

**ACCOUNTANT'S AUDIT REPORT**

**LUGERT-ALTUS  
IRRIGATION DISTRICT**

**DECEMBER 31, 2014**

BY



**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Year Ended December 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lugert-Altus Irrigation District  
Altus, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Lugert Altus Irrigation District as of and for the year ended December 31, 2014, 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lugert Altus Irrigation District, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lugert Altus Irrigation District's basic financial statements. The schedules on pages 18 - 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules on pages 18 – 25 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

Of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2015, on our consideration of Lugert Altus 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Furrh & Associates, PC*  
Furrh & Associates, PC  
Lawton, Oklahoma  
June 10, 2015

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Statement of Assets, Liabilities, and Net Assets**  
**December 31, 2014**

**ASSETS**

**Current Assets**

Cash on Hand and in Banks	\$	34,725	
Cash - Temporary Investments		1,478,665	
Accounts Receivable - Trade		136,290	
Temporary Investments - Due After 90 Days		98,000	
Prepaid Expense		44,876	
Inventory - Pipe for Sale		20,899	
Accrued Interest Receivable		757	
Total Current Assets		757	\$ 1,814,212

**Fixed Assets**

Furniture and Fixtures	\$	48,490	
Accumulated Depreciation		(46,158)	2,332
Machinery and Equipment		1,900,176	
Accumulated Depreciation		(1,540,175)	360,001
Autos, Trucks, and Trailers		783,697	
Accumulated Depreciation		(766,276)	17,421
Station and Shop Equipment		45,883	
Accumulated Depreciation		(42,545)	3,338
Land, Buildings, and Grounds		298,735	
Accumulated Depreciation		(157,044)	141,691
Canal Improvements		2,971,521	
Accumulated Depreciation		(1,510,033)	1,461,488
Land - Canal & Lateral In Pipe		10,763	
Right-of-Way		1,641	
Irrigation Plant		3,262,188	
Total Fixed Assets			5,260,863

**Other Assets**

Unamortized Debt Issue Costs		5,958	
Total Assets		7,081,033	

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Statement of Assets, Liabilities, and Net Assets**  
**December 31, 2014**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 3,948	
Compensated Absence Liability	37,783	
Total Current Liabilities	\$ 41,731	

**Deferred Revenue**

Maintenance Reserve - Ozark Canal	56,000	
Total Deferred Revenues	56,000	

Total Liabilities and Deferred Revenues \$ 97,731

**Net Assets**

City of Altus Equity in Physical Plant	1,080,000	
Invested in Fixed Assets (Net of Related Debt and Altus Equity)	4,180,863	
Unrestricted	1,722,439	
Total Net Assets	6,983,302	

Total Liabilities and Net Assets \$ 7,081,033

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Statement of Revenue and Expenditures**  
**Year Ended December 31, 2014**

**REVENUE**

**Operating Revenues**

Assessments and Penalties	\$	693,916
Miscellaneous Revenue		38,560
Bureau of Reclamation Reimbursements		36,497
 Total Operating Revenues	 \$	 768,973

**EXPENDITURES**

**Operating Expenditures**

Operations and Maintenance		730,326
General and Administrative		454,440
Depreciation and Amortization		168,253
 Total Operating Expenditures		 1,353,019
 <b>Net Revenue (Loss) from Operations</b>		 <b>(584,046)</b>

**Nonoperating Revenue (Expense)**

Interest Earned		4,697
Gain on Sale of Asset		4,687
Interest on Long-Term Debt		(1,192)
 Total Nonoperating Revenue (Expense)		 8,192
 <b>Net Revenue (Loss)</b>	 <b>\$</b>	 <b>(575,854)</b>

Please see accompanying notes to the financial statements.

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Statement of Operating Expenditures

Year Ended December 31, 2014

### Operations and Maintenance Expenditures

Salaries & Payroll Taxes	\$	557,416	
Fuel, Propane, Gas and Oil		72,991	
Weed Control and Chemicals		44,976	
Repairs and Maintenance - Equipment		17,887	
Repairs and Maintenance - Dam		10,840	
Repairs and Maintenance - Trucks and Trailers		9,367	
Repairs and Maintenance - Pickups and Cars		7,199	
Repairs and Maintenance - Canals and Laterals		5,641	
Station, Shop, and Welding Expense		4,009	
Total Operations and Maintenance			\$ 730,326

