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Mississippi Department of Wildlife,
Fisheries, and Parks

**Selected Fund Financial Statements, Independent
Auditors' Report on Program Specific Audit Under
OMB Circular A-133 and Supplementary Information
Year Ended June 30, 2013**

**MISSISSIPPI DEPARTMENT OF WILDLIFE,
FISHERIES, AND PARKS**

BOARD OF COMMISSIONERS

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Region 3

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Mississippi Department of Wildlife, Fisheries, and Parks

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Mississippi Department of Wildlife,
Fisheries, and Parks
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of General Fund 2463 and Special Revenue Fund 3463 of the Mississippi Department of Wildlife, Fisheries, and Parks (the "MDWFP"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, as shown on pages 4-11. We have also audited the schedule of federal grant expenditures selected for audit of MDWFP for the year ended June 30, 2013.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Basis for Adverse Opinion

As discussed in Note 1, the financial statements of General Fund 2463 and Special Revenue Fund 3463 are intended to present the financial position and changes in financial position of only that portion of the governmental activities of the Mississippi Department of Wildlife, Fisheries, and Parks of the State of Mississippi that is attributable to the transactions of the General Fund 2463 and Special Revenue Fund 3463. Accounting principles generally accepted in the United States of America require that the Mississippi Department of Wildlife, Fisheries, and Parks' financial statements present all the governmental activities of the Mississippi Department of Wildlife, Fisheries, and Parks.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of Mississippi Department of Wildlife, Fisheries, and Parks of the State of Mississippi as of June 30, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements of General Fund 2463 and of Special Revenue Fund 3463 present fairly, in all material respects, the respective financial position of General Fund 2463 and Special Revenue Fund 3463 of the Mississippi Department of Wildlife, Fisheries, and Parks, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In our opinion, the schedule of federal grant expenditures selected for audit presents fairly, in all material respects the federal grant expenditures selected for audit in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the MDWFP'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 MDWFP's internal control over financial reporting and compliance.

Management has omitted the Management Discussion and Analysis and the Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental

Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Carr, Riggs & Ingram, LLC

Ridgeland, Mississippi
October 31, 2013

Mississippi Department of Wildlife, Fisheries, and Parks

Balance Sheets - Selected Governmental Funds

<i>June 30, 2013</i>	General Fund 2463	Special Revenue Fund 3463
ASSETS		
Assets		
Cash and cash equivalents	\$ 194,122	\$ 12,874,743
Inventories	-	63,973
Due from other funds	-	5,750,000
Due from other governments	-	538,730
Other receivables	-	10,000
Total assets	\$ 194,122	\$ 19,237,446
LIABILITIES AND FUND BALANCES		
Liabilities		
Warrants payable	\$ -	\$ 834,307
Accounts payable	193,703	1,141,451
Accrued wages payable	-	204,844
Due to other funds	-	870
Other payables	-	3,400
Customer deposits	-	25,500
Total liabilities	193,703	2,210,372
Contingencies and commitments (Note 9)		
Fund Balances		
Unrestricted	419	-
Nonspendable:		
Inventory	-	63,973
Restricted for recreation and resources development	-	16,963,101
Total fund balances	419	17,027,074
Total liabilities and fund balances	\$ 194,122	\$ 19,237,446

See independent auditors' report and accompanying notes to financial statements.

Mississippi Department of Wildlife, Fisheries, and Parks

Statements of Revenues, Expenditures, and Changes in Fund Balances Selected Governmental Funds

<i>Year ended June 30, 2013</i>	General Fund 2463	Special Revenue Fund 3463
REVENUES		
License fees, permits, and registrations	\$ -	\$ 14,620,340
Subscription revenue	-	143,625
Fines and penalties	-	62,917
Rental revenue	-	461,745
Park user fees	-	8,333,958
Golf revenue	-	575,575
Museum fees	-	502,109
State sources	7,614,962	5,750,000
Federal sources	-	12,877,370
Sale of personal property	-	105,542
Fulfillment fee receipt	-	943,122
Other revenues	-	245,626
Total revenues	7,614,962	44,621,929
EXPENDITURES		
Salaries	6,294,077	20,263,070
Travel	-	145,530
Contractuals	1,386,138	13,988,081
Commodities	3,021	6,739,878
Capital outlay	-	8,189,278
Subsidies	-	2,804,462
Merchandise purchased for resale	-	561,388
Debt service:		
Principal payments	-	111,814
Interest and fiscal charges	-	44,861
Total expenditures	7,683,236	52,848,362
Excess of expenditures over revenues	(68,274)	(8,226,433)
OTHER FINANCING SOURCES		
Transfers from other funds	-	3,956,090
Excess of expenditures over revenues and other financing sources	(68,274)	(4,270,343)
FUND BALANCES - BEGINNING, as originally reported	70,891	21,297,417
Prior period adjustment	(2,198)	-
FUND BALANCES - ENDING	\$ 419	\$ 17,027,074

See independent auditors' report and accompanying notes to financial statements.

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying selected governmental fund financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The MDWFP applies all applicable GASB pronouncements.

