

**BOISE RIVER FLOOD
CONTROL DISTRICT NO. 10**

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended September 30, 2013

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	17
Notes to Required Supplementary Information	18
FEDERAL REPORT	
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 <i>Government Auditing Standards</i>	19

Independent Auditor's Report

Board of Commissioners
Boise River Flood Control District No. 10
Star, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Boise River Flood Control District No. 10, (the District) as of and for the year ended September 30, 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.

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 the fund information of Boise River Flood Control District No. 10, as of September 30, 2013, and the respective changes in financial position 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 pages 17 and 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2014, on our consideration of Boise River Flood Control District No. 10'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 Boise River Flood Control District No. 10's internal control over financial reporting and compliance.

Zwysart & Associates PC

Nampa, Idaho
February 11, 2014

Boise River Flood Control District No. 10
Statement of Net Position
September 30, 2013

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 662,654
Property Taxes Receivable, Net	6,589
Prepaid Items	2,277
Inventory	85,489
Total Assets	757,009
Liabilities	
Accounts Payable and Other Current Liabilities	9,962
Total Liabilities	9,962
Net Position	
Unrestricted (Deficit) Surplus	747,047
Total Net Position	\$ 747,047

The accompanying notes are an integral
part of the financial statements.

Boise River Flood Control District No. 10
Statement of Activities
For the Year Ended September 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities	
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
<u>Expenses</u>					
Primary Government:					
Governmental Activities:					
Flood Control Operations	\$ 259,342	\$ 1,000	\$ -	\$ -	\$ (258,342)
Total Governmental Activities	<u>259,342</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(258,342)</u>
 Total Primary Government	 <u>\$ 259,342</u>	 <u>\$ 1,000</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>(258,342)</u>

General Revenues:	
Property Taxes	239,472
Intergovernmental	8,530
Unrestricted Investment Earnings	<u>1,054</u>
Total General Revenues and Special Items	<u>249,056</u>
Change in Net Position	<u>(9,286)</u>
Net Position, Beginning of Year	<u>756,333</u>
Net Position, End of Year	<u>\$ 747,047</u>

The accompanying notes are an integral
part of the financial statements.

Boise River Flood Control District No. 10
 Balance Sheet -
 Governmental Funds
 September 30, 2013

	General Fund
Assets	
Cash and Cash Equivalents	\$ 662,654
Property Taxes Receivable	6,589
Prepaid Items	2,277
Inventory	85,489
Total Assets	\$ 757,009
 Liabilities	
Accounts Payable	\$ 8,417
Payroll Taxes Payable	1,545
Total Liabilities	9,962
 Deferred Inflows	
Unavailable Revenue - Property Tax	5,245
Total Deferred Inflows	5,245
 Fund Balance	
Nonspendable	87,766
Unassigned	654,036
Total Fund Balance	741,802
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 757,009

The accompanying notes are an integral
 part of the financial statements.

Boise River Flood Control District No. 10
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2013

Total Fund Balances - Governmental Funds	\$ 741,802
--	------------

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and therefore, are deferred in the funds.

<u>5,245</u>

Total Net Position-Governmental Activities

<u><u>\$ 747,047</u></u>

The accompanying notes are an integral
part of the financial statements.

Boise River Flood Control District No. 10
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2013

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 242,105
Intergovernmental	8,530
Investment Earnings	1,054
Charges for Services	1,000
Total Revenues	252,689
 Expenditures	
Current:	
Flood Control Operations	259,250
Total Expenditures	259,250
 Net Change in Fund Balances	(6,561)
 Fund Balances - Beginning	748,363
Fund Balances - Ending	\$ 741,802

The accompanying notes are an integral
part of the financial statements.

Boise River Flood Control District No. 10
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2013

Total Net Change in Fund Balance - Governmental Funds	\$	(6,561)
---	----	---------

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$	-	
Depreciation Expense		(92)	
Net		(92)	(92)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.

Change in Net Position of Governmental Activities	\$	<u>(9,286)</u>
---	----	----------------

The accompanying notes are an integral
 part of the financial statements.

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the District, which has responsibility and control over all activities related to the Flood Control District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are appointed by the Idaho Department of Water Resources and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District.

Basis of Accounting

The government-wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in governmental fund financial statements. The District uses the following fund balance categories in the governmental fund financial statements:

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Nonspendable.* Balances, for example, in permanent funds, inventory, or prepaid expenses, that are permanently precluded from conversion to cash.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the District's highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk. All amounts included in the cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventory on government-wide and fund financial statements are stated at cost and are expensed when used.

