\$ 417,381</u>	<u>\$ 274,685</u>
\$ (260,927)	\$ 55,064	\$ (81,110)	\$ 13,260	\$ 2,479,555
377,991	3,532,816	362,182	559,390	14,190,588
-	-	-	-	36,627
<u><u>\$ 117,064</u></u>	<u><u>\$ 3,587,880</u></u>	<u><u>\$ 281,072</u></u>	<u><u>\$ 572,650</u></u>	<u><u>\$ 16,706,770</u></u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net change in fund balance - total governmental funds (Exhibit 5) \$ 2,479,555

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

In the funds, distributions of joint venture equity interest are reported as revenue. In the statement of net assets, an asset is reported for the equity interest and distributions, increases, and decreases in joint venture equity are reported in the statement of activities. The adjustment is the increase or decrease in equity in the joint venture.

Equity distribution	\$ (584,269)	
Increase in investment in joint venture	<u>309,713</u>	(274,556)

In the funds, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment is the increase (decrease) in revenue deferred as unavailable.

Deferred revenue - December 31	\$ 3,318,974	
Deferred revenue - January 1	<u>(2,429,713)</u>	889,261

Funds report capital outlay as expenditures. In the statement activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, only the gain or loss on disposal of assets is reported; whereas, in the fund, the proceeds increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Expenditures for general capital assets	\$ 5,714,319	
Net book value of disposed assets	(430,149)	
Current year depreciation	<u>(1,441,449)</u>	3,842,721

Issuing long-term debt provides current financial resources, while debt repayment uses current financial resources. Neither transaction has any effect on net assets.

New borrowing on general obligation promissory notes		(202,785)
Repayment of debt principal - general obligation bonds		525,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Change in accrued interest payable	\$ 5,950	
Change in deferred charges	(2,093)	
Amortization of bond discounts	(323)	
Change in compensated absences	(39,756)	
Change in inventories	<u>36,627</u>	<u>405</u>

Change in net assets of governmental activities (Exhibit 2) \$ 7,259,601

FIDUCIARY FUNDS

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006**

	Private-Purpose Trust	Agency
<u>Assets</u>		
Cash and pooled investments	\$ 18,245	\$ 224,447
Investments	39,014	-
Accounts receivable	-	8,351
Accrued interest	306	-
Due from other governments	-	62,214
	\$ 57,565	\$ 295,012
<u>Liabilities</u>		
Cash overdraft	\$ -	\$ 36,482
Accounts payable	-	87,403
Salaries payable	-	2,136
Due to other governments	-	168,991
	\$ -	\$ 295,012
<u>Net Assets</u>		
Net assets, held in trust	\$ 57,565	

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Private-Purpose Trust</u>
<u>Additions</u>	
Interest	\$ <u>860</u>
Change in Net Assets	\$ 860
Net Assets - Beginning of the Year	<u>56,705</u>
Net Assets - End of the Year	<u><u>\$ 57,565</u></u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2006. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Sibley County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Sibley County. The County is governed by a five-member Board of Commissioners elected from the five districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Joint Ventures

The County participates in several joint ventures described in Note 5.C. The County also participates in the jointly-governed organizations described in Note 5.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the County. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

The government-wide statement of net assets: (a) is presented on a consolidated basis; and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements are on major individual governmental funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited properties.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt.

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

Additionally, the County reports the following fund types:

Private-purpose trust funds are used to account for resources legally held in trust for others.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Sibley County considers all revenues as available if collected within 90 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2006, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2006 were \$601,147.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “interfund receivables/interfund payables.”

All receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories

All inventories are valued using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are reported as expenses when consumed.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

4. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are completed.

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

<u>Assets</u>	<u>Years</u>
Buildings	35 - 75
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	3 - 15

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds and the government-wide statements also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, there was no unearned revenue. The various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes	\$ 130,465	\$ -
Special assessments receivable delinquent and deferred	1,717,494	-
Highway allotments that do not provide current financial resources	494,013	-
Other receivables that do not provide current financial resources	556,470	-
Receivable from Ditch Fund petitioners	420,532	-
Total Deferred/Unearned Revenue for All Governmental Funds	\$ 3,318,974	\$ -

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

7. Long-Term Obligations (Continued)

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.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change through County Board action and approval.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Revenues

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by all governmental fund types. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Revenues (Continued)

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes, fines and penalties, and property forfeitures are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes were levied. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the County perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. Gifts and contributions from individuals are also considered voluntary nonexchange transactions and are generally recognized when received.

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments for highway maintenance and construction are recognized as revenue in the year of allotment.

Exchange Transactions

Special assessments levied against benefiting properties are recognized when levied. Other revenues, such as licenses and permits, charges for services, and investment income, are recognized as revenue when earned.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

F. Restatement - Government-Wide Statements

Net Assets - January 1, as previously reported	\$ 43,210,759
Restatement	
Investment in joint venture	<u>1,024,786</u>
Net Assets - January 1, as restated	<u>\$ 44,235,545</u>

During 2006, the South Country Health Alliance joint powers agreement was amended to give the participating counties an equity interest. The equity interest was calculated retroactive to 2001. As a result, the January 1, 2006, Sibley County net assets were restated to include the investment in joint venture of \$1,024,786.

2. Stewardship, Compliance, and Accountability

A. Ditch Fund Equity

On the full accrual basis of accounting, seven of the 135 drainage systems have incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balance as of December 31, 2006, using the full accrual basis of accounting.

Account balances	\$ 992,044
Account deficits	<u>(76,850)</u>
Fund Balance - Accrual Basis	<u>\$ 915,194</u>

Using the modified accrual basis of accounting, noncurrent receivables and bonds payable do not affect fund balance. Noncurrent receivables are deferred, and bonds payable are not reported. Using this basis of accounting, 27 ditches had fund deficits.

Account balances	\$ 976,803
Account deficits	<u>(859,739)</u>
Fund Balance - Modified Accrual Basis	<u>\$ 117,064</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

B. Expenditures in Excess of Appropriations

For the year ended December 31, 2006, expenditures exceeded appropriations by \$558,622 in the Road and Bridge Special Revenue Fund; by \$60,590 in the Debt Service Fund; and by \$43,155 in the High Island Water Assessment Project Special Revenue Fund. In the Road and Bridge Special Revenue Fund, expenditures exceeded appropriations because of the continued expenses associated with the necessary bridge repairs during 2006 that were not included in the budget. Interest paid by the escrow agent for the 2006 crossover refunding bonds was not budgeted for in the Debt Service Fund. In the High Island Water Assessment Project Special Revenue Fund, expenditures exceeded appropriations due to the increased cost of water quality analysis and the shared cost of the Water Planning Coordinator that were not fully budgeted for.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

Governmental funds		
Cash and pooled investments	\$	12,924,111
Petty cash and change funds		6,100
Cash with fiscal agent		2,913,892
Fund investments		9,000
Fiduciary funds		
Private-purpose trust funds		
Cash and pooled investments		18,245
Fund investments		39,014
Agency funds		
Cash and pooled investments		224,447
Cash overdraft		(36,482)
<u>Total Cash and Investments</u>	<u>\$</u>	<u>16,098,327</u>
Deposits	\$	3,634,620
Petty cash and change funds		6,100
Investments		12,457,607
<u>Total Deposits, Cash on Hand, and Investments</u>	<u>\$</u>	<u>16,098,327</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

a. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day except for what is covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies, general obligations rated "A" or better or revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, County deposits may not be returned to it. As of December 31, 2006, Sibley County's deposits were not exposed to custodial credit risk.

b. Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of January 23, 2006, the County has established a custodial credit risk policy which permits the County's brokers to hold the County's investments to the extent that the brokers have SIPC insurance. At December 31, 2006, the investments held in the fiscal agent accounts listed totaled \$2,913,892 and were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. agency securities may be held without limit.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

The following table presents the County's investment balances at December 31, 2006, and information relating to potential investment risks:

Investment - Issuer	Credit Risk		Concentration Risk (%)	Interest Rate Risk	Fair Value
	Credit Rating	Rating Agency		Maturity Date	
Securities					
Wachovia Securities					
Federal Home Loan Bank	Aaa	Moody's		01/23/2007	\$ 250,000
Federal Home Loan Bank	Aaa	Moody's		02/27/2007	99,111
Federal Home Loan Bank	Aaa	Moody's		06/24/2007	99,174
Federal Home Loan Bank	Aaa	Moody's		09/17/2007	98,705
Federal Home Loan Bank	Aaa	Moody's		11/09/2007	172,889
Federal Home Loan Bank	Aaa	Moody's		11/14/2007	250,078
Federal Home Loan Bank	Aaa	Moody's		06/30/2008	116,533
Federal Home Loan Bank	Aaa	Moody's		07/29/2008	196,222
Federal Home Loan Bank	Aaa	Moody's		08/13/2008	196,098
Federal Home Loan Bank	Aaa	Moody's		08/20/2008	198,520
Federal Home Loan Bank	Aaa	Moody's		10/15/2008	98,924
Federal Home Loan Bank	Aaa	Moody's		11/03/2008	549,484
Federal Home Loan Bank	Aaa	Moody's		12/05/2008	98,467
Federal Home Loan Bank	Aaa	Moody's		12/30/2008	220,777
Federal Home Loan Bank	Aaa	Moody's		12/30/2008	97,686
Federal Home Loan Bank	Aaa	Moody's		01/21/2009	98,998
Federal Home Loan Bank	Aaa	Moody's		08/19/2009	98,785
Federal Home Loan Bank	Aaa	Moody's		10/16/2009	198,984
Federal Home Loan Bank	Aaa	Moody's		12/08/2009	199,000
Federal Home Loan Bank	Aaa	Moody's		12/29/2009	200,000
Federal Home Loan Bank	Aaa	Moody's		03/30/2010	98,631
Federal Home Loan Bank	Aaa	Moody's		12/09/2010	96,744
Federal Home Loan Bank	Aaa	Moody's		03/07/2011	348,229
Federal Home Loan Bank	Aaa	Moody's		09/29/2011	199,500
Wells Fargo Brokerage					
Federal Home Loan Bank	Aaa	Moody's		02/16/2007	200,000
Federal Home Loan Bank	Aaa	Moody's		02/20/2007	199,340
Federal Home Loan Bank	Aaa	Moody's		04/05/2007	199,400
Federal Home Loan Bank	Aaa	Moody's		04/16/2007	99,270
Federal Home Loan Bank	Aaa	Moody's		06/05/2007	199,640
Federal Home Loan Bank	Aaa	Moody's		08/03/2007	99,350
Federal Home Loan Bank	Aaa	Moody's		08/08/2007	99,020
Federal Home Loan Bank	Aaa	Moody's		12/26/2008	249,275
Federal Home Loan Bank	Aaa	Moody's		06/23/2009	199,180
Federal Home Loan Bank	Aaa	Moody's		07/23/2009	199,020
Federal Home Loan Bank	Aaa	Moody's		10/26/2011	199,480
Total Federal Home Loan Bank			49.97%		\$ 6,224,514

