



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

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### REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Managers  
Capitol Region Watershed District

We have audited the financial statements of the governmental activities and each major fund of the Capitol Region Watershed District as of and for the year ended December 31, 2006, and have issued our report thereon dated August 2, 2007. 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 four categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, and public indebtedness. Our study included all of the listed categories, except that we did not test for compliance in public indebtedness because the Capitol Region Watershed District has not issued any debt.

The results of our tests indicate that, for the items tested, the Capitol Region Watershed District complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Capitol Region Watershed District Board of Managers and management 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

August 28, 2007