

BUFORD - TRENTON IRRIGATION DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

**BRENNER, AVERETT & CO., P.C.
A Professional Corporation
Sidney, Montana**

BUFORD - TRENTON IRRIGATION DISTRICT

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BUFORD - TRENTON IRRIGATION DISTRICT

ORGANIZATION

DECEMBER 31, 2014 and 2013

BOARD OF DIRECTORS

Mr. Robert Gannaway
Mr. Steven Mortenson
Mr. Ken Gardner
Mr. Jed Rider
Mr. David Hoffmann
Mr. Ken Kjos

President, Director
Vice President, Director
Director
Director
Director
Manager

BUFORD - TRENTON IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014 and 2013

The management of the Buford-Trenton Irrigation District offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2014 and 2013.

REPORT LAYOUT

Besides this Management's Discussion and Analysis (MD&A), the report consists of government wide statements, fund financial statements, and the notes to the financial statements. The District operations are categorized and reported as governmental activities. The governmental wide statements are designed to be corporate-like in that all activities are consolidated into a total for the District.

BASIC FINANCIAL STATEMENTS

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets of the District, the liabilities it owes and the net difference. The net difference is further separated into restricted for specific purposes and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting.

The Statement of Activities focuses on gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund financial statements focus separately on governmental funds. Governmental fund statements follow the more traditional presentation of financial statements.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Comparative information for 2014, 2013, and 2012 have been provided for the reader as follows:

District Financial Information Condensed
Net Position at Year End
December 31, 2014, 2013, and 2012

Description	2014	2013	2012
Cash and Investments	\$111,111	\$76,951	\$37,289
Other Assets	461,728	429,956	398,983
Capital Assets	817,357	791,995	824,397
Total Assets	1,390,196	1,298,902	1,260,669
Other Liabilities	6,929	9,116	13,604
Total Liabilities	6,929	9,116	13,604
Invested in Capital Assets	817,357	791,995	824,397
Restricted Net Position	9,374	8,322	8,262
Unrestricted Net Position	556,536	489,469	414,406
Total Net Position	\$1,383,267	\$1,289,786	\$1,247,065

For the year ended December 31, 2014, the Districts other assets are higher due to an increase in water assessments receivable.

For the year ended December 31, 2013, other assets increased by \$30,976 due to larger receivables recorded at year end.

During the years ended December 31, 2014 and 2013, there were several purchases that affected net position. An explanation follows:

In 2014 the District purchased gravel for \$87,900.

In 2013 the District purchased a shop heater for \$11,918, a water well for \$3,817, a welder and other tools for \$6,042.

A condensed version of the Statement of Activities follows:

Governmental Activities
For the Years Ended December 31, 2014, 2013 and 2012

Revenues	2014	2013	2012
Program Revenues	\$613,018	\$159,433	\$165,941
General Revenues	401,030	380,110	323,219
Total Revenues	1,014,048	539,543	489,160
Expenses	920,567	496,822	462,307
Change in Net Position	93,481	42,721	26,853
Beginning Net Position	1,289,786	1,247,065	1,220,212
Ending Net Position	\$1,383,267	\$1,289,786	\$1,247,065

For the year ended December 31, 2014, both program revenues and expenses are up \$350,000 due to an electrical upgrade to powerlines. This was paid for by local farmers and the North Dakota State Water Commission. General revenues have increased with the increase in water assessments.

For the year ended December 31, 2013, general revenues increased due to the increase in rental income for the year. The expenses have increased due to the increased costs of special projects and labor.

The District adopts an annual budget for the operational revenues and expenditures annually to assist management in keeping control over the Districts resources. The budget is simply a management tool and is not required by either the city or the county. The Districts original budget is not adjusted throughout the year for changes in expenditures, thus the original budget is the same as the final budget. There were several significant variances between the budget and actual expenditures for the years ended December 31, 2014 and 2013.

For the year ended December 31, 2014 the District had an unfavorable variance in labor costs due to increased workforce. The District did not budget for capital expenditures for the year, so the corresponding expenditures were more than budgeted. The District had an unfavorable variance in repairs due to large repairs required on pumps. The District had a significant favorable variance in other revenues and a significant unfavorable variance in special projects due to a large electrical upgrade for power lines that was paid for by the local farmers and the North Dakota State Water Commission. The District had a favorable variance for power for pumps due to lower than expected costs during the year.

For the year ended December 31, 2013, the District had an unfavorable variance on special projects. This is due to the higher cost associated with the projects that were completed during the year. The District did not budget for capital expenditures for the year, so the corresponding expenditures were more than budgeted. The District had favorable variances in repairs and power for the pumps due to lower than anticipated costs for the year.

