

AMITE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

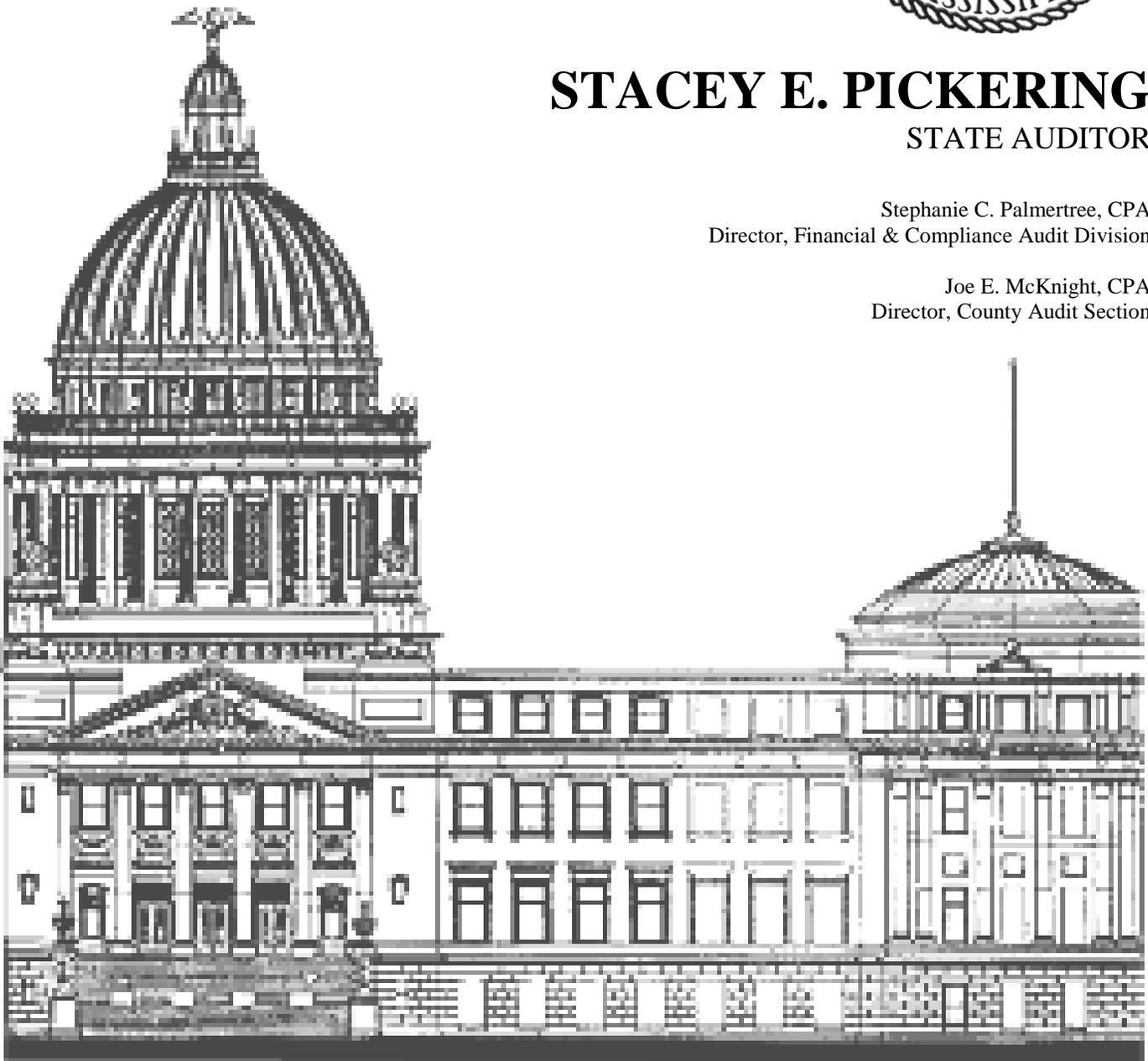


STACEY E. PICKERING

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

April 7, 2017

Members of the Board of Supervisors
Amite County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Amite County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Amite County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Amite County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering". The signature is fluid and cursive, with a large initial "S" and "P".