### General and Administrative Expenditures

Employee Insurance		187,691	
Salaries & Payroll Taxes		116,913	
Insurance and Bonds		60,206	
Pension Expense		34,208	
Miscellaneous		21,330	
Travel and Entertainment		14,036	
Utilities and Telephone		6,987	
Office Supplies and Expense		5,811	
Legal and Accounting		5,800	
Dues and Subscriptions		1,458	
Total General and Administrative			454,440

### Miscellaneous Expenditures

Depreciation and Amortization			168,253
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**Total Operating Expense** \$ 1,353,019

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

<u>Net Assets, December 31, 2013</u>	\$ 7,587,965
Net Revenue (Loss), Year Ended December 31, 2014	(575,854)
Prior Period Adjustment	<u>(28,809)</u>
<u><b>Net Assets, December 31, 2014</b></u>	<u><b>\$ 6,983,302</b></u>

Please see accompanying notes to the financial statements.

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Statement of Cash Flows

Year Ended December 31, 2014

### Cash Flow From Operating Activities

Cash Receipts from Customers	\$ 729,431	
Cash Receipts from Bureau of Reclamation	36,497	
Cash Receipts from Miscellaneous Revenue	36,560	
Cash Paid Out for Salaries and Payroll Taxes	(674,329)	
Cash Paid Out for Employee Benefits	(221,899)	
Cash Paid Out to Suppliers	(284,942)	
Net Cash Provided by Operating Activities		\$ (378,682)

### Cash Flow from Investing Activities

Interest Earned	4,697	
Sale of Assets	35,500	
Purchase of Assets-Land	(10,763)	
Net Cash Provided by Investing Activities		<u>29,434</u>

Net Increase (Decrease) in Cash and Cash Equivalents (349,248)

Cash and Cash Equivalents, December 31, 2013 1,862,638

Cash and Cash Equivalents, December 31, 2014 \$ 1,513,390

### Adjustments to Reconcile Operating Income to Cash

#### Provided (Used) by Operating Activities

Net Revenue (Loss) from Operations		\$ (584,046)
Add (Deduct) Items Not Providing or Using Cash:		
Depreciation	\$ 168,253	
Deferred Income	(2,000)	
(Increase) Decrease in Current Assets:		
Accounts Receivable	35,515	
Prepaid Expense	9,401	
Inventory	(1,675)	
Accrued Interest receivable	(16)	
Increase (Decrease) in Current Liabilities:		
Compensated Absence Liability	(1,934)	
Accounts Payable	(2,180)	
		<u>205,364</u>

**Net Cash Provided by Operating Activities** \$ (378,682)

Please see accompanying notes to the financial statements.

# Lugert-Altus Irrigation District

Altus, Oklahoma

Notes to Financial Statements

Year Ended December 31, 2014

## Note 1 - Accounting Policies

The Lugert-Altus Irrigation District (the District) is an irrigation district organized and existing under the laws of the State of Oklahoma and, as such, is a political subdivision of the State of Oklahoma. The principal activities are delivery of irrigation water for agricultural purposes to its members, and flood control. The District operates approximately 300 miles of canals and drainage ditches. The operation of the District is regulated by the policies and standards established by the United States Department of the Interior, Bureau of Reclamation, the Oklahoma Water Resources Board, and other state and federal regulatory agencies.

The accompanying financial statements include all functions and activities over which the District exercises financial accountability. The District is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The District is considered a governmental entity as defined by the GASB and applies all relevant GASB pronouncements. Its operations are considered proprietary in nature and therefore, the District has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

The principal sources of revenue for the District are water sales and construction and maintenance assessments to its members.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

Investments are stated at cost.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended December 31, 2014**

Accounts receivable are carried at net estimated value. All trade accounts receivable are considered to be fully collectible because unpaid water sales and assessments become liens against the real estate involved.

Accounts receivable and the corresponding revenues are recognized when billed. Assessment charges are billed in advance and billings for these charges and water usage charges are customarily made in the last quarter of the year.

Penalties and late payment charges are recorded and recognized at the time of collection.

Parts, materials, and consumable supplies are charged to expense as purchased. The District does not record the inventory of unused parts, materials, and consumable supplies on its financial statements. Such inventory is not considered to be material to the financial statements. Inventory of pipe held for sale is recorded on the financial statements.

Prepaid expense consists of the unamortized portion of annual insurance premiums.

For the purposes of the Statement of Cash Flows, the District considers all highly liquid investments (not including restricted assets) with a maturity or availability date of 90 days or less when purchased to be cash equivalents.