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investment - Issuer	Credit Risk		Concentration Risk (%)	Interest Rate Risk	Fair Value
	Credit Rating	Rating Agency		Maturity Date	
Negotiable certificates of deposit					
Wachovia Securities					
Florida Bank ,Tampa, FL	N/A	N/A	0.77%	02/27/2007	\$ 95,945
Columbus Bank & Trust	N/A	N/A	0.76%	09/28/2007	95,000
Centlar Federal Savings Bank	N/A	N/A	0.76%	10/04/2007	95,011
LaSalle Bank	N/A	N/A	0.78%	11/02/2007	96,848
LaSalle Bank Midwest	N/A	N/A	0.78%	12/28/2007	96,743
Wells Fargo Brokerage					
Citizens State Bank	N/A	N/A	0.76%	02/05/2007	94,965
Bank of Vernon, Alabama	N/A	N/A	0.76%	06/22/2007	94,406
First Charter Bank Charlotte	N/A	N/A	0.76%	06/22/2007	94,429
Total negotiable certificates of deposit					<u>\$ 763,347</u>
Corporate bonds					
Wachovia Securities					
MacQuarie Bank Limited	N/A	N/A	3.98%	01/29/2007	<u>\$ 496,185</u>
Mutual fund					
Federated-Prime Cash Obligation Fund					
	N/A	N/A	10.42%	N/A	<u>\$ 1,297,466</u>
Minnesota Association of Counties Investing for Counties (MAGIC)					
	N/A	N/A	6.05%	N/A	<u>\$ 753,877</u>
Cash and investments with fiscal agent or broker					
Securities					
Northland Trust Services					
Fannie Mae-STRIPS	N/A	N/A		02/12/2007	\$ 46,722
Fannie Mae-STRIPS	N/A	N/A		07/15/2007	46,674
Fannie Mae-STRIPS	N/A	N/A		02/15/2008	2,440,033
Total Fannie Mae-STRIPS			20.34%		<u>\$ 2,533,429</u>
Cash with fiscal agent	N/A	N/A	3.05%		<u>\$ 380,463</u>
Cash with broker	N/A	N/A	0.07%		<u>\$ 8,326</u>
Total			100.00%		<u>\$ 12,457,607</u>

N/A - Not Applicable

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

In January 2004, the County sold the Health and Human Services Building on a contract for deed. The sale price was \$200,000. The County received a down payment of \$25,000, with the balance to be paid over ten years at an interest rate of four percent. Future collections are to be received in monthly installments of \$1,200 with a balloon payment of \$85,112 to be paid on January 1, 2014. Future principal collections are to be received as follows:

Year Ending December 31	Long-Term Receivables Principal
2007	\$ 8,496
2008	8,843
2009	9,203
2010	8,765
2011	9,934
2012 - 2014	106,241
Total	\$ 151,482

3. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,194,070	\$ 94,369	\$ -	\$ 1,288,439
Construction in progress	673,869	-	673,869	-
Total capital assets not depreciated	\$ 1,867,939	\$ 94,369	\$ 673,869	\$ 1,288,439

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Buildings	\$ 6,059,950	\$ 1,655,056	\$ -	\$ 7,715,006
Improvements other than buildings	17,165	7,861	-	25,026
Machinery, furniture, and equipment	5,065,803	497,014	420,498	5,142,319
Infrastructure	<u>34,646,894</u>	<u>4,133,888</u>	<u>616,075</u>	<u>38,164,707</u>
Total capital assets depreciated	<u>\$ 45,789,812</u>	<u>\$ 6,293,819</u>	<u>\$ 1,036,573</u>	<u>\$ 51,047,058</u>
Less: accumulated depreciation for				
Buildings	\$ 1,781,457	\$ 181,910	\$ -	\$ 1,963,367
Improvements other than buildings	4,963	2,380	-	7,343
Machinery, furniture, and equipment	3,249,088	398,828	409,280	3,238,636
Infrastructure	<u>7,077,708</u>	<u>858,331</u>	<u>197,144</u>	<u>7,738,895</u>
Total accumulated depreciation	<u>\$ 12,113,216</u>	<u>\$ 1,441,449</u>	<u>\$ 606,424</u>	<u>\$ 12,948,241</u>
Total capital assets depreciated, net	<u>\$ 33,676,596</u>	<u>\$ 4,852,370</u>	<u>\$ 430,149</u>	<u>\$ 38,098,817</u>
Total Capital Assets, Net	<u>\$ 35,544,535</u>	<u>\$ 4,946,739</u>	<u>\$ 1,104,018</u>	<u>\$ 39,387,256</u>

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

Governmental Activities	
General government	\$ 232,338
Public safety	99,605
Highways and streets, including depreciation of infrastructure assets	1,095,044
Human services	3,641
Public health	3,604
Conservation of natural resources	6,985
Culture and recreation	<u>232</u>
Total Depreciation Expense	<u>\$ 1,441,449</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 1,405
	Ditch Fund	482,200
	Forfeited Tax Fund	1,308
Road and Bridge Fund	Ditch Fund	481
	General Fund	285
Total Due To/From Other Funds		\$ 485,679

The above interfund balances between the General Fund and the Human Services Fund and Forfeited Tax Fund are for services performed. The Ditch Fund owes the General Fund for temporary loans. The interfund balances between the Road and Bridge Fund, the Ditch Fund, and the General Fund are for services performed.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfer from Human Services Fund to the General Fund	\$ 87,898	Moved the Transit Department from the Human Services Fund to the General Fund
Transfer from Capital Projects Fund to the Road and Bridge Fund	66,015	Moved funds from the Capital Projects Fund to the Road and Bridge Fund to provide for equipment
Transfers to nonmajor governmental fund from the General Fund	214,596	Provide funds for the Sibley County Library system.
Total Interfund Transfers	\$ 368,509	

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Operating Leases

During 2004, the County entered into an operating lease for a copier finisher. Minimum future rental payments are:

2007	\$	4,265
2008		4,265

In June 2005, the County entered into an operating lease for a Toshiba copier. Minimum future rental payments are:

2007	\$	892
2008		396

2. Long-Term Debt

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2006
General obligation bonds					
2001 G.O. Law Enforcement Refunding Bonds	2009	\$125,000 - \$160,000	2.25 - 3.70	\$ 1,005,000	\$ 465,000
2001A G.O. Capital Improvement Bonds	2021	\$100,000 - \$260,000	3.30 - 5.10	3,405,000	2,815,000
2003 G.O. Courthouse Bonds	2008	\$80,000 - \$100,000	3.00 - 3.50	450,000	195,000
2003 G.O. Jail Facility Refunding Bonds	2010	\$60,000 - \$70,000	1.65 - 3.55	385,000	265,000
2005 G.O. Capital Improvement Refunding Bonds	2021	\$165,000 - \$250,000	2.65 - 4.15	2,630,000	2,630,000
Total general obligation bonds				\$ 7,875,000	\$ 6,370,000
Less: unamortized discount					(43,288)
Net General Obligation Bonds					\$ 6,326,712

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2006
General obligation special assessment bonds:					
1996 G.O. Special Assessment Drainage Ditch Bonds	2017	\$20,000 - \$95,000	4.00 - 5.70	\$ 700,000	\$ 220,000
1998 G.O. Special Assessment Drainage Ditch Bonds	2008	\$25,000 - \$70,000	3.75 - 4.75	380,000	25,000
2002 G.O. Special Assessment Watershed District Bonds	2023	\$25,000 - \$60,000	2.00 - 5.00	800,000	715,000
2003 G.O. Special Assessment Refunding Drainage Ditch Bonds	2009	\$10,000 - \$30,000	1.65 - 3.20	115,000	60,000
Total General Obligation Special Assessment Bonds				<u>\$ 1,995,000</u>	<u>\$ 1,020,000</u>
General Obligation Revenue Notes					
1998 G.O. Revenue Note	2021	\$50,000	-	\$ 50,000	\$ 50,000
2001 G.O. Revenue Note	2021	\$53,300	-	53,300	53,300
Total General Obligation Revenue Notes				<u>\$ 103,300</u>	<u>\$ 103,300</u>
General obligation promissory notes					
G.O. Promissory Notes High Island	2016	N/A	2.00	\$ 130,966	\$ 130,966
G.O. Promissory Notes Rush River	N/A	N/A	2.00	132,298	132,298
Total G.O. Promissory Notes				<u>\$ 263,264</u>	<u>\$ 263,264</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2006, were as follows:

Year Ending December 31	General Obligation Bonds		General Obligation Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 445,000	\$ 251,296	\$ 100,000	\$ 46,150
2008	460,000	235,445	75,000	41,781
2009	540,000	217,873	60,000	39,203
2010	385,000	201,833	55,000	36,813
2011	335,000	188,921	55,000	34,413
2012 - 2016	1,880,000	731,518	295,000	132,368
2017 - 2021	2,325,000	276,651	265,000	61,083
2022 - 2023	-	-	115,000	5,874
Total	<u>\$ 6,370,000</u>	<u>\$ 2,103,537</u>	<u>\$ 1,020,000</u>	<u>\$ 397,685</u>

The General Obligation Revenue Notes principal of \$103,300 and no interest are due and payable in the year ending December 31, 2021.

Amounts reported as General Obligation Promissory Notes are borrowed against loan agreements with the Minnesota Pollution Control Agency. According to the November 18, 2004, agreement, the County may borrow as much as \$545,000 for the High Island Septic System loans; repayment of the principal will not begin until 2009. According to a May 23, 2006, agreement, the County may borrow as much as \$259,000 for the Rush River Septic System loans; repayment of the principal will not begin until 2009. Also, under a May 23, 2006, agreement, the County may borrow as much as \$50,000 for the Buffalo Creek Septic System loans; repayment of the principal will not begin until 2009. Due to the uncertainty as to how much the County will have borrowed by 2009, a repayment schedule is not being presented here.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities Long-Term Liabilities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 6,795,000	\$ -	\$ 425,000	\$ 6,370,000	\$ 445,000
General Obligation Special Assessment Bonds	1,120,000	-	100,000	1,020,000	100,000
General Obligation Revenue Notes	103,300	-	-	103,300	-
General Obligation Promissory Notes	60,509	202,785	-	263,294	-
Less: discounts	(43,611)	-	323	(43,288)	-
Total bonds and notes payable	\$ 8,035,198	\$ 202,785	\$ 524,677	\$ 7,713,306	\$ 545,000
Compensated absences	871,280	52,951	13,195	911,036	245,980
Governmental Activities Long-Term Liabilities	<u>\$ 8,906,478</u>	<u>\$ 255,736</u>	<u>\$ 537,872</u>	<u>\$ 8,624,342</u>	<u>\$ 790,980</u>

5. Defeased Debt

At December 31, 2006, the County had \$60,000 outstanding on the 1993 Special Assessment Drainage Ditch Bonds that have been defeased.

