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Board of Commissioners
Mower County
Austin, Minnesota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information of Mower County as of and for the year ended December 31, 2013, and have issued our report thereon dated September 23, 2014. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mower County are described in Note 1 to the financial statements.

For the year ended December 31, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board (GASB) statement number 65.

GASBS 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This resulted in the write-off of $164,396 of bond issue costs which had been considered assets under previous standards.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period, with the exception of recording a deferred outflow of resources related to the refunding of the capital lease during 2012. The deferred outflow of resources was recorded as a prior period adjustment and reflected an adjustment to net position as of January 1, 2013 in Governmental Activities.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

- Management's estimate of the useful lives for depreciation is based on guidance issued by the Minnesota Office of the State Auditor's published guidelines and historical practice. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period. We evaluated the key factors and assumptions used to develop the useful lives for depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the allowance for doubtful accounts is based historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of accrued compensated absences is based on assumption involving the probability of employees becoming eligible to receive the benefits (vesting). The current portion of this liability is based on an estimate of what portion will be used within one year. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of other postemployment benefits payable is based on an actuarial study performed by an independent third-party and the County's historical activity. We evaluated the key factors and assumptions used to develop the other postemployment benefits payable in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures
Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements
Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- It was noted that construction in process was misstated in 2012 and 2013. The County passed on restating the beginning net position. Instead, the $170,001 of construction costs related to 2012 that were not added to construction in process were expensed in 2013 by increasing the 2013 construction in process costs related to the government center renovation project. In addition, costs incurred for bridges were added to construction in process in 2012 by mistake, the 2013 construction in process was reduced by $160,611 in 2013 for bridge costs expensed in 2012 that did not belong to the County.

- In 2013, it was noted that accumulated depreciation was misstated in 2012. The County decided to pass on restating the beginning net position, and expense unrecorded depreciation of $130,989 for December of 2012 in 2013.

Corrected Misstatements
The following material and immaterial misstatements detected as a result of audit procedures were corrected by management: to record additional payables and receivables, reclassification of revenues and expenditures, to record market value adjustment for investments, to record defeasance of previously issued debt, to record principal payments, to adjust petty cash funds to board approved amounts, to record a deferred outflow of resources and current year amortization of the deferred outflow of resources.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations
We have requested certain representations from management that are included in the attached management representation letter dated September 23, 2014.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.We were informed by management that there were no consultations with other accountants.

Significant Issues Discussed with Management Prior to Engagement
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of Group Financial Statements
We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of Component Auditor's Work
There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the Group Audit
There were no restrictions on our access to information of components or other limitations on the group audit.

Other Information In Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 23, 2014.

With respect to the Combining Balance Sheet – Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds, Budgetary comparison schedule – Ditch Fund, Budgetary Comparison Schedule – Sewer Improvement Fund, Combining statement of changes in Assets and Liabilities – All Agency Funds, and the Schedule of Intergovernmental Revenue (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 23, 2014.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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This communication is intended solely for the information and use of the County Board of Commissioners and management of Mower County and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

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Austin, Minnesota
September 23, 2014