As an Oklahoma political subdivision, the District is exempt from federal and state income taxes.

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents include the following accounts:

First National Bank, Sweep Account	\$ 1,232,902
First National Bank, Payroll Account	33,159
First National Bank, Checking Account	1,445
Petty Cash	85
First National Bank, Sinking Fund	18
First National Bank, Project Fund	18
	\$ 1,267,627

The cash on deposit with the First National Bank of Altus, Oklahoma, is covered by F.D.I.C. insurance (up to \$250,000).

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended December 31, 2014**

The District's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash on Hand	\$ 0	\$ 0	\$ 85	\$ 85
Cash in Bank	34,640	1,232,902	0	1,267,542
Total	<u>\$ 34,640</u>	<u>\$ 1,232,902</u>	<u>\$ 85</u>	<u>\$ 1,267,627</u>

**Note 3 - Investments**

The District has investments in two CD's. The first is at NBC Oklahoma for \$98,000, with an interest rate of 0.45%, and a maturity date of 7/27/2015. The second is at Stockman's Bank for \$245,762, with an interest rate of 0.50%, and a maturity date of 1/14/2015. The CD at Stockman's has been included in Cash – Temporary Investments on the Balance Sheet since the maturity date of 90 days or less at year end.

**Note 4 - Fixed Assets**

Consistent with prior year accounting procedures, the financial statements do not include a provision for depreciation on the irrigation plant real estate.

Total depreciation expense for the current year was \$168,253 which was charged to current operations.

Current year changes in fixed assets were as follows:

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Notes to Financial Statements

Year Ended December 31, 2014

<u>Fixed Assets</u>	<u>12/31/2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2014</u>
Furniture & Fixtures	\$ 48,490	\$ 0	\$ 0	\$ 48,490
Machinery & Equipment	1,900,176	0	0	1,900,176
Autos, Trucks, & Trailers	831,101	0	47,404	783,697
Station & Shop Equipment	45,883	0	0	45,883
Land, Buildings, & Grounds	298,735	0	0	298,735
Canal Improvements	2,971,521	0	0	2,971,521
Land-Canal & Lateral In Pipe	0	10,763	0	10,763
Right of Way	1,641	0	0	1,641
Irrigation Plant	3,262,188	0	0	3,262,188
Total	<u>\$ 9,359,735</u>	<u>\$ 10,763</u>	<u>\$ 47,404</u>	<u>\$ 9,323,094</u>

Fixed assets with a cost of \$500 or more per item are recorded at cost, with depreciation allowances amortized by the straight-line method over the following estimated useful lives of the assets:

Furniture and Fixtures	5-10 years
Computer Equipment	5 years
Vehicles	5-10 years
Earth-moving Equipment	10-15 years
Other Equipment	10 years
Buildings	10-25 years
Canal Improvements	20-40 years

### Note 5 - Bureau of Reclamation Reimbursements

The District receives a reimbursement from the United States Department of Interior, Bureau of Reclamation, for a portion of the cost of operating the Altus Dam and Reservoir. This reimbursement is recorded on the books and recognized as revenue in the accounting period in which funds or credits are received. During the year, the District received \$36,497 for reimbursements for expenses paid in 2014.

On October 4, 1993, the District entered into a contract with the Department of the Interior, Bureau of Reclamation, and the Army Corps of Engineers whereby Lugert-Altus Irrigation District will maintain the canal over which the runways and taxiways cross at Altus Air Force Base for a period of 50 years. For this service, the District received \$98,397. The earned revenue will be amortized over the period of the contract, 50 years. Amortization of this reserve for the current year was \$2,000. The unamortized balance at December 31, 2014 was \$56,000.

# Lugert-Altus Irrigation District

Altus, Oklahoma

Notes to Financial Statements

Year Ended December 31, 2014

## Note 6 - Accounts Payable

Accounts payable and accrued expenses include the following:

Compensated Absence Liability	\$	37,783
Accounts Payable - Trade		<u>3,948</u>
Total	\$	<u><u>41,731</u></u>

Accrued expenses include the accrued liability for compensated employee absences in the amount of \$37,783 which includes earned but unpaid annual leave, vacation pay and compensatory wages.

## Note 7 - Pension Expense

The District sponsors a defined contribution retirement plan for its employees. The plan covers all full-time employees with 90 days employment on the anniversary date of the plan, which is April 1 of each year.