6. Crossover Refunding

On January 25, 2005, the County Board authorized issuance of \$2,630,000 General Obligation Capital Improvement Crossover Refunding Bonds, Series 2005A. Together with other available funds, the Crossover Refunding Bonds will finance the cost of refunding the 2009 - 2021 maturities of the County's General Obligation Capital Improvement Bonds of 2001, Series A, dated March 1, 2001, which are outstanding in the amount of \$2,540,000. Interest rates on the refunding bonds range from 2.65 percent to 4.15 percent.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Crossover Refunding (Continued)

Until the crossover date in 2009, both bonds will be reported on the County's statement of net assets. The County will continue to pay principal and interest payments on the 2001 bonds. An escrow agent will make interest payments on the 2005 bonds until that time.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

All full-time and certain part-time employees of Sibley County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution and have direct contact with inmates are covered by the Public Employees Correctional Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement 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.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employees Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans (Continued)

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 5.50 percent, respectively, of their annual covered salary in 2006. Contribution rates in the Coordinated Plan increased in 2007 to 5.75 percent. Public Employees Police and Fire Fund members were required to contribute 7.00 percent of their annual covered salary in 2006. That rate increased to 7.80 percent in 2007. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2006 and 2007:

	2006	2007
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.00	6.25
Public Employees Police and Fire Fund	10.50	11.70
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2006, 2005, and 2004, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund
2006	\$ 291,942	\$ 57,262	\$ 28,803
2005	259,376	47,137	27,639
2004	262,905	44,230	27,937

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The County's contributions for the years ending December 31, 2006, 2005, and 2004, were \$2,346, \$2,341, and \$2,311, respectively, equal to the contractually required contributions for each year as set by state statute.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$390,000 per claim in 2006 and \$400,000 per claim in 2007. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

In 2000, the County entered into an agreement with McLeod County to provide a mechanism for utilizing a pooled self-funded health insurance program under the authority granted to the counties in Minn. Stat. § 471.59. Premiums are paid to MCIT which provides bookkeeping services to the counties, including the payment of claims. For 2006, the County has retained risk up to \$125,000 stop-loss per covered person per year (\$1,000,000 aggregate) for the health plan.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended December 31	
	2006	2005
Unpaid claims, beginning of fiscal year	\$ 79,994	\$ 73,299
Incurred claims (including IBNRs)	695,355	632,459
Claims payments	(717,739)	(625,764)
Unpaid Claims, End of Fiscal Year	\$ 57,610	\$ 79,994

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

In 1993, the South Central Minnesota Multi-County Housing Authority issued \$20,315,000 of revenue bonds to construct housing units in Sibley County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of the housing units constructed. Sibley County's proportionate share of the operating deficit for 2006 is \$109,413. The proportionate shares of the counties may change for the years 2007 through 2024 if there are changes in the taxable market value over the 2001 taxable market value.

C. Joint Ventures

Tri-County Solid Waste

Sibley County entered into a joint powers agreement to create and operate Tri-County Solid Waste pursuant to the Waste Management Act, Minn. Stat. § 471.59, and a joint powers agreement, effective November 3, 1987. Management of Tri-County Solid Waste is vested in the Tri-County Solid Waste Joint Powers Board, which consists of six representatives, two from each Board of Commissioners from Le Sueur, Nicollet, and Sibley Counties. The primary function of Tri-County Solid Waste is to coordinate solid waste management services within the multi-county area. Emphasis is placed on planning, recycling, hazardous waste, problem materials, and education.

One-half of the financing is provided by appropriations from the three counties based on the ratio of their population to the total population of the member counties, and one-half is provided by an equal appropriation from the three counties. Sibley County contributed \$51,955 in 2006. Sibley County is the fiscal agent. Current audited financial statements are not available.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Meeker-McLeod-Sibley Community Health Services Board

The Meeker-McLeod-Sibley Community Health Services Board was established pursuant to Minn. Stat. §§ 145A.09 to 145A.13, Minn. Stat. § 471.59, and a joint powers agreement, effective April 19, 1990. The Health Services Board consists of 15 members, five each from Meeker, McLeod, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

The joint venture is financed primarily from state and federal grants. McLeod County is the fiscal agent. Complete audited financial statements for the Health Services Board can be obtained at P. O. Box 398, Hutchinson, Minnesota 55350.

Minnesota River Basin

Sibley County entered into a joint powers agreement to promote the orderly water quality improvement and management of the Minnesota River Watershed pursuant to Minn. Stat. § 471.59.

The management of the Minnesota River Basin is vested in the Board of Directors consisting of one member and an alternate from each County Board of Commissioners included in this agreement. According to the latest information available, 37 counties are members under this agreement.

Financing is provided by a contribution from each member county based on its share of the annual budget. Sibley County paid dues in the amount of \$1,105 in 2006. Complete audited financial statements for the Minnesota River Basin can be obtained from its administrative office at Administration Building No. 14, 600 East 4th Street, Chaska, Minnesota 55318.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

South Country Health Alliance

The South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn. The agreement was amended in 2006 to give the original counties an equity interest in the joint venture, retroactive to 2001. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a board of directors to operate, control, and manage all matters concerning the nine participating member counties' health care functions, referred to as county-based purchasing.

The purpose of the SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordination of social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the member counties.

Each member county has an explicit and measurable right to share of the total capital surplus of the SCHA. Gains and losses are allocated to all members based on the percentage of their utilization. The County's equity interest in the SCHA at the end of 2006 was \$750,230. The equity interest is reported as an investment in joint venture on the government-wide statement of net assets. The County reported distributions from the SCHA of \$584,289 in 2006, and does not anticipate any further distributions at this time.

Complete financial statements for the SCHA can be obtained from its fiscal agent at 630 Florence Avenue, P. O. Box 890, Owatonna, Minnesota 55060-0890.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Trailblazer Transit Board

Sibley County entered into a joint powers agreement creating and operating the Trailblazer Transit Board, pursuant to Minn. Stat. § 471.59, and a joint powers agreement, effective June 8, 1999. Management of the Trailblazer Transit Board is vested in the Joint Powers Board consisting of two members appointed by McLeod and Sibley Counties from each County Board of Commissioners. McLeod County appoints an additional member, bringing the Trailblazer Transit Board membership size to five. The primary purpose of the Trailblazer Transit Board is to provide centralized planning and implementation of needed public transit services.

Financing is primarily provided from user fees and state and federal grants. Member counties are committed to providing the local match necessary to meet the requirements for state and federal funding. For 2006, Sibley County made contributions of \$33,784.

Complete financial statements for the Trailblazer Transit Board can be obtained from the administrative office at P. O. Box 88, Gaylord, Minnesota 55334.

Crow River Joint Powers Agreement

In April 1999, the County entered into a joint powers agreement with Carver, Hennepin, Kandiyohi, McLeod, Meeker, Pope, Renville, Stearns, and Wright Counties, creating the Crow River Joint Powers Agreement. The agreement is authorized by Minn. Stat. §§ 103B.311 and 103B.315. The Board of Directors meets at least two times per year, or more often if needed, at the location to be set by the chair of the Board. The purpose of this agreement is the joint exercise of powers by the member counties to promote the orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans which counties may develop and implement.

The governing board is composed of one board member from each of the participating counties. Financing is provided by state proceeds. Current audited financial statements are available at 322 South Minnesota Avenue, St. Peter, Minnesota 56082.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items (Continued)

D. Jointly-Governed Organizations

Sibley County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below:

Sibley County Children’s Collaborative

Sibley County and Independent School District Nos. 2310 and 2365 have created the Sibley County Children’s Collaborative, pursuant to Minn. Stat. § 471.59 and a joint powers agreement. The purpose of the Collaborative is to facilitate early intervention and prevention services to at-risk children and their families.

Sibley County is the fiscal agent of the Collaborative. Sibley County has no operational or financial control over the Collaborative. Audited financial statements can be obtained from the Collaborative’s office at the Sibley County Courthouse, 400 Court Avenue, P. O. Box 207, Gaylord, Minnesota 55334.

Three Counties for Kids Collaborative

Brown, Sibley, and Watonwan Counties; the Sioux Trails Mental Health Center; and the River Bend Education District, representing the school districts served by River Bend, have formed the Three Counties for Kids Collaborative, pursuant to Minn. Stat. § 471.59 and a joint powers agreement. The purpose of the Collaborative is to join local units of government to ensure a unified, unduplicated, and “family friendly” system of intervention and care for families and children.

Brown County is the fiscal agent of the Collaborative. Sibley County has no operational or financial control over the Collaborative. Currently, the Collaborative is not required to be audited; therefore, no audited financial statements are available.

South Central Minnesota Emergency Medical Services

This jointly-governed organization provides various health services to several counties. During the year, the County made no payments to the South Central Minnesota Emergency Medical Services.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

6. Subsequent Event

On July 10, 2007, the Board approved issuing one note for the Middle Minnesota Watershed Implementation Project for \$45,000. The Minnesota Pollution Control Agency Agreement permits the County to draw up to \$15,000 on the Middle Minnesota Watershed Note.

On September 11, 2007, the Board approved issuing a Rush River Project Continuation Loan agreement with the Minnesota Pollution Control Agency. The loan agreement will permit the County to draw up to \$333,333. This agreement will commence on January 1, 2009, and will take the place of the original Rush River Project Note of \$259,000 which will end on December 31, 2008.

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REQUIRED SUPPLEMENTARY INFORMATION

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,541,670	\$ 4,541,670	\$ 4,239,998	\$ (301,672)
Special assessments	130,000	130,000	133,057	3,057
Licenses and permits	62,915	62,915	57,043	(5,872)
Intergovernmental	1,471,570	1,471,570	2,555,572	1,084,002
Charges for services	1,078,707	1,078,707	1,304,833	226,126
Fines and forfeits	1,000	1,000	22,993	21,993
Gifts and contributions	-	1,000	2,000	1,000
Investment earnings	267,063	267,063	601,147	334,084
Miscellaneous	350,754	350,754	235,510	(115,244)
Total Revenues	\$ 7,903,679	\$ 7,904,679	\$ 9,152,153	\$ 1,247,474
Expenditures				
Current				
General government				
Commissioners	\$ 183,339	\$ 183,339	\$ 190,016	\$ (6,677)
Courts	23,000	23,000	16,250	6,750
Law library	28,000	28,000	32,679	(4,679)
County auditor	356,004	356,004	337,227	18,777
County treasurer	134,593	134,593	130,196	4,397
County assessor	270,007	270,007	273,750	(3,743)
Audit services	58,500	58,500	66,084	(7,584)
Elections - voter registration	51,391	51,391	58,725	(7,334)
Election and technology	-	-	137,172	(137,172)
Data processing	249,493	312,110	307,016	5,094
Computer - truth in taxation	4,900	4,900	4,611	289
Human resources	107,396	107,396	99,274	8,122
Attorney	351,419	351,419	310,063	41,356
Recorder	316,552	316,552	243,574	72,978
Surveyor	25,000	25,000	26,011	(1,011)
Planning and zoning	98,235	98,235	103,418	(5,183)
Buildings	139,000	139,000	149,303	(10,303)
Building custodians	140,851	140,851	134,084	6,767
Jail buildings	124,950	124,950	54,259	70,691
Service center	55,650	55,650	74,037	(18,387)
Veterans service officer	59,528	59,528	72,182	(12,654)
Public transit	104,000	104,000	72,022	31,978
County fleet car	-	-	672	(672)
Feedlot program	53,981	53,981	49,859	4,122
Shoreland ordinance	3,076	3,076	2,960	116
Other general government	316,652	254,035	166,395	87,640
Total general government	\$ 3,255,517	\$ 3,255,517	\$ 3,111,839	\$ 143,678