Stacey E. Pickering
State Auditor

AMITE COUNTY

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AMITE COUNTY

FINANCIAL SECTION

AMITE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Amite County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which discloses that Amite County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Other Information

The Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2017 on our consideration of Amite County, Mississippi'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 Amite County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 7, 2017

AMITE COUNTY

FINANCIAL STATEMENTS

AMITE COUNTY

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AMITE COUNTY
Statement of Net Position - Cash Basis
September 30, 2015

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 6,059,985	1,178,725	7,238,710
Total Assets	<u>6,059,985</u>	<u>1,178,725</u>	<u>7,238,710</u>
NET POSITION			
Restricted:			
Expendable:			
General government	113,154		113,154
Public safety	555,256		555,256
Public works	2,351,064	1,178,725	3,529,789
Health and welfare	750		750
Culture and recreation	56,778		56,778
Debt service	25,602		25,602
Unemployment compensation	108,422		108,422
Unrestricted	<u>2,848,959</u>		<u>2,848,959</u>
Total Net Position	\$ <u>6,059,985</u>	<u>1,178,725</u>	<u>7,238,710</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,616,673	376,094	17,565		(2,223,014)		(2,223,014)
Public safety	1,367,608	217,770	169,060	9,968	(970,810)		(970,810)
Public works	2,970,828		832,483	322,589	(1,815,756)		(1,815,756)
Health and welfare	249,816		24,985	135,495	(89,336)		(89,336)
Culture and recreation	92,504				(92,504)		(92,504)
Conservation of natural resources	72,759		33,000		(39,759)		(39,759)
Economic development and assistance	20,785				(20,785)		(20,785)
Debt service:							
Principal	48,288				(48,288)		(48,288)
Interest	398				(398)		(398)
Total Governmental Activities	<u>7,439,659</u>	<u>593,864</u>	<u>1,077,093</u>	<u>468,052</u>	<u>(5,300,650)</u>	<u>0</u>	<u>(5,300,650)</u>
Business-type activities:							
Solid Waste	680,811	692,619	18,492			30,300	30,300
Total Business-type Activities	<u>680,811</u>	<u>692,619</u>	<u>18,492</u>	<u>0</u>		<u>30,300</u>	<u>30,300</u>
Total Primary Government	\$ <u>8,120,470</u>	<u>1,286,483</u>	<u>1,095,585</u>	<u>468,052</u>	<u>(5,300,650)</u>	<u>30,300</u>	<u>(5,270,350)</u>
General receipts:							
Property taxes					\$ 3,483,339		3,483,339
Road & bridge privilege taxes					198,411		198,411
Grants and contributions not restricted to specific programs					2,188,398		2,188,398
Unrestricted interest income					6,258	1,150	7,408
Miscellaneous					274,712	57,056	331,768
Sale of county property					26,852	1,721	28,573
Transfers					668	(668)	0
Total General Receipts, Other Cash Sources and Transfers					<u>6,178,638</u>	<u>59,259</u>	<u>6,237,897</u>
Changes in Net Position					877,988	89,559	967,547
Net Position - Beginning					<u>5,181,997</u>	<u>1,089,166</u>	<u>6,271,163</u>
Net Position - Ending					\$ <u>6,059,985</u>	<u>1,178,725</u>	<u>7,238,710</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	District Four Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 2,848,959	662,405	2,548,621	6,059,985
Total Assets	\$ 2,848,959	662,405	2,548,621	6,059,985
FUND BALANCES				
Restricted for:				
General government	\$		113,154	113,154
Public safety			555,256	555,256
Public works		662,405	1,688,659	2,351,064
Health and welfare			750	750
Culture and recreation			56,778	56,778
Debt service			25,602	25,602
Unemployment compensation			108,422	108,422
Unassigned	2,848,959			2,848,959
Total Fund Balances	\$ 2,848,959	662,405	2,548,621	6,059,985

