

COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT

ANNUAL FINANCIAL REPORT

December 31, 2006

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COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT
TABLE OF CONTENTS

	Reference	Page No.
INTRODUCTORY SECTION		
Organization		3
FINANCIAL SECTION		
Independent Auditor's Report		7
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	Statement 1	12
Statement of Activities	Statement 2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	Statement 5	16
Notes to Financial Statements		17
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 6	28
Budgetary Comparison Schedule - Note to RSI		29
Individual Fund Statements:		
General Fund:		
Balance Sheet	Statement 7	32
Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement 8	33
Survey and Data Acquisition Fund:		
Balance Sheet	Statement 9	34
Statement of Revenue, Expenditures, and Changes in Fund Balance	Statement 10	35

COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
SUPPLEMENTARY INFORMATION		
Market Values by Watershed	Exhibit 1	38
OTHER REPORTS		
Communication of Significant Deficiencies that Indicate no Material Weaknesses in Internal Control		43
Report on Compliance with Minnesota Legal Compliance Audit Guide for Local Government		51

INTRODUCTORY SECTION

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COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT

ORGANIZATION

December 31, 2006



<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
District Officers:		
Appointed:		
Board of Managers:		
John T. Lynch	President	September 23, 2008
John W. Spence	Vice-President	September 23, 2008
Ms. Jackie A. Anderson	Treasurer	September 23, 2009
Richard P. Damchik	Secretary	September 23, 2009
Dennis G. Larson	Manager	September 23, 2008

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Comfort Lake-Forest Lake Watershed District
Forest Lake, Minnesota

We have audited the accompanying financial statements of the governmental activities and each major fund of the Comfort Lake-Forest Lake Watershed District as of and for the year ended December 31, 2006 which collectively comprise the Comfort Lake-Forest Lake Watershed District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Comfort Lake-Forest Lake Watershed District'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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Comfort Lake-Forest Lake Watershed District's internal control over financial reporting. Accordingly, we express no such opinion. 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 and each major fund of the Comfort Lake-Forest Lake Watershed District as of December 31, 2006, and the respective changes in financial position 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 information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements. The budgetary comparison information on pages 28 through 29, is not a required part of the basic financial statements but is supplementary

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information required by accounting principles generally accepted in the United States of America. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Comfort Lake-Forest Lake Watershed District's basic financial statements. The introductory section, individual fund statements, and supplementary financial information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements and supplementary financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion it.

HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

May 7, 2007