The notes to the required supplementary information are an integral part of this statement.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,886,848	\$ 1,887,848	\$ 1,879,176	\$ 8,672
Probation officer	163,096	163,096	157,162	5,934
Sentenced to serve	17,050	17,050	16,947	103
Emergency management	35,798	35,798	32,089	3,709
Total public safety	\$ 2,102,792	\$ 2,103,792	\$ 2,085,374	\$ 18,418
Sanitation				
Recycling	\$ 182,624	\$ 182,624	\$ 162,200	\$ 20,424
Hazardous waste	431	431	199	232
Total sanitation	\$ 183,055	\$ 183,055	\$ 162,399	\$ 20,656
Health				
Nursing service	\$ 1,461,436	\$ 1,461,436	\$ 1,351,126	\$ 110,310
Community health services	2,163	2,163	2,368	(205)
Total health	\$ 1,463,599	\$ 1,463,599	\$ 1,353,494	\$ 110,105
Culture and recreation				
Historical society	\$ 18,325	\$ 18,325	\$ 14,278	\$ 4,047
County library	215,921	215,921	1,281	214,640
Parks	46,000	46,000	36,820	9,180
Park improvement	70,941	70,941	11,127	59,814
Tourism	2,355	2,355	2,233	122
Total culture and recreation	\$ 353,542	\$ 353,542	\$ 65,739	\$ 287,803
Conservation of natural resources				
Soil and water conservation	\$ 111,747	\$ 111,747	\$ 111,747	\$ -
County extension	141,513	141,513	138,054	3,459
Agriculture ditch inspector	107,580	107,580	115,442	(7,862)
County fair	6,310	6,310	6,310	-
Total conservation of natural resources	\$ 367,150	\$ 367,150	\$ 371,553	\$ (4,403)

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

***Schedule 1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Economic development				
Minnesota Valley Action Council	\$ 8,619	\$ 8,619	\$ 8,378	\$ 241
Economic Development Commission	58,692	58,692	49,707	8,985
Housing and Redevelopment Authority	110,713	110,713	110,097	616
Other	-	-	10,153	(10,153)
Total economic development	\$ 178,024	\$ 178,024	\$ 178,335	\$ (311)
Total Expenditures	\$ 7,903,679	\$ 7,904,679	\$ 7,328,733	\$ 575,946
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 1,823,420	\$ 1,823,420
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 87,898	\$ 87,898
Transfers out	-	-	(214,596)	(214,596)
Proceeds from the sale of capital assets	-	-	3,850	3,850
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (122,848)	\$ (122,848)
Net Change in Fund Balance	\$ -	\$ -	\$ 1,700,572	\$ 1,700,572
Fund Balance - January 1	5,297,535	5,297,535	5,297,535	-
Fund Balance - December 31	\$ 5,297,535	\$ 5,297,535	\$ 6,998,107	\$ 1,700,572

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,998,503	\$ 1,998,503	\$ 1,898,637	\$ (99,866)
Intergovernmental	2,556,848	2,556,848	3,349,473	792,625
Charges for services	48,000	48,000	61,996	13,996
Miscellaneous	63,602	63,602	98,346	34,744
Total Revenues	\$ 4,666,953	\$ 4,666,953	\$ 5,408,452	\$ 741,499
Expenditures				
Current				
Highways and streets				
Administration	\$ 316,529	\$ 316,529	\$ 309,150	\$ 7,379
Maintenance	1,614,134	1,614,134	1,439,867	174,267
Engineering/construction	1,538,909	1,538,909	2,447,769	(908,860)
Equipment, maintenance, and shop	668,199	668,199	602,211	65,988
Highway township allotments	-	-	18,175	(18,175)
Total highways and streets	\$ 4,137,771	\$ 4,137,771	\$ 4,817,172	\$ (679,401)
Intergovernmental				
Highways and streets	249,182	249,182	233,983	15,199
Capital outlay				
Highways and streets	280,000	280,000	174,420	105,580
Total Expenditures	\$ 4,666,953	\$ 4,666,953	\$ 5,225,575	\$ (558,622)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 182,877	\$ 182,877
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 66,015	\$ 66,015
Proceeds from sale of assets	-	-	68,050	68,050
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 134,065	\$ 134,065
Net Change in Fund Balance	\$ -	\$ -	\$ 316,942	\$ 316,942
Fund Balance - January 1	677,997	677,997	677,997	-
Increase (decrease) in reserved for inventories	-	-	36,627	36,627
Fund Balance - December 31	\$ 677,997	\$ 677,997	\$ 1,031,566	\$ 353,569

The notes to the required supplementary information are an integral part of this statement.

Page 66

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,930,458	\$ 1,930,458	\$ 1,799,527	\$ (130,931)
Intergovernmental	1,723,353	1,723,353	2,063,737	340,384
Charges for services	61,475	61,475	57,781	(3,694)
Miscellaneous	79,281	79,281	308,319	229,038
Total Revenues	\$ 3,794,567	\$ 3,794,567	\$ 4,229,364	\$ 434,797
Expenditures				
Current				
Human services				
Income maintenance	\$ 857,643	\$ 857,643	\$ 830,010	\$ 27,633
Social services	2,909,650	2,909,650	2,551,557	358,093
Other	27,274	27,274	24,145	3,129
Total Expenditures	\$ 3,794,567	\$ 3,794,567	\$ 3,405,712	\$ 388,855
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 823,652	\$ 823,652
Other Financing Sources (Uses)				
Transfers out	-	-	(87,898)	(87,898)
Net Change in Fund Balance	\$ -	\$ -	\$ 735,754	\$ 735,754
Fund Balance - January 1	3,382,677	3,382,677	3,382,677	-
Fund Balance - December 31	\$ 3,382,677	\$ 3,382,677	\$ 4,118,431	\$ 735,754

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Road and Bridge Special Revenue, and Human Services Special Revenue Funds. The Sibley County Board of Commissioners holds public hearings, and a final budget must be prepared and adopted no later than December 31. The appropriated budget is prepared by fund. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Expenditures in Excess of Appropriations

Expenditures were in excess of appropriations in the Road and Bridge Special Revenue Fund by \$558,622 for the year ended December 31, 2006. This is due to the continued expenses associated with the necessary bridge repairs during 2006 that were not included in the budget.

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SUPPLEMENTARY INFORMATION

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 4

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 632,200	\$ 632,200	\$ 585,637	\$ (46,563)
Intergovernmental	-	-	61,871	61,871
Investment earnings	-	-	100,346	100,346
Total Revenues	<u>\$ 632,200</u>	<u>\$ 632,200</u>	<u>\$ 747,854</u>	<u>\$ 115,654</u>
Expenditures				
Debt service				
Principal	\$ 430,000	\$ 430,000	\$ 425,000	\$ 5,000
Interest	169,109	169,109	266,574	(97,465)
Administrative charges	33,091	33,091	1,216	31,875
Total Expenditures	<u>\$ 632,200</u>	<u>\$ 632,200</u>	<u>\$ 692,790</u>	<u>\$ (60,590)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,064</u>	<u>\$ 55,064</u>
Fund Balance - January 1	<u>3,532,816</u>	<u>3,532,816</u>	<u>3,532,816</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 3,532,816</u></u>	<u><u>\$ 3,532,816</u></u>	<u><u>\$ 3,587,880</u></u>	<u><u>\$ 55,064</u></u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay				
General government				
Commissioners	\$ 3,192	\$ 3,192	\$ -	\$ 3,192
County auditor	135	135	-	135
County treasurer	1,845	1,845	1,374	471
Election and technology	110,000	110,000	-	110,000
Data processing	65,619	65,619	10,653	54,966
Service center	2,834	2,834	-	2,834
Other general government	20,742	20,742	-	20,742
Total general government	\$ 204,367	\$ 204,367	\$ 12,027	\$ 192,340
Public safety	38,916	38,916	-	38,916
Highways and streets	276,954	276,954	-	276,954
Health	3,068	3,068	3,068	-
Total Expenditures	\$ 523,305	\$ 523,305	\$ 15,095	\$ 508,210
Excess of Revenues Over (Under)				
Expenditures	\$ (523,305)	\$ (523,305)	\$ (15,095)	\$ 508,210
Other Financing Sources (Uses)				
Transfers out	-	-	(66,015)	(66,015)
Net Change in Fund Balance	\$ (523,305)	\$ (523,305)	\$ (81,110)	\$ 442,195
Fund Balance - January 1	362,182	362,182	362,182	-
Fund Balance - December 31	\$ (161,123)	\$ (161,123)	\$ 281,072	\$ 442,195

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

NONMAJOR SPECIAL REVENUE FUNDS

Federal Land - To account for all funds related to land purchased by the federal government.

Economic Development Revolving Loan - To account for housing rehabilitation, working capital, expansion, renovation, or start-up financing for businesses as a result of the Economic Recovery Fund Grant and the Small Cities Development Program Grant.

Individual Sewage Treatment System Loans - To account for loans provided to private landowners for the installation and replacement of individual sewage treatment systems.

Library - To account for revenues and expenditures related to public library services.

High Island Water Assessment Project - To account for the administration of the water quality and flowage of the High Island Watershed.

Forfeited Tax - To account for all funds collected under state statute for the sale of property forfeited for unpaid tax.

Nurse Development - To account for a donation to be used for training of the nursing staff.

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006**

	<u>Federal Land</u>	<u>Economic Development Revolving Loan</u>	<u>Individual Sewage Treatment System Loans</u>
<u>Assets</u>			
Cash and pooled investments	\$ 80,917	\$ 88,588	\$ 53,797
Investments	-	-	-
Special assessments receivable			
Delinquent	-	-	1,237
Noncurrent	-	-	336,245
Accrued interest receivable	-	-	-
Due from other governments	-	-	15,555
Loans receivable	-	137,481	-
Total Assets	<u>\$ 80,917</u>	<u>\$ 226,069</u>	<u>\$ 406,834</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Salaries payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue - unavailable	-	-	353,037
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,037</u>
Fund Balances			
Reserved for			
Loans receivable	\$ -	\$ 137,481	\$ -
Unused loan proceeds	-	-	53,797
Unreserved			
Undesignated	80,917	88,588	-
Total Fund Balances	<u>\$ 80,917</u>	<u>\$ 226,069</u>	<u>\$ 53,797</u>
Total Liabilities and Fund Balances	<u>\$ 80,917</u>	<u>\$ 226,069</u>	<u>\$ 406,834</u>