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2015

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	District Four Road Fund		
RECEIPTS				
Property taxes	\$ 2,278,852	271,817	932,670	3,483,339
Road and bridge privilege taxes		50,158	148,253	198,411
Licenses, commissions and other receipts	136,485		3,766	140,251
Fines and forfeitures	237,605		20,503	258,108
Intergovernmental receipts	1,344,233	443,334	1,945,976	3,733,543
Charges for services	66,160		129,345	195,505
Interest income	3,490	524	2,244	6,258
Miscellaneous receipts	225,642	3,384	45,686	274,712
Total Receipts	<u>4,292,467</u>	<u>769,217</u>	<u>3,228,443</u>	<u>8,290,127</u>
DISBURSEMENTS				
General government	2,513,522		103,151	2,616,673
Public safety	1,151,598		216,010	1,367,608
Public works		508,068	2,462,760	2,970,828
Health and welfare	115,071		134,745	249,816
Culture and recreation	92,504			92,504
Conservation of natural resources	72,759			72,759
Economic development and assistance	20,785			20,785
Debt service:				
Principal			48,288	48,288
Interest			398	398
Total Disbursements	<u>3,966,239</u>	<u>508,068</u>	<u>2,965,352</u>	<u>7,439,659</u>
Excess (Deficiency) of Receipts over Disbursements	<u>326,228</u>	<u>261,149</u>	<u>263,091</u>	<u>850,468</u>
OTHER CASH SOURCES (USES)				
Sale of county property			26,852	26,852
Transfers in			313,026	313,026
Transfers out		(57,109)	(255,249)	(312,358)
Total Other Cash Sources and Uses	<u>0</u>	<u>(57,109)</u>	<u>84,629</u>	<u>27,520</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>326,228</u>	<u>204,040</u>	<u>347,720</u>	<u>877,988</u>
Cash Basis Fund Balances - Beginning	<u>2,522,731</u>	<u>458,365</u>	<u>2,200,901</u>	<u>5,181,997</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,848,959</u>	<u>662,405</u>	<u>2,548,621</u>	<u>6,059,985</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY
Statement of Net Position - Cash Basis - Proprietary Fund
September 30, 2015

Exhibit 5

		Business-type Activities - <u>Enterprise Fund</u> Solid Waste <u>Services Fund</u>
ASSETS		
Cash	\$	<u>1,178,725</u>
Total Assets		<u><u>1,178,725</u></u>
NET POSITION		
Restricted for:		
Public works		<u>1,178,725</u>
Total Net Position	\$	<u><u>1,178,725</u></u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY

Exhibit 6

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund
 For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Fund
	Solid Waste Services Fund
Operating Receipts	
Charges for services	\$ 692,619
Miscellaneous	57,056
Total Operating Receipts	<u>749,675</u>
Operating Disbursements	
Personal services	402,804
Contractual services	154,541
Materials and supplies	123,466
Total Operating Disbursements	<u>680,811</u>
Operating Income (Loss)	<u>68,864</u>
Nonoperating Receipts (Disbursements)	
Property tax	
Interest income	1,150
Intergovernmental grants	18,492
Sale of county property	1,721
Net Nonoperating Receipts (Disbursements)	<u>21,363</u>
Net Income (Loss) Before Transfers	90,227
Transfers out	<u>(668)</u>
Changes in Net Position	89,559
Net Position - Beginning	<u>1,089,166</u>
Net Position - Ending	<u><u>1,178,725</u></u>

AMITE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2015

Exhibit 7

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>55,230</u>
Total Assets	\$ <u><u>55,230</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>55,230</u>
Total Liabilities	\$ <u><u>55,230</u></u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY

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AMITE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Amite County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Amite County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

AMITE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, Proprietary Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

District Four Road Fund - This fund is used to account for monies from specific sources that are restricted for District Four road maintenance.

The County reports the following major Enterprise Fund:

Solid Waste Services Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

AMITE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

D. Account Classifications.

The account classification used in the financial statements conform to the board classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

AMITE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$7,293,940, and the bank balance was \$7,311,166. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2015:

Transfers In/Out:		
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	District Four Road Fund	\$ 57,109
Other Governmental Funds	Other Governmental Funds	255,249
Other Governmental Funds	Solid Waste Services Fund	<u>668</u>
Total		<u>\$ 313,026</u>

AMITE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Ventures.

The County participates in the following joint ventures:

Amite County is a participant with the Counties of Pike and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the County's contribution to the joint venture was \$92,204 in fiscal year 2015. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

Amite County is a participant with Pike County and the City of McComb in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Southwest Mississippi Regional Medical Center. The joint venture was created to provide medical services for the residents of local area and is governed by seven board members. Amite County appoints one board member, while Pike County and the City of McComb appoint two members individually and jointly they appoint two members. The hospital is basically self-supporting. However, the Counties and City have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Southwest Mississippi Regional Medical Center can be obtained from 215 Marion Avenue, McComb, MS 39648.

AMITE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Amite County is a participant with Wilkinson County in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Field Memorial Community Hospital. The joint venture was created to provide medical services for the residents of the local area and is governed by five board members. Amite County appoints two board members, while Wilkinson County appoints three members. The hospital is basically self-supporting. However, the Counties have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Field Memorial Community Hospital can be obtained from 270 West Main Street, Centreville, MS 39631.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$22,530 for support of the district in fiscal year 2015.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints one of the ten members of the board of commissioners. The County contributed \$24,900 for its support in fiscal year 2015.