Additional budget information can be found on the budget to actual schedules pages 19 and 20.

Financial Contacts

The District's financial statements are designed to present users (citizens, taxpayers, customers, lenders, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's manager at the Buford-Trenton Irrigation District, P.O. Box 27, Trenton, ND 58853-0027.



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A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buford-Trenton Irrigation District
Trenton, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Buford-Trenton Irrigation District as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Buford-Trenton Irrigation District as of December 31, 2014 and 2013, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2016, on our consideration of Buford-Trenton Irrigation District'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* in considering Buford-Trenton Irrigation District's internal control over financial reporting and compliance.

Brenner, Averett & Co., P.C.

Brenner, Averett & Co., P.C.
January 30, 2016

**BUFORD-TRENTON IRRIGATION DISTRICT
STATEMENT OF NET POSITION**

	December 31, 2014	December 31, 2013
ASSETS		
Cash and Cash Equivalents	\$111,111	\$76,951
Water Assessment Receivable	344,155	314,968
Other Receivables	18,117	24,042
Prepaid Expenses	9,366	8,314
Capital Credits/Deposits	90,090	82,632
Capital Assets:		
Buildings & Improvements	473,257	385,357
Equipment	1,169,137	1,169,137
Total Capital Assets	1,642,394	1,554,494
Less Accumulated Depreciation	(825,037)	(762,499)
Net Capital Assets	817,357	791,995
Total Assets	\$1,390,196	\$1,298,902
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$6,929	\$9,116
Total Liabilities	6,929	9,116
NET POSITION		
Temporarily Restricted	9,374	8,322
Unrestricted	556,536	489,469
Net Investment in capital assets	817,357	791,995
Total Net Position	\$1,383,267	\$1,289,786

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

**BUFORD-TRENTON IRRIGATION DISTRICT
STATEMENT OF ACTIVITIES**

	FOR THE YEARS ENDED	
	December 31, 2014	December 31, 2013
EXPENSES		
Personal Expenses	\$230,181	\$164,572
Materials & Services	627,848	278,067
Depreciation	62,538	54,181
Total Program Expenses	920,567	496,820
PROGRAM REVENUES		
Charges for Services	29,669	25,443
Special Projects	185,787	61,808
Project Use Power	47,562	47,182
Grant Income	350,000	25,000
Net Program Income	613,018	159,433
NET COST	307,549	337,387
GENERAL REVENUES		
Water Assessment	344,125	326,696
Investment Earnings	63	88
Capital Credits	9,252	9,806
Miscellaneous	12,590	5,518
Rental Income	35,000	38,000
Total General Revenues	401,030	380,108
Increase (Decrease) in Net Position	93,481	42,721
Net Position - Beginning of Year	1,289,786	1,247,065
Net Position - End of Year	\$1,383,267	\$1,289,786

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

**BUFORD-TRENTON IRRIGATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND**

	FOR THE YEARS ENDED	
	December 31, 2014	December 31, 2013
ASSETS		
Cash and Cash Equivalents	\$111,111	\$76,951
Water Assessment Receivable	344,155	314,968
Other Receivables	18,117	24,042
Prepaid Expenses	9,366	8,314
Capital Credits/Deposits	90,090	82,632
Total Assets	572,839	506,907
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$6,929	\$9,116
Deferred Revenue	344,155	314,968
Total Liabilities	351,084	324,084
FUND BALANCES		
Restricted - Note 10	8	8
Nonspendable, Prepaid Expense	9,366	8,314
Unassigned	212,381	174,501
Fund Balance	221,755	182,823
Total Liabilities and Fund Balance	\$572,839	\$506,907
Fund Balance	\$221,755	\$182,823
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	817,357	791,995
Deferred water assessment receivable is not financial resources, therefore are not reported in the funds.	344,155	314,968
Net Position of Governmental Activities	\$1,383,267	\$1,289,786

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

**BUFORD-TRENTON IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND**

	FOR THE YEARS ENDED	
	December 31, 2014	December 31, 2013
REVENUE		
Water Assessments	\$303,212	\$299,104
Interest	63	88
Charges for Work Performed	29,669	25,443
Patronage Dividends	9,252	9,806
Other Water Taxes	11,726	11,726
Special Water Projects	185,787	61,808
Miscellaneous and Refunds	12,590	5,520
Project Use Power	47,562	47,182
Rental Income	35,000	38,000
Grant Income	350,000	25,000
Total Revenue	984,861	523,677
EXPENDITURES		
Current		
General Governmental	119,963	94,856
Operating and Maintenance	738,066	347,783
Capital Outlay	87,900	21,776
Total Expenditures	945,929	464,415
Excess (Deficiency) of Revenues over Expenditures	38,932	59,262
Fund Balance at Beginning of Year	182,823	123,561
Prior Period Adjustment		
Fund Balance at End of Year	\$221,755	\$182,823