Statement 1

<u>Library</u>	<u>High Island Water Assessment Project</u>	<u>Forfeited Tax</u>	<u>Nurse Development</u>	<u>Total</u>
\$ 66,651	\$ 139,237	\$ 46,293	\$ 1,887	\$ 477,370
-	-	-	9,000	9,000
-	-	-	-	1,237
-	-	-	-	336,245
-	-	-	10	10
11,553	-	-	-	27,108
-	-	-	-	137,481
<u>\$ 78,204</u>	<u>\$ 139,237</u>	<u>\$ 46,293</u>	<u>\$ 10,897</u>	<u>\$ 988,451</u>
\$ 5,562	\$ -	\$ -	\$ -	\$ 5,562
9,625	-	-	-	9,625
-	-	1,308	-	1,308
1,284	-	44,985	-	46,269
-	-	-	-	353,037
<u>\$ 16,471</u>	<u>\$ -</u>	<u>\$ 46,293</u>	<u>\$ -</u>	<u>\$ 415,801</u>
\$ -	\$ -	\$ -	\$ -	\$ 137,481
-	-	-	-	53,797
61,733	139,237	-	10,897	381,372
<u>\$ 61,733</u>	<u>\$ 139,237</u>	<u>\$ -</u>	<u>\$ 10,897</u>	<u>\$ 572,650</u>
<u>\$ 78,204</u>	<u>\$ 139,237</u>	<u>\$ 46,293</u>	<u>\$ 10,897</u>	<u>\$ 988,451</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Federal Land</u>	<u>Economic Development Revolving Loan</u>	<u>Individual Sewage Treatment System Loans</u>
Revenues			
Special assessments	\$ -	\$ -	\$ 50,863
Intergovernmental	5,408	-	-
Charges for services	-	-	-
Gifts and contributions	-	-	-
Investment earnings	2,913	5,161	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 8,321	\$ 5,161	\$ 50,863
Expenditures			
Current			
General government	\$ -	\$ -	\$ -
Sanitation	-	-	246,143
Culture and recreation	-	-	-
Conservation of natural resources	8,321	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 8,321	\$ -	\$ 246,143
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 5,161	\$ (195,280)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ -
Proceeds from loan	-	-	202,785
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 202,785
Net Change in Fund Balance	\$ -	\$ 5,161	\$ 7,505
Fund Balance - January 1	80,917	220,908	46,292
	<hr/>	<hr/>	<hr/>
Fund Balance - December 31	\$ 80,917	\$ 226,069	\$ 53,797
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Statement 2

<u>Library</u>	<u>High Island Water Assessment Project</u>	<u>Forfeited Tax</u>	<u>Nurse Development</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 50,863
-	59,970	-	-	65,378
43,146	-	-	-	43,146
-	36,821	-	-	36,821
-	-	-	307	8,381
1,516	1,500	46,454	-	49,470
\$ 44,662	\$ 98,291	\$ 46,454	\$ 307	\$ 254,059
\$ -	\$ -	\$ 46,454	\$ -	\$ 46,454
-	-	-	-	246,143
251,412	-	-	-	251,412
-	105,850	-	-	114,171
\$ 251,412	\$ 105,850	\$ 46,454	\$ -	\$ 658,180
\$ (206,750)	\$ (7,559)	\$ -	\$ 307	\$ (404,121)
\$ 214,596	\$ -	\$ -	\$ -	\$ 214,596
-	-	-	-	202,785
\$ 214,596	\$ -	\$ -	\$ -	\$ 417,381
\$ 7,846	\$ (7,559)	\$ -	\$ 307	\$ 13,260
53,887	146,796	-	10,590	559,390
\$ 61,733	\$ 139,237	\$ -	\$ 10,897	\$ 572,650

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 6

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 42,024	\$ 42,024	\$ 43,146	\$ 1,122
Miscellaneous	-	-	1,516	1,516
Total Revenues	\$ 42,024	\$ 42,024	\$ 44,662	\$ 2,638
Expenditures				
Current				
Culture and recreation				
County library	256,620	256,620	251,412	5,208
Excess of Revenues Over (Under)				
Expenditures	\$ (214,596)	\$ (214,596)	\$ (206,750)	\$ 7,846
Other Financing Sources (Uses)				
Transfers in	214,596	214,596	214,596	-
Net Change in Fund Balance	\$ -	\$ -	\$ 7,846	\$ 7,846
Fund Balance - January 1	53,887	53,887	53,887	-
Fund Balance - December 31	\$ 53,887	\$ 53,887	\$ 61,733	\$ 7,846

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 7

**BUDGETARY COMPARISON SCHEDULE
HIGH ISLAND WATER ASSESSMENT PROJECT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 70,450	\$ 70,450	\$ 59,970	\$ (10,480)
Gifts and contributions	20,800	20,800	36,821	16,021
Miscellaneous	-	-	1,500	1,500
Total Revenues	\$ 91,250	\$ 91,250	\$ 98,291	\$ 7,041
Expenditures				
Current				
Conservation of natural resources				
Rush river project	\$ 22,920	\$ 22,920	\$ 73	\$ 22,847
High Island project phase II	27,775	27,775	75,986	(48,211)
Rush River project phase II	12,000	12,000	29,791	(17,791)
Total Expenditures	\$ 62,695	\$ 62,695	\$ 105,850	\$ (43,155)
Excess of Revenues Over (Under) Expenditures	\$ 28,555	\$ 28,555	\$ (7,559)	\$ (36,114)
Fund Balance - January 1	146,796	146,796	146,796	-
Fund Balance - December 31	\$ 175,351	\$ 175,351	\$ 139,237	\$ (36,114)

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

TRUST AND AGENCY FUNDS

Private-Purpose Trust Funds

Court Estate - To account for court-appointed estate activity.

Missing Heirs - To account for all unclaimed legacies held by the County.

Agency Funds

Other Agency - To account for collection and payment of fines and fees due to the state.

Taxes and Penalties - To account for the collection of taxes and penalties and their payment to the various taxing districts.

Tri-County Solid Waste - To account for collections and disbursements for the Tri-County Solid Waste joint venture.

Sibley County Children's Collaborative - To account for all funds used in the implementation and administration of services for at-risk children and their families.

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
DECEMBER 31, 2006**

	<u>Court Estate</u>	<u>Missing Heirs</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ -	\$ 18,245	\$ 18,245
Investments	7,677	31,337	39,014
Accrued interest	-	306	306
Total Assets	<u>\$ 7,677</u>	<u>\$ 49,888</u>	<u>\$ 57,565</u>
<u>Net Assets</u>			
Net assets, held in trust	<u>\$ 7,677</u>	<u>\$ 49,888</u>	<u>\$ 57,565</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Statement 4

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Court Estate</u>	<u>Missing Heirs</u>	<u>Total</u>
<u>Additions</u>			
Interest	\$ 67	\$ 793	\$ 860
Change in Net Assets	\$ 67	\$ 793	\$ 860
Net Assets - Beginning of the Year	<u>7,610</u>	<u>49,095</u>	<u>56,705</u>
Net Assets - End of the Year	<u><u>\$ 7,677</u></u>	<u><u>\$ 49,888</u></u>	<u><u>\$ 57,565</u></u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Statement 5

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>OTHER AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 188,021</u>	<u>\$ 1,312,204</u>	<u>\$ 1,399,347</u>	<u>\$ 100,878</u>
<u>Liabilities</u>				
Accounts payable	\$ 36,094	\$ 445,716	\$ 447,433	\$ 34,377
Due to other governments	<u>151,927</u>	<u>866,171</u>	<u>951,597</u>	<u>66,501</u>
Total Liabilities	<u>\$ 188,021</u>	<u>\$ 1,311,887</u>	<u>\$ 1,399,030</u>	<u>\$ 100,878</u>
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 132,260</u>	<u>\$ 16,881,241</u>	<u>\$ 16,942,054</u>	<u>\$ 71,447</u>
<u>Liabilities</u>				
Unapportioned taxes and special assessments	\$ -	\$ 64,499	\$ 64,499	\$ -
Due to other governments	<u>132,260</u>	<u>72,956</u>	<u>133,769</u>	<u>71,447</u>
Total Liabilities	<u>\$ 132,260</u>	<u>\$ 137,455</u>	<u>\$ 198,268</u>	<u>\$ 71,447</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

*Statement 5
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TRI-COUNTY SOLID WASTE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 235,214	\$ 235,214	\$ -
Accounts receivable	-	8,351	-	8,351
Due from other governments	44,087	62,214	44,087	62,214
	\$ 44,087	\$ 305,779	\$ 279,301	\$ 70,565
Total Assets	\$ 44,087	\$ 305,779	\$ 279,301	\$ 70,565
<u>Liabilities</u>				
Cash overdraft	\$ 29,127	\$ 7,355	\$ -	\$ 36,482
Accounts payable	-	904	-	904
Salaries payable	1,822	2,136	1,822	2,136
Due to other governments	13,138	31,042	13,137	31,043
	\$ 44,087	\$ 41,437	\$ 14,959	\$ 70,565
Total Liabilities	\$ 44,087	\$ 41,437	\$ 14,959	\$ 70,565

**SIBLEY COUNTY CHILDREN'S
COLLABORATIVE**

<u>Assets</u>				
Cash and pooled investments	\$ 63,565	\$ 79,769	\$ 91,212	\$ 52,122
<u>Liabilities</u>				
Accounts payable	\$ 63,565	\$ 79,769	\$ 91,212	\$ 52,122

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Statement 5
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 383,846	\$ 18,508,428	\$ 18,667,827	\$ 224,447
Accounts receivable	-	8,351	-	8,351
Due from other governments	44,087	62,214	44,087	62,214
Total Assets	\$ 427,933	\$ 18,578,993	\$ 18,711,914	\$ 295,012
<u>Liabilities</u>				
Cash overdraft	\$ 29,127	\$ 7,355	\$ -	\$ 36,482
Accounts payable	99,659	526,389	538,645	87,403
Salaries payable	1,822	2,136	1,822	2,136
Unapportioned taxes and special assessments	-	64,499	64,499	-
Due to other governments	297,325	970,169	1,098,503	168,991
Total Liabilities	\$ 427,933	\$ 1,570,548	\$ 1,703,469	\$ 295,012

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OTHER SCHEDULES

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 8

**TAX CAPACITY, TAX RATES, TAX LEVIES, AND PERCENTAGE OF COLLECTIONS
DECEMBER 31, 2006**

	Taxes Levied for Collection					
	2005		2006		2007	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)
Tax Capacity						
Real Property	\$ 11,599,324		\$ 13,362,857		\$ 15,367,104	
Personal Property	629,484		611,886		586,484	
Total Tax Capacity	<u>\$ 12,228,808</u>		<u>\$ 13,974,743</u>		<u>\$ 15,953,588</u>	
Taxes Levied for County Purposes						
General	\$ 4,468,313	36.539	\$ 4,862,987	34.798	\$ 5,235,322	32.816
Road and Bridge	1,778,842	14.546	2,113,350	15.123	2,419,991	15.169
Human Services	2,117,143	17.313	2,083,088	14.906	2,003,638	12.559
Debt Service	624,840	5.110	632,200	4.524	637,940	3.999
Total Levy for County Purposes	<u>\$ 8,989,138</u>	<u>73.508</u>	<u>\$ 9,691,625</u>	<u>69.351</u>	<u>\$ 10,296,891</u>	<u>64.543</u>
Less Credits Payable by State	637,338		607,092		574,874	
Net Levy for County Purposes	<u>\$ 8,351,800</u>		<u>\$ 9,084,533</u>		<u>\$ 9,722,017</u>	
Tax Capacity - Light and Power						
Transmission lines	\$ 3,486		\$ 2,964		\$ 3,160	
Distribution lines	1,917		1,979		2,094	
Total Tax Capacity - Light and Power	<u>\$ 5,403</u>		<u>\$ 4,943</u>		<u>\$ 5,254</u>	
Tax Levies - Light and Power						
Transmission lines	\$ 3,972	113.297	\$ 3,301	111.355	\$ 3,338	105.641
Distribution lines	2,172	113.297	2,204	111.355	2,202	105.641
Total Tax Levies - Light and Power	<u>\$ 6,144</u>		<u>\$ 5,505</u>		<u>\$ 5,540</u>	
Special Assessments						
Ditch liens and assessments	<u>\$ 1,235,964</u>		<u>\$ 464,907</u>		<u>\$ 1,229,933</u>	
Percentage of Tax Collections for All Purposes	98.90%		98.78%			