Southwest Mississippi Community College operates in a district composed of Counties of Amite, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints three of the 14 members of the college board of trustees. The County contributed \$398,450 for the operation and maintenance of the college in fiscal year 2015.

Southwest Mississippi Partnership Development Corporation operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members, appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The County contributed \$2,626 for its maintenance and support of the Southwest Mississippi Partnership Development Corporation in fiscal year 2015.

(8) Defined Benefit Pension Plan.

Plan Description. Amite County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$333,147, \$291,982 and \$ 278,821, respectively, equal to the required contributions for each year.

AMITE COUNTY

OTHER INFORMATION

AMITE COUNTY

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AMITE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,151,786	2,278,852	2,278,852	
Licenses, commissions and other receipts	132,900	136,485	136,485	
Fines and forfeitures	253,000	237,605	237,605	
Intergovernmental receipts	785,500	1,344,233	1,344,233	
Charges for services	45,000	66,160	66,160	
Interest income	2,100	3,490	3,490	
Miscellaneous receipts	24,200	225,642	225,642	
Total Receipts	<u>3,394,486</u>	<u>4,292,467</u>	<u>4,292,467</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,326,670	2,513,522	2,513,522	
Public safety	1,239,800	1,151,598	1,151,598	
Health and welfare	113,430	115,071	115,071	
Education	92,504	92,504	92,504	
Conservation of natural resources	74,711	72,759	72,759	
Economic development and assistance	35,159	20,785	20,785	
Total Disbursements	<u>3,882,274</u>	<u>3,966,239</u>	<u>3,966,239</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(487,788)</u>	<u>326,228</u>	<u>326,228</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Other financing uses	200,000			
Total Other Cash Sources and Uses	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(287,788)	326,228	326,228	0
Fund Balances - Beginning	<u>1,709,376</u>	<u>2,522,731</u>	<u>2,522,731</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,421,588</u>	<u>2,848,959</u>	<u>2,848,959</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

AMITE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Four Road Fund
 For the Year Ended September 30, 2015
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 260,510	271,817	271,817	
Road and bridge privilege taxes	47,000	50,158	50,158	
Intergovernmental receipts	237,100	443,334	443,334	
Interest income	200	524	524	
Miscellaneous receipts		3,384	3,384	
Total Receipts	<u>544,810</u>	<u>769,217</u>	<u>769,217</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	452,600	508,068	508,068	
Total Disbursements	<u>452,600</u>	<u>508,068</u>	<u>508,068</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>92,210</u>	<u>261,149</u>	<u>261,149</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers out	(55,000)	(57,109)	(57,109)	
Total Other Cash Sources and Uses	<u>(55,000)</u>	<u>(57,109)</u>	<u>(57,109)</u>	<u>0</u>
Net Change in Fund Balance	37,210	204,040	204,040	0
Fund Balances - Beginning	<u>429,000</u>	<u>458,365</u>	<u>458,365</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 466,210</u>	<u>662,405</u>	<u>662,405</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

AMITE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2015
UNAUDITED

Governmental activities:

	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments*	Sept. 30, 2015
Land	\$ 114,552				114,552
Infrastructure	898,506				898,506
Buildings	3,149,941				3,149,941
Mobile equipment	5,378,513	158,839	55,742	21,051	5,502,661
Furniture and equipment	703,825	24,345	5,200	(6,051)	716,919
Leased property under capital leases	143,155				143,155
Total capital assets	<u>\$ 10,388,492</u>	<u>183,184</u>	<u>60,942</u>	<u>15,000</u>	<u>10,525,734</u>

Business-type activities:

	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Land	\$ 47,838				47,838
Buildings	149,317				149,317
Mobile equipment	1,026,052		142,571		883,481
Furniture and equipment	149,356	6,642	32,000		123,998
Total capital assets	<u>\$ 1,372,563</u>	<u>6,642</u>	<u>174,571</u>	<u>0</u>	<u>1,204,634</u>

*Adjustments are to correct current year and prior year errors in recording capital assets.

AMITE COUNTY
 Schedule of Changes in Long-term Debt
 For the Year Ended September 30, 2015
 UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2014	Issued	Principal Payments	Balance Sept. 30, 2015
Governmental Activities:							
A. Capital Leases:							
Two Kubota tractors and side mowers	10/11/2012	10/15/2015	1.28%	\$ 52,298	-	48,288	4,010

The accompanying notes to the Other Information are an integral part of this schedule.