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

**BUFORD-TRENTON IRRIGATION DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES**

	FOR THE YEARS ENDED	
	December 31, 2014	December 31, 2013
Net Change in Fund Balances - Total Governmental Funds	\$38,932	\$59,262
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital Assets Purchased	87,900	21,776
Depreciation Expense	(62,538)	(54,181)
Deferred Revenue	29,187	15,864
	\$93,481	\$42,721
Change in Net Position Governmental	\$93,481	\$42,721

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

BUFORD-TRENTON IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(1) The Reporting Entity

The District is governed by an elected board of directors comprised of five members within the District and is considered to be the primary government. Although the district operates independently from other county functions, the County Treasurer collects some of the funds belonging to the Irrigation District. However, the District's financial statements include only the assets, liabilities, receipts and expenditures of the Irrigation District.

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organizations should be included in a primary government's reporting entity for general purpose financial statements in financial accountability. Financial accountability includes the appointment of a voting majority of the other organization's governing body and the ability of the primary government to impose its will on the other organization or the existence of a potential financial benefit/burden relationship. Based on the above definition, the district has no component units.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the primary government. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among revenues are reported instead as general revenues.

The District uses the following major funds:

General Operating Fund - This fund is used to account for the general operations and maintenance of the Authority. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

(b) Basis of Accounting and Measurement Focus

The government-wide financial statements of the District are presented on the accrual basis of accounting and are accounted for on the flow of economic resources measurement focus: revenues are recorded when earned and expenses are recorded as incurred. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

As allowed by GASB Statements No. 20 and No. 34, the authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The District has the option to apply FASB pronouncements issued after November 30, 1989, but has chosen not to do so.

When both restricted and unrestricted resources are available for use, it is the District's policy to use Restricted resources first.

(c) Cash and Investments

Cash includes amounts in demand deposits, money market accounts and certificates of deposit with maturities of three months or less. These amounts must be deposited in a financial institution situated and doing business within North Dakota. In addition, State statutes to authorize the District to invest in a) bonds, treasury bills, and notes or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by and act of Congress, b) securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) certificates of deposit fully insured by the federal deposit insurance corporation or the state, d) obligations of the state.

The composition of cash and investments (which are recorded at cost) on December 31, 2014 and 2013, was as follows:

Description	2014	2013
Checking	\$107,737	\$73,577
Savings	3,366	3,366
Prime Savings - reserved	8	8
Totals	\$111,111	\$76,951

The demand deposits earn interest at current rates.

Deposits - At year end of 2014 and 2013 the carrying amount of the District's deposits was \$111,111 and \$76,951 and the bank balance was \$101,980 and \$83,299, respectively. These deposits include checking, money market deposits and a certificate of deposit. All Bank balances were fully insured by federal depository insurance.

(d) Revenue Recognition

Operating revenues are recorded as revenues at the time services are rendered. Non-exchange transactions, in which the District receives value without directly giving equal value in return, including grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.

(e) Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as revenues from custom and road work.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of non-exchange transactions that are defined as non - operating revenues by GASB No. 9, such as federal and state grants and investment income.

(f) Water Assessment

Each December the District sends out assessments for the upcoming year. The assessment is due in February and penalties and interest begin March 1.

No allowance for uncollectible water assessment has been provided as required by U. S. Generally accepted accounting principles since the amount is considered immaterial.

(g) 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 these estimates.

(h) Capital Assets

Capital assets are stated at the historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5 to 25 years
Equipment	5 to 25 years
Vehicles	5 to 15 years
Infrastructure	8 to 50 years

Expenditures with a cost of \$5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the District are capitalized, including salaries, employee benefits, and interest costs during constructions. At the time fixed assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the results of operations.

(i) Accounts Payable

Total payables at December 31, 2014 and 2013, consist of payables due to vendors used during the normal course of business.

(j) Inventories

Inventories of materials and supplies are expensed at the time of purchase. Inventories of materials and supplies on hand are not maintained and are not considered significant for financial statement purposes.