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Special Assessments</u>	
	<u>Cash</u>	<u>Delinquent</u>
County Ditches		
C.D. #1A	\$ 4,745	\$ 46
C.D. #2	(167)	4
C.D. #4A	6,774	-
C.D. #4B	3,867	-
C.D. #6A	1,081	-
C.D. BEV CREEK 1	5,323	-
C.D. #9A	4,348	-
C.D. #10	2,889	-
C.D. #11	13,981	-
C.D. #12A	703	-
C.D. #13A	96	-
C.D. #18A	21,868	-
C.D. #21A	1,295	-
C.D. #22	3,173	-
C.D. #23A	3,192	-
C.D. #23B	13,254	-
C.D. #24A	2	-
C.D. #25A	1,264	-
C.D. #26	28	-
C.D. #29M	1,321	2
C.D. #29P	823	-
C.D. #29 SCHWARTZ	48	-
C.D. #30A	380	-
C.D. #31A	13,979	-
C.D. #32A	28	-
C.D. #37A	3,445	-
C.D. #38	23	-
C.D. #39A	10,804	-
C.D. #40A	1,139	-
C.D. #42	2,463	2
C.D. #43	183	-
C.D. #44	6,031	-
C.D. #45	12	-
C.D. #46	1,462	-
C.D. #47	39	-
C.D. #48	3,139	-
C.D. #49	1,117	-
C.D. #50	6,150	154
C.D. #54	17,156	-
C.D. #55	16,489	-

Schedule 9

Assets				
Receivable Deferred	One Year Repair Liens	Receivable	Interditch Loans Receivable	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,791
-	18,634	-	-	18,471
-	-	-	-	6,774
-	-	-	-	3,867
-	-	-	-	1,081
-	-	-	-	5,323
-	-	-	-	4,348
-	-	-	-	2,889
-	-	-	-	13,981
-	826	-	-	1,529
-	21,563	-	-	21,659
-	-	-	-	21,868
-	-	-	-	1,295
-	10,657	-	-	13,830
-	-	-	-	3,192
-	-	-	20,000	33,254
-	10,977	-	-	10,979
-	-	-	-	1,264
-	3,265	-	-	3,293
-	-	-	-	1,323
-	-	-	-	823
-	-	17,552	-	17,600
-	-	-	-	380
-	-	-	-	13,979
-	5,425	-	-	5,453
-	-	-	-	3,445
-	-	-	-	23
-	10,668	-	-	21,472
-	-	-	-	1,139
-	-	-	-	2,465
-	1,597	-	-	1,780
-	-	-	-	6,031
-	1,989	-	-	2,001
-	-	-	-	1,462
-	5,724	-	-	5,763
-	-	-	-	3,139
-	-	-	-	1,117
-	-	-	-	6,304
-	-	-	-	17,156
-	-	-	-	16,489

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Accounts Payable</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>
County Ditches			
C.D. #1A	\$ -	\$ -	\$ -
C.D. #2	-	278	-
C.D. #4A	-	-	-
C.D. #4B	-	-	-
C.D. #6A	-	-	-
C.D. BEV CREEK 1	-	-	-
C.D. #9A	-	-	-
C.D. #10	-	-	-
C.D. #11	489	-	-
C.D. #12A	-	-	-
C.D. #13A	-	-	-
C.D. #18A	350	-	-
C.D. #21A	-	-	-
C.D. #22	-	-	-
C.D. #23A	-	-	-
C.D. #23B	-	-	-
C.D. #24A	350	-	-
C.D. #25A	-	-	-
C.D. #26	-	-	-
C.D. #29M	-	-	-
C.D. #29P	-	-	-
C.D. #29 SCHWARTZ	-	-	-
C.D. #30A	-	-	-
C.D. #31A	-	-	-
C.D. #32A	-	-	-
C.D. #37A	-	-	-
C.D. #38	-	-	-
C.D. #39A	6,315	-	-
C.D. #40A	-	-	-
C.D. #42	-	-	-
C.D. #43	-	-	-
C.D. #44	-	-	-
C.D. #45	-	-	-
C.D. #46	-	-	-
C.D. #47	-	-	-
C.D. #48	-	-	-
C.D. #49	350	-	-
C.D. #50	-	-	-
C.D. #54	-	-	-
C.D. #55	-	-	-

Schedule 9
(Continued)

Liabilities					Total
Deferred Revenue	Interditch Loans Payable	Bonds Payable	Total	Fund Balance	Liabilities and Fund Balance
\$ -	\$ -	\$ -	\$ -	\$ 4,791	\$ 4,791
-	26,000	-	26,278	(7,807)	18,471
-	-	-	-	6,774	6,774
-	-	-	-	3,867	3,867
-	-	-	-	1,081	1,081
-	-	-	-	5,323	5,323
-	-	-	-	4,348	4,348
-	-	-	-	2,889	2,889
-	-	-	489	13,492	13,981
-	-	-	-	1,529	1,529
-	6,300	-	6,300	15,359	21,659
-	-	-	350	21,518	21,868
-	-	-	-	1,295	1,295
-	-	-	-	13,830	13,830
-	-	-	-	3,192	3,192
-	-	-	-	33,254	33,254
-	1,000	-	1,350	9,629	10,979
-	-	-	-	1,264	1,264
-	5,400	-	5,400	(2,107)	3,293
-	-	-	-	1,323	1,323
-	-	-	-	823	823
-	17,600	-	17,600	-	17,600
-	-	-	-	380	380
-	-	-	-	13,979	13,979
-	900	-	900	4,553	5,453
-	-	-	-	3,445	3,445
-	-	-	-	23	23
-	-	-	6,315	15,157	21,472
-	-	-	-	1,139	1,139
-	-	-	-	2,465	2,465
-	-	-	-	1,780	1,780
-	-	-	-	6,031	6,031
-	800	-	800	1,201	2,001
-	-	-	-	1,462	1,462
-	1,700	-	1,700	4,063	5,763
-	-	-	-	3,139	3,139
-	-	-	350	767	1,117
-	-	-	-	6,304	6,304
-	-	-	-	17,156	17,156
-	-	-	-	16,489	16,489

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	Cash	Special Assessments Delinquent
	County Ditches (Continued)	
C.D. #56	711	-
C.D. #57A	87	-
C.D. #58	1,090	-
C.D. #59	1,254	-
C.D. #60	2,672	-
C.D. #61	8,663	-
C.D. #64	22,360	-
C.D. #65	13,692	-
C.D. #66	19,440	-
C.D. #67	11,025	125
C.D. #2A IMP	15,410	-
C.D. #24B IMP	6,278	-
C.D. #18C IMP	14,891	-
C.D. #2 Lat A	3,351	-
C.D. #4A Lat A	3,911	-
C.D. #4A Lat B	2,345	-
C.D. #4A Lat C	1,341	-
C.D. #22 Lat A & 1Br	3,957	-
C.D. #22 Lat B & 1Br	2,145	-
C.D. #22 Lat B IMP	504	-
C.D. #23A Lat 1 & 1Br	5,511	-
C.D. #23A Lat 2	2,172	-
C.D. #23A Lat 3	6,781	-
C.D. #23A Lat 4	6,278	-
C.D. # 29A SPUR 5 Lat 1	12,156	-
C.D. #31A Lat A to 3	1,610	-
C.D. #31A Lat 3	1,539	-
C.D. #37 Lat 1A	6,825	-
C.D. #44 Lat A	1,968	-
C.D. #50 Lat A	3,677	-
C.D. #55 Lat 1 of Lat C Impr XX	503	-
C.D. #55 Lat 1 of Lat C Impr C	537	-
C.D. #55 Ret Pond Impr	31	-
C.D. #56 Lat A	1,251	-
C.D. #59 Lat A	613	-
C.D. #59 Lat 1	497	-
C.D. #61 Outlet Impr	11	-
Total County Ditches	\$ 361,034	\$ 333

Schedule 9
(Continued)

Assets				
Receivable	One Year	Receivable	Interditch	Total
Deferred	Repair Liens	Receivable	Loans	Total
Receivable	Repair Liens	Receivable	Receivable	Total
-	3,904	-	-	4,615
-	-	-	-	87
-	-	-	-	1,090
-	-	-	-	1,254
-	-	-	-	2,672
-	-	-	-	8,663
-	-	-	-	22,360
-	-	-	-	13,692
-	-	-	-	19,440
-	17,685	-	50,000	78,835
-	8,605	-	15,000	39,015
-	4,196	-	9,000	19,474
5,505	6,165	-	14,000	40,561
-	-	-	-	3,351
-	-	-	-	3,911
-	-	-	-	2,345
-	-	-	-	1,341
-	18,607	-	-	22,564
-	23,222	-	-	25,367
-	-	-	-	504
-	-	-	-	5,511
-	-	-	-	2,172
-	-	-	-	6,781
-	-	-	-	6,278
-	-	-	-	12,156
-	-	-	-	1,610
-	-	-	-	1,539
-	-	-	-	6,825
-	-	-	-	1,968
-	-	-	-	3,677
-	-	1,397	-	1,900
-	-	-	-	537
-	-	1,069	-	1,100
-	-	-	-	1,251
-	-	-	-	613
-	-	-	-	497
-	-	43,889	-	43,900
\$ 5,505	\$ 173,709	\$ 63,907	\$ 108,000	\$ 712,488

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Accounts Payable</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>
County Ditches (Continued)			
C.D. #56	-	-	-
C.D. #57A	-	-	-
C.D. #58	-	-	-
C.D. #59	-	-	-
C.D. #60	-	-	-
C.D. #61	-	-	-
C.D. #64	-	-	-
C.D. #65	-	-	-
C.D. #66	-	-	-
C.D. #67	-	-	-
C.D. #2A IMP	-	-	-
C.D. #24B IMP	-	-	-
C.D. #18C IMP	-	-	-
C.D. #2 Lat A	-	-	-
C.D. #4A Lat A	-	-	-
C.D. #4A Lat B	-	-	-
C.D. #4A Lat C	-	-	-
C.D. #22 Lat A & 1Br	4,830	-	-
C.D. #22 Lat B & 1Br	43,505	-	-
C.D. #22 Lat B IMP	-	-	-
C.D. #23A Lat 1 & 1Br	-	-	-
C.D. #23A Lat 2	-	-	-
C.D. #23A Lat 3	-	-	-
C.D. #23A Lat 4	-	-	-
C.D. # 29A SPUR 5 Lat 1	-	-	-
C.D. #31A Lat A to 3	-	-	-
C.D. #31A Lat 3	-	-	-
C.D. #37 Lat 1A	-	-	-
C.D. #44 Lat A	-	-	-
C.D. #50 Lat A	-	-	-
C.D. #55 Lat 1 of Lat C Impr XX	-	-	-
C.D. #55 Lat 1 of Lat C Impr C	-	-	-
C.D. #55 Ret Pond Impr	-	-	-
C.D. #56 Lat A	-	-	-
C.D. #59 Lat A	-	-	-
C.D. #59 Lat 1	-	-	-
C.D. #61 Outlet Impr	-	-	-
Total County Ditches	<u>\$ 56,189</u>	<u>\$ 278</u>	<u>\$ -</u>