The District contributes 5% of the employee's gross earnings and each employee may voluntarily contribute up to 5% of the employee's gross salary. Employee contributions are not required. The plan contributions are invested in individual insurance annuity contracts on behalf of the employees. All required contributions were made. Contributions and costs for the current year and two previous years were as follows:

	12/31/14	12/31/13	12/31/12
Employer Contributions	\$ 32,554	\$ 28,430	\$ 39,667
Employee Contributions	5,117	6,034	12,656
Administration Costs	<u>1,500</u>	<u>1,300</u>	<u>1,300</u>
Total	<u><u>\$ 39,171</u></u>	<u><u>\$ 35,764</u></u>	<u><u>\$ 53,623</u></u>

Employer contributions of \$32,554 represent approximately 5% of the total covered payroll of \$643,615. Total gross payroll (excluding accrued compensated absence payroll) was \$643,615.

The plan is administered by:

Qualified Retirement Plan Services  
2217 Silver Crest Drive  
Edmond, Oklahoma 73025

# Lugert-Altus Irrigation District

Altus, Oklahoma

Notes to Financial Statements

Year Ended December 31, 2014

The plan funds are maintained by:

New York Life Insurance Company  
51 Madison Avenue  
New York, New York 10016

## **Note 8 - Comparative Data**

The financial information included herein as of and for the year ended December 31, 2014, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

## **Note 9 - Insurance Coverage**

The District maintains the following commercial insurance coverage as protection against possible loss contingencies:

### Commercial Automobile Coverage

Liability  
Uninsured Motorists  
Comprehensive and Collision

### Workers Compensation

Employer Liability

### Property Insurance

Construction Equipment  
Mobile Home  
Computer Equipment  
Radio Equipment  
Dwelling  
Office, Shops, Warehouse  
Personal Property

### Bonds

Manager  
Secretary-Treasurer  
Bookkeeper  
Field Superintendent  
6 Directors (Each)  
Pension Plan Compliance



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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***

Board of Directors  
Lugert-Altus Irrigation District  
Altus, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Lugert Altus Irrigation District as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Lugert Altus Irrigation District's basic financial statements, and have issued our report thereon dated June 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lugert Altus Irrigation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lugert Altus Irrigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lugert Altus Irrigation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lugert Altus Irrigation District's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Furrh & Associates, PC*

Furrh and Associates, PC

Lawton, Oklahoma

June 10, 2015

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2014**

	<u>Budget</u>	<u>Current Year Actual</u>	<u>Over (Under) Budget</u>
<b><u>REVENUE</u></b>			
Assessments and Penalties	\$ 689,121	\$ 693,916	\$ 4,795
Other Income/Reimbursements	55,000	75,057	20,057
Interest Income	6,000	4,697	(1,303)
Gain on Sale of Asset	0	4,687	4,687
Water Sales and Penalties	1,000	0	(1,000)
Total Revenue	<u>751,121</u>	<u>778,357</u>	<u>27,236</u>
<b><u>OPERATING EXPENDITURES</u></b>			
Salaries and Payroll Taxes	725,800	674,329	(51,471)
Employee Insurance and Pension Expense	302,900	221,899	(81,001)
Depreciation	220,000	168,253	(51,747)
Fuel, Propane, Gas, and Oil	95,000	72,991	(22,009)
Maintenance - Canals and Laterals	70,000	5,641	(64,359)
Insurance and Bonds	60,000	60,206	206
Weed Control and Chemicals	55,000	44,976	(10,024)
Maintenance - Equipment & Radios	52,500	17,887	(34,613)
Legal and Accounting	35,000	5,800	(29,200)
Travel and Entertainment	30,000	14,036	(15,964)
Maintenance - Dam	25,000	10,840	(14,160)
Maintenance - Trucks & Trailers	25,000	9,367	(15,633)
Miscellaneous	23,500	21,330	(2,170)
Underground Drainage	15,000	0	(15,000)
Maintenance - Pickups & Cars	13,000	7,199	(5,801)
Maintenance - Buildings and Grounds	10,000	0	(10,000)
Utilities and Telephone	9,500	6,987	(2,513)
Office Supplies and Expense	7,000	5,811	(1,189)
Station, Shop, and Welding Expense	6,200	4,009	(2,191)
Dues & Subscriptions	2,400	1,458	(942)
Total Operating Expenditures	<u>1,782,800</u>	<u>1,353,019</u>	<u>(429,781)</u>
<u>Operating Revenue Over (Under) Expenditures</u>	(1,031,679)	(574,662)	457,017
<b><u>Debt Service and Capital Expenditures</u></b>			
Interest Expense	0	1,192	1,192
Capital Expenditures	180,000	10,763	(169,237)
Total Debt Service & Capital Expenditures	<u>180,000</u>	<u>11,955</u>	<u>(168,045)</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ (1,211,679)</u></b>	<b><u>\$ (586,617)</u></b>	<b><u>\$ 625,062</u></b>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Assets, Liabilities, and Net Assets**  
**December 31, 2014**