(k) Income Taxes

The District is exempt from Federal income taxes under Sec. 501(c)(12) of the Internal Revenue Service Code. With few exceptions the organization is no longer subject to US federal and state income tax examinations by tax authorities for years before 2012.

(3) Capital Assets

Capital asset activity for the years ended December 31, 2014 and 2013, was as follows:

2014 Description	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Building and Improvements	\$385,357	\$87,900		\$473,257
Equipment	1,169,137			1,169,137
Total Capital Assets Being Depreciated	1,554,494	87,900		1,642,394
Less Accumulated Depreciation for:				
Building and Improvements	(38,888)	(20,521)		(59,409)
Equipment	(723,611)	(42,017)		(765,628)
Total Accumulated Depreciation	(762,499)	(62,538)		(825,037)
Total Capital Assets being Depreciated, net	\$791,995	\$25,362		\$817,357

2013 Description	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Building and Improvements	\$367,318	\$18,039		\$385,357
Equipment	1,165,397	3,740		1,169,137
Total Capital Assets Being Depreciated	1,532,715	21,779		1,554,494
Less Accumulated Depreciation for:				
Building and Improvements	(27,157)	(11,731)		(38,888)
Equipment	(681,161)	(42,450)		(723,611)
Total Accumulated Depreciation	(708,318)	(54,181)		(762,499)
Total Capital Assets being Depreciated, net	\$824,397	(\$32,402)		\$791,995

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

	2014	2013
General Governmental	\$62,538	\$54,181
Total Depreciation	\$62,538	\$54,181

(4) Patronage Receivable and Deposits

Patronage Receivable and Deposits	2014	2013
Patronage Capital Credits	\$90,050	\$82,592
Rural Electric Association Deposit	40	40
Totals	\$90,090	\$82,632

(5) Pending Litigation

Inquiry of the District's management disclosed that the District was involved in no litigation.

(6) Pension and Retirement Plans

The District elected to participate in a defined contribution retirement plan beginning May 1, 1999, for all full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earning. Employees are eligible to participate after one month of employment. The District's contributions for each employee (and interest allocated to the employee's account) are fully vested upon contribution. The District contributes 6% of each participant's base salary each month, which amounted to \$9,890 for 2014, \$12,996 for 2013.

COMPENSATED ABSENCES

The district has no liability for compensated absences.

(7) Risk Management

The District faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) environmental damage, and d) workers' compensation, i.e. employee injuries.

A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property; and content damage and employee torts.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years and settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

(8) Reserved Fund Balance

In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District Board.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories.

Certain assets of the funds are restricted for specific use; \$9,366 and \$8,314 is non-spendable for prepaid expenses for 2014 and 2013, respectively, and \$8 and \$8 is restricted in an emergency maintenance fund in conformance with the requirements of the United States Bureau of Reclamation for 2014 and 2013, respectively, which specified that at least \$16,000 is to be set aside for emergency repairs or maintenance. For the years ended December 31, 2014 and 2013, the District was not in compliance with the requirements for the reserve fund for operation and maintenance.

The District uses restricted amounts to be spent first when both the restricted and unrestricted fund balance is available unless there are legal contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures were made.

(9) Revenues Susceptible to Accrual

The basis of accounting specified in this Rule shall apply only to the required treatment for the purposes of budgeting and accounting. For financial statement purposes, all revenues may be treated in the alternative as provided by generally accepted accounting principles.

The revenues listed below shall not be considered susceptible to accrual under the modified accrual basis of accounting. These revenues shall be recorded as revenues of the governmental unit only to the extent that they are actually received in cash before the end of the fiscal year:

- (1) current year's water assessments
- (2) prior year's water assessments

Revenue from specific categorical federal or state grants shall be accounted for on an accrual basis; i.e., revenues shall be recorded in the year and to the extent that the expenditures on the grant are recorded whether the revenue is received before or after the expenditure is made.

(10) Subsequent Events

These financial statements evaluated subsequent events through January 30, 2016, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