Schedule 9
(Continued)

Liabilities					Total Liabilities and Fund Balance
Deferred Revenue	Interditch Loans Payable	Bonds Payable	Total	Fund Balance	
-	-	-	-	4,615	4,615
-	-	-	-	87	87
-	-	-	-	1,090	1,090
-	-	-	-	1,254	1,254
-	-	-	-	2,672	2,672
-	-	-	-	8,663	8,663
-	-	-	-	22,360	22,360
-	-	-	-	13,692	13,692
-	-	-	-	19,440	19,440
-	-	25,000	25,000	53,835	78,835
-	-	24,000	24,000	15,015	39,015
-	-	13,000	13,000	6,474	19,474
-	-	23,000	23,000	17,561	40,561
-	-	-	-	3,351	3,351
-	-	-	-	3,911	3,911
-	-	-	-	2,345	2,345
-	-	-	-	1,341	1,341
-	-	-	4,830	17,734	22,564
-	-	-	43,505	(18,138)	25,367
-	-	-	-	504	504
-	-	-	-	5,511	5,511
-	-	-	-	2,172	2,172
-	-	-	-	6,781	6,781
-	-	-	-	6,278	6,278
-	-	-	-	12,156	12,156
-	-	-	-	1,610	1,610
-	-	-	-	1,539	1,539
-	-	-	-	6,825	6,825
-	-	-	-	1,968	1,968
-	-	-	-	3,677	3,677
-	1,900	-	1,900	-	1,900
-	-	-	-	537	537
-	1,100	-	1,100	-	1,100
-	-	-	-	1,251	1,251
-	-	-	-	613	613
-	-	-	-	497	497
-	43,900	-	43,900	-	43,900
\$ -	\$ 106,600	\$ 85,000	\$ 248,067	\$ 464,421	\$ 712,488

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Special Assessments</u>	
	<u>Cash</u>	<u>Delinquent</u>
Judicial Ditches		
H.I. Proj. #2	\$ 21	\$ -
H.I. Proj. #5	15	-
H.I. Proj. #7	(4)	-
H.I. Proj. #8	10	-
H.I. Proj. #9	10	-
H.I. Proj. #11	55,132	-
JD #1A S&N	19,233	-
JD #3A SCM	77	-
JD #5 M&S	406	-
JD #5 S&N	3,134	-
JD #6A S&N	13,793	-
JD #6 N&S	1,498	-
JD #8 S&R	76	-
JD #8 M&S	459	-
JD #11 RSM	4,586	37
JD #12 Sibley	(4,002)	13
JD #13 SRN	3,804	-
JD #13 SRN Turtle	4,790	-
JD #13 N&S	713	-
JD #14 S&N	1,342	-
JD #15 S&M	12	-
JD #15 R&S	1,872	-
JD #15 N&S	2,395	-
JD #16 N&S	1,161	-
JD #17 S&M	1,258	-
JD #18 S&M	(212)	-
JD #19 S&M	1,842	-
JD #20 S&N	308	-
JD #21 S&C	803	-
JD #22 S&C	1,169	-
JD #24 RSM	5,833	-
JD #30 R&S	69	-
JD #31 RSN	4,979	-
JD #1A Lts 1 & 3 Brs S&N	3,457	-
JD #1A Lt 2 N&S	6,979	-
JD #3A Lt 4 & Br 1 SCM	3,069	-
JD #6A Lt 2	11,389	-
JD #6A Lt 1 of Lt 2 S&N	2,399	-
JD #7 Lts 1, 2, 3, and 4	37,609	-
JD #7 Lts 16 & 17 SRN	7,495	-

Schedule 9
(Continued)

Assets				
Receivable	One Year	Receivable	Interditch	Total
Deferred	Repair Liens	Receivable	Loans	Receivable
Deferred	Repair Liens	Receivable	Receivable	Total
\$ -	\$ -	\$ -	\$ -	\$ 21
-	-	-	-	15
-	-	-	-	(4)
-	-	-	-	10
-	-	-	-	10
520,321	51,837	-	110,000	737,290
-	-	533	20,000	39,766
-	14,748	2,116	-	16,941
-	-	22	-	428
-	-	49	-	3,183
-	-	236	-	14,029
-	-	-	-	1,498
-	12,099	4,737	-	16,912
-	1,881	81	-	2,421
-	27,504	1,391	-	33,518
-	17,609	-	-	13,620
-	-	1,451	-	5,255
-	-	-	-	4,790
-	-	107	-	820
-	-	-	-	1,342
-	4,308	34	-	4,354
-	-	15	-	1,887
-	-	48	-	2,443
-	-	-	-	1,161
-	-	157	-	1,415
-	27,375	1,215	-	28,378
-	-	120	-	1,962
-	31,106	839	-	32,253
-	-	124	-	927
-	-	-	-	1,169
-	-	65	-	5,898
-	-	5	-	74
-	-	13	-	4,992
-	-	-	-	3,457
-	-	-	30,000	36,979
-	-	-	-	3,069
-	27,713	-	-	39,102
-	-	-	-	2,399
149,624	27,265	-	130,000	344,498
-	-	39	-	7,534

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Accounts Payable</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>
Judicial Ditches			
H.I. Proj. #2	\$ -	\$ -	\$ -
H.I. Proj. #5	-	-	-
H.I. Proj. #7	-	-	-
H.I. Proj. #8	-	-	-
H.I. Proj. #9	-	-	-
H.I. Proj. #11	-	-	-
JD #1A S&N	1,572	-	-
JD #3A SCM	-	-	11
JD #5 M&S	-	-	11
JD #5 S&N	-	-	-
JD #6A S&N	-	-	-
JD #6 N&S	-	-	-
JD #8 S&R	-	-	628
JD #8 M&S	-	-	48
JD #11 RSM	980	-	12,054
JD #12 Sibley	-	6	-
JD #13 SRN	-	-	276
JD #13 SRN Turtle	-	-	-
JD #13 N&S	-	-	-
JD #14 S&N	-	-	-
JD #15 S&M	-	-	38
JD #15 R&S	-	-	1,840
JD #15 N&S	-	-	-
JD #16 N&S	-	-	-
JD #17 S&M	-	-	5
JD #18 S&M	560	-	109
JD #19 S&M	-	-	7
JD #20 S&N	18,750	197	-
JD #21 S&C	-	-	-
JD #22 S&C	-	-	-
JD #24 RSM	-	-	603
JD #30 R&S	-	-	18
JD #31 RSN	-	-	7,196
JD #1A Lts 1 & 3 Brs S&N	-	-	-
JD #1A Lt 2 N&S	-	-	-
JD #3A Lt 4 & Br 1 SCM	-	-	-
JD #6A Lt 2	-	-	-
JD #6A Lt 1 of Lt 2 S&N	-	-	-
JD #7 Lts 1, 2, 3, and 4	325	-	-
JD #7 Lts 16 & 17 SRN	-	-	1,632

Schedule 9
(Continued)

Liabilities					Total
Deferred Revenue	Interditch Loans Payable	Bonds Payable	Total	Fund Balance	Liabilities and Fund Balance
\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 21
-	-	-	-	15	15
-	-	-	-	(4)	(4)
-	-	-	-	10	10
-	-	-	-	10	10
-	-	715,000	715,000	22,290	737,290
-	-	-	1,572	38,194	39,766
-	3,100	-	3,111	13,830	16,941
-	-	-	11	417	428
-	-	-	-	3,183	3,183
-	-	-	-	14,029	14,029
-	-	-	-	1,498	1,498
-	9,000	-	9,628	7,284	16,912
-	-	-	48	2,373	2,421
-	-	-	13,034	20,484	33,518
-	5,800	-	5,806	7,814	13,620
-	-	-	276	4,979	5,255
-	-	-	-	4,790	4,790
-	-	-	-	820	820
-	-	-	-	1,342	1,342
-	1,800	-	1,838	2,516	4,354
-	-	-	1,840	47	1,887
-	-	-	-	2,443	2,443
-	-	-	-	1,161	1,161
-	-	-	5	1,410	1,415
-	4,000	-	4,669	23,709	28,378
-	-	-	7	1,955	1,962
-	-	-	18,947	13,306	32,253
-	-	-	-	927	927
-	-	-	-	1,169	1,169
-	-	-	603	5,295	5,898
-	-	-	18	56	74
-	-	-	7,196	(2,204)	4,992
-	-	-	-	3,457	3,457
-	-	-	-	36,979	36,979
-	-	-	-	3,069	3,069
-	-	-	-	39,102	39,102
-	-	-	-	2,399	2,399
-	-	220,000	220,325	124,173	344,498
-	-	-	1,632	5,902	7,534

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Cash</u>	<u>Special Assessments Delinquent</u>
Judicial Ditches (Continued)		
JD #7 Lts 32 & 33 SRN	1,479	-
JD #11 Lat H7 RSM	1,216	-
JD #11 Lt H8 & H9 RSM	1,328	-
JD #11 Lt O RSM	772	-
JD #11 Lt J RSM	17	-
JD #11 Lt I, I-1 & 1-2 RSM	3,040	-
JD #11 Lt A-13	400	-
JD #11 Lt I-3	1,866	-
JD #13 Lt A SRN	126	-
JD #13 Br5 SRN	506	-
JT #1A NS	10,034	-
JT #1 RS	78	-
JT #7 SNR	(132)	-
JT #24 CS	194	-
JT #1 Lat L SN MAIDL	1,179	-
JT #7 Lat 17 IMP Berger	17	-
JT #7 Lat 24, 25, and 26	20,909	-
JT 5 SN IMP YAHNKE	56	-
Total Judicial Ditches	\$ 242,064	\$ 50
Total All Ditches	\$ 603,098	\$ 383
Reconcile to Exhibit 3	-	-
Total Modified Accrual	\$ 603,098	\$ 383

Schedule 9
(Continued)

Assets				
Receivable Deferred	One Year Repair Liens	Receivable	Interditch Loans Receivable	Total
-	-	-	-	1,479
-	-	-	-	1,216
-	-	-	-	1,328
-	-	-	-	772
-	8,969	-	-	8,986
-	-	-	-	3,040
-	-	-	-	400
-	-	-	-	1,866
-	-	-	-	126
-	-	-	-	506
-	-	342	-	10,376
-	7,820	459	-	8,357
35,106	14,277	5,742	-	54,993
-	-	158	-	352
-	-	-	-	1,179
193,996	21,442	13,361	-	228,816
-	-	-	-	20,909
-	-	494,644	-	494,700
<u>\$ 899,047</u>	<u>\$ 295,953</u>	<u>\$ 528,103</u>	<u>\$ 290,000</u>	<u>\$ 2,255,217</u>
<u>\$ 904,552</u>	<u>\$ 469,662</u>	<u>\$ 592,010</u>	<u>\$ 398,000</u>	<u>\$ 2,967,705</u>
-	-	-	(398,000)	(398,000)
<u>\$ 904,552</u>	<u>\$ 469,662</u>	<u>\$ 592,010</u>	<u>\$ -</u>	<u>\$ 2,569,705</u>