AMITE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

Name	Position	Company	Bond
Warren Leake	Supervisor District 1	Western Surety Company	\$100,000
Will Powell	Supervisor District 2	Brierfield Insurance Company	\$100,000
Jackie Whittington	Supervisor District 3	Brierfield Insurance Company	\$100,000
Melvin Graves	Supervisor District 4	Western Surety Company	\$100,000
Max Lawson	Supervisor District 5	Brierfield Insurance Company	\$100,000
Ronny Taylor	Chancery Clerk	Western Surety Company	\$100,000
Helen Wells	Purchase Clerk	Brierfield Insurance Company	\$75,000
Lisa Sullivan	Assistant Purchase Clerk	Brierfield Insurance Company	\$50,000
Carylin Patterson	Receiving Clerk	Brierfield Insurance Company	\$75,000
Lisa Sullivan	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000
Tommie Dee Otts	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000
Ronny Taylor	Inventory Control Clerk	Brierfield Insurance Company	\$75,000
Murry Toney	Constable	Brierfield Insurance Company	\$50,000
Jerry Bates	Constable	Brierfield Insurance Company	\$50,000
Deborah Kirkland	Circuit Clerk	State Farm Fire and Casualty	\$100,000
Tim Wroten	Sheriff	Brierfield Insurance Company	\$100,000
Roger Arnold	Justice Court Judge	Brierfield Insurance Company	\$50,000
Louis Green	Justice Court Judge	Brierfield Insurance Company	\$50,000
Melanie Netterville	Justice Court Clerk	Brierfield Insurance Company	\$50,000
Tommie Dee Otts	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
Eunice Blake	Tax Assessor-Collector	Brierfield Insurance Company	\$100,000
Marilyn Harvey	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Traci Dykes	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Patricia Robinson	Deputy Tax Collector	Western Surety Company	\$50,000
Rhonda Travis	Deputy Tax Collector	Western Surety Company	\$50,000
Bobbie Cindy Edwards	Deputy Tax Collector	Western Surety Company	\$50,000

AMITE COUNTY

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AMITE COUNTY

Notes to the Other Information
For the Year Ended September 30 2015
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was equal to 0% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2015, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/15/2016	1.95%	\$ 95,869	Capital lease	Ad valorem taxes

AMITE COUNTY

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AMITE COUNTY

SPECIAL REPORTS

AMITE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

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

Members of the Board of Supervisors
Amite County, Mississippi

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Amite County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amite County, Mississippi'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 Amite County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 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 Amite County, Mississippi'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*.

We noted certain matters that we reported to the management of Amite County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 7, 2017, included within this document.

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 result 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. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 7, 2017



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Amite County, Mississippi

We have examined Amite County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Amite County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Amite County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Amite County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Amite County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 7, 2017

AMITE COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

Our tests did not identify any purchases from other than the lowest bidder.

AMITE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our tests did not identify any emergency purchases.

AMITE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
11/04/2014	Service - Scan and index of county records	\$ 150,000	The Windward Group
02/09/2015	Service - Scan and index of county records	17,702	The Windward Group

AMITE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Amite County, Mississippi

In planning and performing our audit of the financial statements of Amite County, Mississippi (the County) for the year ended September 30, 2015, we considered Amite County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Amite County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 7, 2017, on the financial statements of Amite County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. The County should replace obsolete computer hardware and software.

Finding

As reported in the prior year's audit report, the County is running operating systems, as well as applications, on some of its servers and/or personal computers (PCs) that might not be supported by vendors. Due to the lack of such support, these systems could become vulnerable to hackers and malware, such as viruses.

Recommendation

We recommend that the County develop a plan to replace the operating systems, applications, and hardware where necessary that is no longer supported by vendors as soon as possible. Computers that originally included operating systems or applications that are no longer supported by vendors will have hardware that most likely cannot run the newest operating systems or applications, thereby requiring replacement of hardware, operating systems and applications in many cases.

Board of Supervisors' Response

The County will comply.

2. The County should expire all individual passwords on a periodic basis.

Finding

As reported in the prior year's audit report, a review of the County's security settings revealed that some user's passwords were set to expire on a more infrequent basis than recommended in best business practices. All passwords should be set to expire in accordance with policy to be determined by the County using best business practices guidelines.

Recommendation

We recommend that a policy be implemented to ensure that passwords are expired on a regular basis. In addition, the County should conduct access reviews for information assets on a periodic basis (at least annually). Documentation of these reviews should be signed by the person conducting them and retained for review by auditors.

Board of Supervisors' Response

County will comply.