Property Tax Calendar

The District levies its real property taxes through Ada and Canyon counties in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below.

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Equipment	\$ 500	Straight-Line	5-10 years

The District has no infrastructure to report.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2013, the carrying amount of the District's deposits was \$8,134 and the respective bank balances totaled \$8,240. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2013, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk for deposits.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

2. CASH AND INVESTMENTS (continued)

Investments

The District voluntarily participates in the State of Idaho Investment Pool, which has been not been rated. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. The State Treasurer oversees the Pool and Idaho Code defines allowable investments. The fair value of the District's investments in the Pool is the same as the value of the Pool shares.

It is the District's policy to limit investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at September 30, 2013, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
External Investment Pool	\$ 654,520	\$ 654,520	\$ -

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental
Cash and cash equivalents	\$ 8,134
Investments categorized as deposits	654,520
	\$ 662,654

Boise River Flood Control District No. 10
Notes to Financial Statements
For the Year Ended September 30, 2013

3. RISK MANAGEMENT

The District is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013, was as follows:

	Balance 9/30/2011	Additions	Disposals	Balance 9/30/2012
Governmental Activities:				
Capital Assets being Depreciated:				
Equipment	\$ 8,245	\$ -	\$ -	\$ 8,245
Total Depreciable Assets	<u>8,245</u>	<u>-</u>	<u>-</u>	<u>8,245</u>
Less: Accumulated Depreciation				
Equipment	8,153	92	-	8,245
Total Accumulated Depr.	<u>8,153</u>	<u>92</u>	<u>-</u>	<u>8,245</u>
Governmental Activities - Net	<u>\$ 92</u>	<u>\$ (92)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to the functions of the District as follows:

Governmental Activities:	
Flood Control Operations	<u>\$ 92</u>

REQUIRED SUPPLEMENTARY INFORMATION

Boise River Flood Control District No. 10
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 235,768	\$ 235,768	\$ 242,105	\$ 6,337
Intergovernmental	2,000	2,000	8,530	6,530
Investments Earnings	-	-	1,054	1,054
Charges for Services	-	-	1,000	1,000
Total Revenues	<u>237,768</u>	<u>237,768</u>	<u>252,689</u>	<u>14,921</u>
Expenditures				
Current:				
Advertising	8,000	8,000	339	7,661
Commissioners' Expenses	1,000	1,000	91	909
Dike and Channel Maintenance	200,000	200,000	133,588	66,412
Engineering	64,000	64,000	72,355	(8,355)
Insurance and Bonds	3,000	3,000	5,601	(2,601)
Legal and Professional	30,550	30,550	10,670	19,880
Miscellaneous	500	500	988	(488)
Office Expense	350	350	974	(624)
Payroll Taxes	1,700	1,700	993	707
Project Manager Expenses	27,000	27,000	12,341	14,659
Salaries	24,450	24,450	18,310	6,140
Cost of Sales	-	-	3,000	(3,000)
Capital Outlay	538,332	538,332	-	538,332
Total Expenditures	<u>898,882</u>	<u>898,882</u>	<u>259,250</u>	<u>639,632</u>
Excess (Deficiency) of Revenues Over Expenditures	(661,114)	(661,114)	(6,561)	654,553
Fund Balances - Beginning	661,114	661,114	748,363	87,249
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,802</u>	<u>\$ 741,802</u>

Boise River Flood Control District No. 10
Notes to Required Supplementary Information
For the Year Ended September 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the Board of Commissioners prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally passed.
- D. The Board of Commissioners, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount if additional revenue will accrue to the District as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than advalorem tax revenues.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Expenditures may not legally exceed budgeted appropriations at the fund level. The District does not use the encumbrance method of accounting.

FEDERAL REPORT

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 Commissioners
Boise River Flood Control District No. 10
Star, Idaho

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 governmental activities and the fund information of Boise River Flood Control District No. 10, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Boise River Flood Control District No. 10's basic financial statements, and have issued our report thereon dated February 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boise River Flood Control District No. 10'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 Boise River Flood Control District No. 10's internal control. Accordingly, we do not express an opinion on the effectiveness of Boise River Flood Control District No. 10'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 Boise River Flood Control District No. 10'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.

Zwygart & Associates PC

Nampa, Idaho
February 11, 2014