**BUFORD-TRENTON IRRIGATION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2014**

	GENERAL FUND		
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE			
Water Assessments	\$310,522	\$314,938	\$4,416
Other	197,603	669,923	\$472,320
Total Revenue	508,125	984,861	\$476,736
EXPENDITURES			
Current			
Contract Services	5,000	0	\$5,000
Canals and Road Repair	10,000	1,296	\$8,704
Equipment Rental	12,000	790	\$11,210
Gas, Oil and Grease	47,000	38,482	\$8,518
Heat and Lights	6,500	1,542	\$4,958
Insurance	7,000	6,809	\$191
Labor	185,500	207,310	(\$21,810)
Legal and Accounting	12,000	6,066	\$5,934
Memberships	1,500	3,500	(\$2,000)
Miscellaneous Supplies	5,000	651	\$4,349
Office Supplies and Postage	5,500	596	\$4,904
Payroll Taxes and Unemployment	11,500	13,096	(\$1,596)
Power for Pumps	70,000	13,505	\$56,495
Real Estate Rental	4,500	3,476	\$1,024
Repairs	76,000	104,316	(\$28,316)
Retirement	8,500	9,890	(\$1,390)
Small Tools, Engines and Shop	9,050	13,234	(\$4,184)
Special Projects	50,000	420,316	(\$370,316)
Sprays	12,000	4,914	\$7,086
Telephone	6,500	7,275	(\$775)
Travel and Per Diem	4,500	965	\$3,535
Capital Outlay	0	87,900	(\$87,900)
Total Expenditures	549,550	945,929	(\$96,379)
Excess (Deficiency) of Revenues over Expenditures	(\$41,425)	38,932	\$80,357
Fund Balance at Beginning of Year		182,823	
Fund Balance at End of Year		\$221,755	

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

**BUFORD-TRENTON IRRIGATION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2013**

	GENERAL FUND		
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE			
Water Assessments	\$310,522	\$310,830	\$308
Other	207,528	212,847	\$5,319
Total Revenue	518,050	523,677	5,627
EXPENDITURES			
Current			
Consulting	15,000	2,737	\$12,263
Canals and Road Repair	10,000	5,383	\$4,617
Equipment Rental	12,000	1,087	\$10,913
Gas, Oil and Grease	47,000	32,019	\$14,981
Heat and Lights	6,500	3,673	\$2,827
Insurance	7,000	6,704	\$296
Labor	141,000	141,821	(\$821)
Legal and Accounting	20,000	17,923	\$2,077
Memberships	1,500	1,000	\$500
Miscellaneous Supplies	5,000	4,319	\$681
Office Supplies and Postage	5,500	3,009	\$2,491
Payroll Taxes and Unemployment	9,000	9,765	(\$765)
Power for Pumps	70,000	46,475	\$23,525
Real Estate Rental	4,500	3,321	\$1,179
Repairs	68,500	42,906	\$25,594
Retirement	8,500	12,996	(\$4,496)
Small Tools, Engines and Shop	9,050	8,314	\$736
Special Projects	50,000	89,523	(\$39,523)
Sprays	12,000	3,973	\$8,027
Telephone	6,500	4,512	\$1,988
Travel and Per Diem	4,500	1,179	\$3,321
Capital Outlay	0	21,776	(\$21,776)
Total Expenditures	513,050	464,415	48,635
Excess (Deficiency) of Revenues over Expenditures	\$5,000	59,262	\$54,262
Fund Balance at Beginning of Year		123,561	
Fund Balance at End of Year		\$182,823	

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

BUFORD-TRENTON IRRIGATION DISTRICT
Budget and Actual Comparisons
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Budgetary Information

The District adopts an annual budget for the operational revenues and expenditures annually to assist management in keeping control over the Districts resources. The budget is simply a management tool and is not required by either the city or the county. The District prepares a preliminary budget in September and adopts a final budget at the end of the year. All appropriations lapse at the end of the fiscal year. The appropriation accounts may remain open for the payment of claims incurred against such appropriations prior to the end of the fiscal year.

Any claim presented thereafter against any appropriation shall be provided for in the next year's budget. This shall not prevent payments for uncompleted work in progress at the end of the fiscal year.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statement include the original adopted budget amounts. There were no budget amendments for the years ended December 31, 2014 and 2013.



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

To Board of Directors
Buford-Trenton Irrigation District
Trenton, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buford-Trenton Irrigation District as of and for the years ended December 31, 2014 and 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 30, 2016. 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 the Buford-Trenton Irrigation District'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 Buford-Trenton Irrigation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buford-Trenton Irrigation District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buford-Trenton Irrigation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 one instance of noncompliance with the reserve fund for operation and maintenance that is required to be reported under *Government Auditing Standards* and is described below.

Noncompliance with reserve fund for operation and maintenance. In fiscal year 2012, the District liquidated the accounts set aside for major unforeseen costs and has not restored the fund at the required rate in conformity with the reserve fund for operation and maintenance agreement. For the years ended December 31, 2014 and 2013, the District was not in compliance with the reserve fund for operation and maintenance agreement.

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

Brenner, Averett & Co., P.C.

BRENNER, AVERETT & CO., P.C.
January 30, 2016