3. The County should strengthen passwords.

Finding

As reported in the prior year's audit report, we noted during our review that the County is using some parameters associated with password strength that do not meet industry standard best practices, thereby creating unnecessary risk for County information assets. Gaining access to data assets can often open doors to highly confidential information such as Personally Identifiable Information (PII), confidential governmental reports, and security information related to governmental entities. Through this type of unauthorized access situations such as data breaches and denial of service attacks can be initiated. Attack methods can be slowed down significantly or even defeated through the use of strong passwords. Therefore, whenever possible, computer users should use strong passwords for all of their computer accounts.

Recommendation

We recommend that the County improve its password strength by changing password parameters to comply with password management best practices and industry standards. Characteristics of strong passwords include requirements for sufficient length, complexity (combination of numbers, letters and special characters), and periodic change passwords.

Board of Supervisors' Response

County will comply.

4. The County should establish and test a disaster recovery process.

Finding

As reported in the prior year's audit report, during our review of the information systems controls of the County, we noted that the County has not established a disaster recovery process. As a result, the County cannot fully ensure that the information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan to be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to recreate.

The County is currently creating backup files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's buildings and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including County personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

County will comply.

5. The County should implement a formal Information Security Policy.

Finding

As reported in the prior year's audit report, the County has not adopted a formal Information Security Policy or Enterprise Security Plan. The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Recommendation

A robust set of Information Technology Policies should cover at least the following areas:

- Acceptable Use
- Portable Computing
- Change Management

- Encryption
- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity / Disaster Recovery

While full compliance with all facets of such a policy may be an economic challenge for the County, beginning steps to become compliance with a policy covering areas such as those listed above are necessary. We recommend that the County create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by County Supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Board of Supervisors' Response

County will comply.

6. The County should improve its server room environment management.

Finding

As reported in the prior year's audit report, the County's computer room is not a dedicated room with limited, controlled access and proper environmental equipment for electronic equipment. The room is secure in that there are people working during business hours in and around the computer. However, the computer is in the open and has the potential to be accessed by unauthorized personnel. Although the room does have air conditioning, it does not have monitoring equipment for other conditions that can have an adverse effect on electronic equipment.

Recommendation

We recommend that the County establish an area specifically for computerized equipment that can be locked and provisioned with environmental control and monitoring equipment in relation to heat, humidity, and other conditions that might affect computerized equipment. This equipment should also have the capability to notify the proper personnel when these conditions vary outside of preset ranges. A log should also be maintained of visitors entering and exiting the computer room. In addition, access reviews should be completed on a periodic basis to determine that only authorized personnel have access to the computer room. Documentation of visitors to the computer room as well as periodic access reviews should be maintained for review by audit personnel.

Board of Supervisors' Response

County will comply.

7. The County should perform a network security assessment.

Finding

Factors noted during the Information Technology General Control (ITGC) assessment at the County indicate a network assessment is warranted. Best business practices as well as standards for information technology provide various guidelines for frequency and criteria for performing network reviews. The Mississippi Enterprise Security Policy requires network reviews be performed, at minimum, every three years or more frequently whenever business situations change that might raise the level of risk for unauthorized access to an entity's data assets. Examples of such change criteria would be:

- A major change in the network topology
- Implementation of new financial applications
- Length of time since the last network review
- Recent network penetration or malware infection (and possible data loss) due to the activity of unauthorized parties
- Changes in support levels for hardware and software

- Lack of security event monitoring
- Insufficient anti-virus

Network reviews should include vulnerability scans as well as penetration tests. A vulnerability scan or assessment looks for known vulnerabilities in your systems and reports potential exposures, many times in the form of a risk assessment. A penetration test is designed to actually exploit weaknesses in the architecture of systems. Hacks into networks, especially internet facing networks, are a common occurrence in today's information technology environment. Data breaches can cost breached entities fines, regulatory oversight, bad public relations, customer distrust and personnel time to correct issues caused by unauthorized access. Consequences can be both short-term (e.g., notification of breached parties) and long-term (e.g., lawsuits).

Recommendation

It is recommended that the County perform a network security assessment as soon as possible. All factors that might increase the risk of unauthorized access to an entity's data assets should be considered when determining the exact scope of the network review to be performed. This review should consist of risk assessments, vulnerability scans and penetration tests. These type tests should be conducted by qualified personnel that specialize in such assessments.

Board of Supervisors' Response

County will comply.

Amite County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 7, 2017

AMITE COUNTY

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AMITE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

AMITE COUNTY

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AMITE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.