



REPORT HIGHLIGHTS

FINANCIAL STATEMENT AND SINGLE AUDITS

Our Conclusion

Mohave County is responsible for preparing annual financial statements and a schedule of expenditures of federal awards, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the County's financial statements, schedule, and major federal programs annually. A summary of those financial statements and schedule of expenditures of federal awards is presented to the right.

Based on our audits, we issued reports that included our opinions on the County's financial statements and its schedule of expenditures of federal awards, and reports on its internal control and compliance over financial reporting and major federal programs. The information in the County's fiscal year 2013 financial statements and schedule of expenditure of federal awards is reliable. Our reports identified deficiencies the County should address to improve accountability. The most significant findings and recommendations are summarized on the next page.



2013

Year Ended June 30, 2013

Condensed financial information

Statement of net position—This statement reports all of the County's assets, liabilities, and net position. Net position is reported in three major categories:

- **Net Investment in capital assets**—shows the equity in land, buildings, equipment, and infrastructure.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the resources available for general operations.

Statement of activities—This statement reports all revenues, expenses, and the year's change in net position. Revenues include program revenues—those generated by or dedicated to a specific program—and general revenues, such as taxes raised for general purposes. During fiscal year 2013, net position increased by \$1.7 million, or less than 1 percent, as compared to an increase of \$12.2 million, or 3.5 percent, in fiscal year 2012.

Schedule of expenditures of federal awards—During fiscal year 2013, the County expended \$12 million in federal awards. The County's federal award expenditures decreased by approximately \$2 million, or 14.6 percent, compared to fiscal year 2012.

Condensed statement of net position

Governmental and business-type activities

As of June 30, 2013
(In thousands)

Assets	
Current and other assets	\$139,960
Capital assets, net of depreciation	<u>268,185</u>
Total assets	<u>408,145</u>
Liabilities	
Current liabilities	6,649
Noncurrent liabilities	<u>54,529</u>
Total liabilities	<u>61,178</u>
Net position	
Net investment in capital assets	229,745
Restricted	76,199
Unrestricted	<u>41,023</u>
Total net position	<u>\$346,967</u>

Condensed statement of activities

Governmental and business-type activities

For the year ended June 30, 2013
(In thousands)

Program revenues	
Charges for services	\$ 22,178
Operating grants and contributions	28,316
Capital grants and contributions	<u>27</u>
Total program revenues	<u>50,521</u>
General revenues	
Property taxes	51,776
Sales taxes	24,403
Other	<u>10,722</u>
Total general revenues	<u>86,901</u>
Total revenues	<u>137,422</u>
Expenses	
Change in net position	1,684
Net position—beginning, as restated	<u>345,283</u>
Net position—ending	<u>\$346,967</u>

Condensed schedule of expenditures of federal awards by grantor agency

For the year ended June 30, 2013 (In thousands)

Department of the Interior	\$ 3,364
Department of Housing and Urban Development	3,334
Department of Labor	1,724
Department of Health and Human Services	1,410
Department of Agriculture	933
Department of Justice	761
Department of Homeland Security	149
Other	<u>307</u>
Total federal expenditures	<u>\$11,982</u>

Summary of audit findings and recommendations

For the financial statement audit, we found six internal control weaknesses and three instances of noncompliance with laws and regulations. For the federal compliance audit, we tested five federal programs under the major program guidelines established by the Single Audit Act and reported no findings. Our Schedule of Findings and Questioned Costs included in our Single Audit Report contains further details to help the County correct these deficiencies. The most significant findings and recommendations are summarized below.

Inadequate information system controls

The County lacked adequate internal controls over its information systems to ensure that users' access rights were appropriate for their job responsibilities and that it monitored the activity of system users with elevated access. In addition, procedures were not adequate to ensure that changes to information systems and data were authorized, reviewed, tested, and approved prior to implementation by an employee not responsible for making the changes. As a result, there was an increased risk of theft, manipulation, or misuse of financial, sensitive, or confidential information, and unauthorized changes to information systems or data.

Recommendation

The County should develop and implement policies and procedures restricting access to its information systems to help ensure that access granted is needed and is compatible with users' job responsibilities. Further, these policies and procedures should require that the County monitor, for propriety, the activity of system users with elevated access and that changes to systems and data be authorized, reviewed, tested, and approved prior to implementation.

Inadequate financial statement preparation procedures

The County lacked adequate internal controls over the preparation of its financial statements and related note disclosures. For example, we found that the County did not accurately determine the accounting funds that it would report as major funds and inaccurately reported and disclosed long-term liabilities. Also, the County omitted required note disclosures for contingent liabilities. The County made all necessary adjustments to accurately report information in its financial statements and related note disclosures.

Recommendation

To improve controls over the preparation of its financial statements and note disclosures, the County should develop and implement comprehensive policies and procedures over the financial statement preparation process. The policies and procedures should include detailed instructions for obtaining information from its accounting system and obtaining other information required to prepare financial statements.