	<u>12/31/13</u>	<u>12/31/14</u>	<u>Increase (Decrease)</u>
<b><u>ASSETS</u></b>			
Cash on Hand and in Banks	\$ 49,855	\$ 34,725	\$ (15,130)
Cash - Temporary Investments	1,832,624	1,478,665	(353,959)
Accounts Receivable (Net)	171,805	136,290	(35,515)
Temp Investments - Due after 90 Days	98,000	98,000	0
Prepaid Expense	54,277	44,876	(9,401)
Inventory - Pipe for Sale	19,224	20,899	1,675
Accrued Interest Receivable	741	757	16
Furniture and Fixtures (Net)	4,358	2,332	(2,026)
Machinery and Equipment (Net)	400,249	360,001	(40,248)
Autos, Trucks, and Trailers (Net)	78,873	17,421	(61,452)
Station and Shop Equipment (Net)	4,942	3,338	(1,604)
Land, Buildings and Grounds (Net)	156,966	141,691	(15,275)
Canal Improvements (Net)	1,548,917	1,461,488	(87,429)
Land - Canal & Lateral In Pipe	0	10,763	10,763
Right-of-Way	1,641	1,641	0
Irrigation Plant	3,262,188	3,262,188	0
Unamortized Debt Issue Costs	7,150	5,958	(1,192)
	<u>\$ 7,691,810</u>	<u>\$ 7,081,033</u>	<u>\$ (610,777)</u>
<b><u>LIABILITIES AND LONG-TERM DEBT</u></b>			
Accounts Payable	\$ 6,128	\$ 3,948	\$ (2,180)
Compensated Absence Liability	39,717	37,783	(1,934)
Deferred Income	58,000	56,000	(2,000)
	<u>103,845</u>	<u>97,731</u>	<u>(6,114)</u>
<b><u>Net Assets</u></b>			
City of Altus Equity in Plant	1,080,000	1,080,000	0
Net Assets	<u>6,507,965</u>	<u>5,903,302</u>	<u>(604,663)</u>
	<u>7,587,965</u>	<u>6,983,302</u>	<u>(604,663)</u>
	<u>\$ 7,691,810</u>	<u>\$ 7,081,033</u>	<u>\$ (610,777)</u>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Revenue and Expenditures**  
**Year ended December 31, 2014**

	<u>Year Ended</u> <u>12/31/13</u>	<u>Year Ended</u> <u>12/31/2014</u>	<u>Increase</u> <u>(Decrease)</u>
<b><u>REVENUE</u></b>			
Assessments and Penalties	\$ 694,614	\$ 693,916	\$ (698)
Bureau of Reclamation Reimbursements	40,632	36,497	(4,135)
Grant Revenue	31,552	0	(31,552)
Other Revenue	28,502	38,560	10,058
Water Sales and Penalties	1,730	0	(1,730)
	<hr/>	<hr/>	<hr/>
Total Revenue	797,030	768,973	(28,057)
<b><u>EXPENDITURES</u></b>			
Operations and Maintenance			
Salaries	553,600	557,416	3,816
Maintenance - Canals and Laterals	82,066	5,641	(76,425)
Fuel, Propane, Gas, and Oil	75,396	72,991	(2,405)
Weed Control and Chemicals	40,872	44,976	4,104
Maintenance - Dam	13,379	10,840	(2,539)
Maintenance - Buildings and Grounds	11,948	0	(11,948)
Maintenance - Equipment	11,633	17,887	6,254
Maintenance - Pickups and Cars	11,075	7,199	(3,876)
Maintenance - Trucks and Trailers	4,151	9,367	5,216
Station, Shop, and Welding Expense	2,473	4,009	1,536
Underground Drainage	605	0	(605)
Maintenance - Radios	180	0	(180)
	<hr/>	<hr/>	<hr/>
Total Operations and Maintenance	807,378	730,326	(77,052)

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Revenue and Expenditures**  
**Year ended December 31, 2014**