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
ACCRUAL BASIS
DECEMBER 31, 2006**

	<u>Accounts Payable</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>
Judicial Ditches (Continued)			
JD #7 Lts 32 & 33 SRN	-	-	-
JD #11 Lat H7 RSM	-	-	-
JD #11 Lt H8 & H9 RSM	-	-	-
JD #11 Lt O RSM	-	-	182
JD #11 Lt J RSM	-	-	-
JD #11 Lt I, I-1 & 1-2 RSM	-	-	-
JD #11 Lt A-13	-	-	-
JD #11 Lt I-3	-	-	-
JD #13 Lt A SRN	-	-	-
JD #13 Br5 SRN	-	-	-
JT #1A NS	-	-	-
JT #1 RS	-	-	1,820
JT #7 SNR	350	-	-
JT #24 CS	-	-	-
JT #1 Lat L SN MAIDL	-	-	-
JT #7 Lat 17 IMP Berger	-	-	-
JT #7 Lat 24, 25, and 26	350	-	-
JT 5 SN IMP YAHNKE	46,276	482,200	-
Total Judicial Ditches	\$ 69,163	\$ 482,403	\$ 26,478
Total All Ditches	\$ 125,352	\$ 482,681	\$ 26,478
Reconcile to Exhibit 3	-	-	-
Total Modified Accrual	\$ 125,352	\$ 482,681	\$ 26,478

Schedule 9
(Continued)

Liabilities					Total Liabilities and Fund Balance
Deferred Revenue	Interditch Loans Payable	Bonds Payable	Total	Fund Balance	
-	-	-	-	1,479	1,479
-	-	-	-	1,216	1,216
-	-	-	-	1,328	1,328
-	-	-	182	590	772
-	9,300	-	9,300	(314)	8,986
-	-	-	-	3,040	3,040
-	-	-	-	400	400
-	-	-	-	1,866	1,866
-	-	-	-	126	126
-	-	-	-	506	506
-	-	-	-	10,376	10,376
-	5,700	-	7,520	837	8,357
-	16,500	-	16,850	38,143	54,993
-	-	-	-	352	352
-	-	-	-	1,179	1,179
-	223,700	-	223,700	5,116	228,816
-	-	-	350	20,559	20,909
-	12,500	-	540,976	(46,276)	494,700
\$ -	\$ 291,400	\$ 935,000	\$ 1,804,444	\$ 450,773	\$ 2,255,217
\$ -	\$ 398,000	\$ 1,020,000	\$ 2,052,511	\$ 915,194	\$ 2,967,705
1,818,130	(398,000)	(1,020,000)	400,130	(798,130)	(398,000)
\$ 1,818,130	\$ -	\$ -	\$ 2,452,641	\$ 117,064	\$ 2,569,705

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 10

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Shared Revenue

State

Highway users tax	\$ 2,923,811
Mobile home HACA	157
Market value credit	670,564
Market value credit - mobile home	17,472
Market value credit - agricultural	207,290
PERA rate reimbursement	25,075
Disparity reduction aid	56,153
County program aid	607,092
Police aid	47,137
E-911	266,772
	<hr/>

Total Shared Revenue **\$ 4,821,523**

Reimbursement for Services

Minnesota Department of Human Services **\$ 1,372,587**

Payments

Local

Local contributions	\$ 212,655
Payments in lieu of taxes	21,246
	<hr/>

Total Payments **\$ 233,901**

Grants

State

Minnesota Department of Corrections	\$ 36,101
Health	274,899
Natural Resources	3,076
Human Services	459,911
Veteran's Affairs	2,800
Board of Water and Soil Resources	67,285
Pollution Control Agency	109,049
	<hr/>

Total State **\$ 953,121**

Federal

Department of Agriculture	\$ 77,226
Transportation	76,000
Health and Human Services	343,691
Homeland Security	46,004
Environmental Protection Agency	2,552
Election Assistance Commission	169,426
	<hr/>

Total Federal **\$ 542,921**

Total State and Federal Grants **\$ 1,496,042**

Total Intergovernmental Revenue **\$ 7,924,053**

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 11

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Sibley County.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Sibley County and are reported in the "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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of Sibley County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Sibley County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Help America Vote Act	CFDA #90.401
Temporary Assistance for Needy Families	CFDA #93.558
Social Services Block Grant Title XX	CFDA #93.667
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Sibley County was not determined to be a low-risk auditee.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

01-1 Library Board Operations

Currently, Sibley County uses a special revenue fund to report the operations of the Sibley County Library Board transacted at the County. The Sibley County Library Board, however, also encompasses five library facilities within the County, and some of the operations of the Library Board are transacted at the cities where those facilities are located. Minn. Stat. § 134.13 requires the Sibley County Library Board to report its operations to the County Board and to the Minnesota Department of Education.

A complete reporting of the Library Board's operations will require the cooperation of the County and the five cities where the library facilities are located. The Sibley County Library Board does not have centralized receipting and disbursing functions, and it has no policies and procedures in place to ensure consistency for reporting the operations of its library facilities. Because the statutes require the Library Board to report to the County Board, and the statutes also require the County to provide financial support for the Library Board, it is necessary to determine the Library Board's reporting requirements and the relationship of the Library Board to the County Board.

We recommend that the County Board examine its relationship and responsibilities with regard to the Sibley County Library Board.

01-2 Accounting Policies and Procedures

A formal policies and procedures manual does not exist for purchasing, journal entries, cash disbursements, or budget adjustments. The absence of this manual causes difficulty in assessing which controls are in place and functioning. A formal written policy that establishes required procedures enables management to determine if adequate controls exist and ensures that consistent policies and procedures will be passed on to new employees.

We recommend that the County develop and implement formal policies and procedures for purchasing, journal entries, cash disbursements, and budget adjustments. The County is currently working on developing these policies and procedures and hopes to have them completed by the end of 2007.

ITEM ARISING THIS YEAR

06-1 **Preparation of Financial Statements**

Sibley County is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements is the responsibility of the County's management. Financial statement preparation in accordance with GAAP requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements.

As is the case with many small and medium-sized entities, Sibley County has relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process. Accordingly, the County's ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal control. The County's ability to prepare its own financial statements has improved dramatically and, by the next reporting period, the County hopes to be in a position to prepare its financial statements.

We recommend the County continue its progress toward preparing its entire financial statement report.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

00-2 Outdated Disaster Recovery Plan

The County's Disaster Recovery Plan was last updated in December 1997. It has never been tested. An outdated, untested plan that assigns responsibility to untrained personnel may not prove to be nearly as effective as intended in times of actual need. In addition, the County has not determined a method to continue processing critical financial and other information in case of a disaster. However, the County Board has approved the formation of a Disaster Recovery Committee, and the County is working toward a continuity of operations plan.

We recommend the Information Services Department update the Disaster Recovery Plan on an annual basis and sufficiently train its team members so that it may be effectively implemented in times of need. We also recommend that the recovery plan be periodically tested and the County determine a method to continue processing critical information in case of a disaster.

B. OTHER ITEM FOR CONSIDERATION

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and reporting for OPEB. Similar to what GASB Statements 25 and 27 did for government employee pension benefits and plans, these standards provide accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB can include many different benefits offered to retirees, such as health, dental, life, and long-term care insurance coverage.

If retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered OPEB. In fact, local governments may be required to continue medical insurance coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new GASB statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

Some of the issues that the County Board will need to address in order to comply with the statements are:

- determine if employees are provided OPEB;
- if OPEB are being provided, the County Board will have to determine whether it will advance fund the benefits or pay for them on a pay-as-you-go basis;
- if OPEB are being provided and the County Board determines that the establishment of a trust is desirable in order to fund the OPEB, the County Board will have to wait until legislation is enacted authorizing the creation of an OPEB trust and establishing an applicable investment standard; and
- in order to determine annual costs and liabilities that need to be recognized, the County Board will have to decide whether to hire an actuary.

If applicable for Sibley County, GASB Statements 43 and 45 would be implemented for the years ended December 31, 2007 and 2008, respectively.

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REBECCA OTTO
STATE AUDITOR

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Sibley County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sibley County as of and for the year ended December 31, 2006, and have issued our report thereon dated December 13, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sibley County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record,

process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 01-1, 01-2, and 06-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sibley County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sibley County'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 statement amounts. 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Sibley County complied with the material terms and conditions of applicable legal provisions.

Also, included in the Schedule of Findings and Questioned Costs is a management practices comment and an other item for consideration. We believe these recommendations and information to be of benefit to Sibley County and are reported for that purpose.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Sibley County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 13, 2007

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Sibley County

Compliance

We have audited the compliance of Sibley County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Sibley County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sibley County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Sibley County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Sibley County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Sibley County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sibley County as of and for the year ended December 31, 2006, and have issued our report thereon dated December 13, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 13, 2007

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**SIBLEY COUNTY
GAYLORD, MINNESOTA**

Schedule 12

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 75,184
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	<u>2,042</u>
Total U.S. Department of Agriculture		\$ <u>77,226</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	\$ 75,000
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	<u>1,000</u>
Total U.S. Department of Transportation		\$ <u>76,000</u>
U.S. Environmental Protection Agency		
Passed Through Minnesota Department of Health and Meeker-McLeod-Sibley Community Health Services State Indoor Radon Grants	66.032	\$ <u>2,552</u>
U.S. Election Assistance Commission		
Passed Through Minnesota Secretary of State Help America Vote Act	90.401	\$ <u>169,426</u>
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Education Child Care Mandatory and Matching Funds	93.596	\$ 7,147
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	6,859
Temporary Assistance for Needy Families	93.558	100,703
Child Welfare Services - State Grants	93.645	5,455
Foster Care Title IV-E	93.658	15,936
Social Services Block Grant Title XX	93.667	101,128
Chafee Foster Care Independent Living	93.674	2,974
Medical Assistance	93.778	25,664
Community Mental Health Block Grant	93.958	4,096

**SIBLEY COUNTY
GAYLORD, MINNESOTA**

**Schedule 12
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Health and Meeker-McLeod-Sibley Community Health Services Centers for Disease Control and Prevention Block Grant	93.283	32,734
Temporary Assistance for Needy Families	93.558	11,451
Block Grant for Prevention and Treatment of Substance Abuse	93.959	13,293
Maternal and Child Health Services Block Grant	93.994	16,251
Total U.S. Department of Health and Human Services		\$ 343,691
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support Program	97.004	\$ 35,866
Homeland Security Grant Program	97.067	10,138
Total U.S. Department of Homeland Security		\$ 46,004
Total Federal Awards		\$ 714,899

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Sibley County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting.
3. Pass-through grant numbers were not assigned by the pass-through agencies.
4. During 2006, the County did not pass any federal money to subrecipients.