	<u>Year Ended</u> <u>12/31/13</u>	<u>Year Ended</u> <u>12/31/2014</u>	<u>Increase</u> <u>(Decrease)</u>
<b><u>EXPENDITURES (Continued)</u></b>			
General and Administrative:			
Employee Insurance	\$ 202,416	\$ 187,691	\$ (14,725)
Salaries	119,262	116,913	(2,349)
Insurance and Bonds	46,509	60,206	13,697
Pension Expense	31,293	34,208	2,915
Miscellaneous	22,877	21,330	(1,547)
Travel and Entertainment	21,755	14,036	(7,719)
Engineering Expense	7,500	0	(7,500)
Utilities and Telephone	6,642	6,987	345
Legal and Accounting	5,600	5,800	200
Office Supplies and Expense	5,212	5,811	599
Dues and Subscriptions	1,903	1,458	(445)
	<u>470,969</u>	<u>454,440</u>	<u>(16,529)</u>
Depreciation and Amortization	<u>198,748</u>	<u>168,253</u>	<u>(30,495)</u>
	<u>1,477,095</u>	<u>1,353,019</u>	<u>(124,076)</u>
<u>Net Revenue (Loss) from Operations</u>	(680,065)	(584,046)	(96,019)
<u>Nonoperating Revenue and Expense (Net)</u>	<u>5,642</u>	<u>8,192</u>	<u>(2,550)</u>
<b><u>Net Revenue (Loss)</u></b>	<b><u>\$ (674,423)</u></b>	<b><u>\$ (575,854)</u></b>	<b><u>\$ 98,569</u></b>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
 Altus, Oklahoma  
 United States Department of the Interior Grant  
 Revenue and Expenditures Compared with Budget  
 Year Ended December 31, 2014

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
Federal Grant	\$ 201,911	\$ 132,788	\$ 0	\$ 132,788	\$ 69,123
Matching Funds	210,145	132,788	0	132,788	77,357
<b>Total Revenues</b>	<b>412,056</b>	<b>265,576</b>	<b>0</b>	<b>265,576</b>	<b>146,480</b>
<u>Expenditures</u>					
Subcontractors	331,650	196,750	0	196,750	134,900
Equipment	30,350	8,000	0	8,000	22,350
Salary and Wages	24,092	26,187	0	26,187	(2,095)
Supplies	20,975	22,393	0	22,393	(1,418)
Travel	2,805	2,474	0	2,474	331
Indirect Costs	2,184	9,772	0	9,772	(7,588)
<b>Total Expenditures</b>	<b>412,056</b>	<b>265,576</b>	<b>0</b>	<b>265,576</b>	<b>146,480</b>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. R11AP60141/R11AP60091

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**United States Department of the Interior Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2014**

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
Federal Grant	\$ 97,500	\$ 0	\$ 0	\$ 0	\$ 97,500
Matching Funds	189,550	0	0	0	189,550
<b>Total Revenues</b>	<b>287,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287,050</b>
<u>Expenditures</u>					
Subcontractors	10,000	0	0	0	10,000
Equipment	246,050	0	0	0	246,050
Supplies	31,000	0	0	0	31,000
Indirect Costs	0	0	0	0	0
<b>Total Expenditures</b>	<b>287,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287,050</b>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. R12AP60070

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**United States Department of the Interior Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2014**

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
Federal Grant	\$ 97,500	\$ 17,823	\$ 0	\$ 79,677
Matching Funds	155,928	17,824	0	138,104
<b>Total Revenues</b>	<b>253,428</b>	<b>35,647</b>	<b>0</b>	<b>217,781</b>
<u>Expenditures</u>				
Subcontractors	239,500	35,647	0	203,853
Salaries and Wages	6,328	0	0	6,328
Equipment	5,100	0	0	5,100
Indirect Costs	2,500	0	0	2,500
<b>Total Expenditures</b>	<b>253,428</b>	<b>35,647</b>	<b>0</b>	<b>217,781</b>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. R12AP60069

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Personnel**  
**As of December 31, 2014**

**Officers and Directors**

James McLeod, Member  
Barry Mock, Chairman  
John Bates, Member  
Carey Pat Wallace, Member  
Robert Robbins, Member  
Mitch Worrell, Vice-Chairman

**Manager**

Tom Buchanan

**Other Management Personnel**

Allen Ensley, Office Manager/Secretary-Treasurer  
Glen D. Barker, Water Master/Dam Superintendent

**Legal Counsel**

Latham, Nelson, and Associates, PC

Please see accompanying notes to the financial statements.