The preparation of financial statements in conformity with GAAP 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.

In preparing the financial statements, management of the MDWFP evaluated subsequent events through October 31, 2013, the date the financial statements were available to be issued.

Financial Reporting Entity

The MDWFP is reported as a state agency in the State of Mississippi's Comprehensive Annual Financial Report. The selected governmental funds presented in these financial statements are part of the larger entity that in whole comprises the financial reporting entity of the Mississippi Department of Wildlife, Fisheries, and Parks. The General Fund receives a portion of the State of Mississippi's general tax revenues and pays the regular operating and administrative expenses of the agency. The Special Revenue Fund accounts for the expenditures of enforcing laws for the preservation and protection of the state's wildlife resources and enhancing their environments. Additional responsibilities and expenses of this fund are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. This fund also accounts for expenditures to support the varied activities to promote, operate, and maintain the 28 park sites located throughout the state. Additionally, the Special Revenue Fund accounts for expenditures to support research and educational activities and to promote, operate, and maintain the Mississippi Museum of Natural Science. Funding is primarily provided by the sale of hunting and fishing licenses, fees and permits, taxes, park user fees, museum fees, federal grants and transfers. The fund may also share in administrative costs of the agency through operating transfers to the administrative fund.

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on the balance sheet. Under this method, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collectible within the current year or soon enough after fiscal year end to liquidate liabilities existing at the end of the fiscal year. The MDWFP considers revenues received within 60 days after fiscal year end as available. Significant revenue sources that are susceptible to accrual include gasoline tax and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

measurable only at that time. Expenditures and related fund liabilities are recognized upon receipt of good and services.

The two selected governmental funds for the MDWFP are reported as a General Fund and a Special Revenue Fund. The General Fund accounts for transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds. These services include, among others, general government, public safety, health and social services, social assistance, recreation and resources, transportation, and education (other than institutions of higher education). Revenues in these funds are derived from taxes, fees, and other state sources that usually are not designated for any specific purposes. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the Special Revenue Fund consistent with applicable legal requirements. The Special Revenue Fund primarily accounts for transactions related to resources obtained from specific revenue sources (for example, licenses, permits or charges for incidental services) that are legally restricted to expenditures for specific purposes, such as certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Cash and Cash Equivalents

Cash and cash equivalents are defined by the MDWFP as demand deposit accounts and cash in the State Treasury.

Receivables

Receivables represent amounts due to the MDWFP for revenues earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts where applicable.

Interfund Transfers

In the selected governmental fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Inventories

Inventories are stated at cost, generally using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the MDWFP represent items held for resale at the Mississippi Museum of Natural Science.

Fund Balances

The MDWFP presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on a government's fund balances.

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The classification used in the selected governmental fund financial statements presented in this report is as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by enabling legislation by the State legislature.

Federal Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenue when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Future Accounting Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27*. GASB No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB No. 50, as they relate to governments that provide pensions through pension plans administered as trust or similar arrangements that meet certain criteria. GASB No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB No. 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB No. 68 are effective for fiscal years beginning after June 15, 2014. Management has not completed its evaluation to determine the effect, if any, the adoption of this statement will have on the MDWFP's financial statements.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment reported in the Statements of Revenue, Expenditures and Changes in Fund Balances – Selected Governmental Funds is the result of lapsed appropriations which were remitted back to the general fund of the State of Mississippi ("State").

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 3 – DEPOSITS

Section 27-105-5, Mississippi Code Ann. (1972), authorizes the State Treasurer to implement a statewide collateral pool program which secures all state and local public funds deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured. This code section also establishes the requirements for a financial institution to be approved as a qualified public funds depository. Generally, financial institutions make annual application to the State Treasurer for state funds by signing a contract and supplying the financial report as provided to its regulatory authority to assure the statutory required 5.5% primary capital to total assets ratio. When so approved by the State Treasurer, the financial institution is required to place on deposit with the State Treasurer collateral equal to at least 105% of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC"). Collateral may be held by a third party custodian, with approval of the State Treasurer, if conditions are met which protect the State's interests.

Custodial credit risk is the risk that in the event of the failure of a financial institution, the government will not be able to recover deposits or collateral securities that are in the possession of an outside party. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the State Treasurer on behalf of the MDWFP. At June 30, 2013, all cash deposits of Funds 2463 and 3463 were fully collateralized in accordance with state statutes.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2013, interfund receivables relating to Special Revenue Fund 3463 consisted of an amount due from other funds of \$5,750,000 for gasoline tax revenue due from the Mississippi State Tax Commission and payables due to other funds of \$870 for state park supplies from the Mississippi Prison Industries Fund 3555.

These outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made. All balances are expected to be paid and or collected in fiscal year 2014.

NOTE 5 – INTERFUND TRANSFERS

Transfers are used to recognize flows of assets between funds of the State without equivalent flows of assets in return and without a requirement for payment. Interfund transfers to Special Revenue Fund 3463 consist of funds received from the Federal Emergency Management Agency Fund 3729 totaling \$3,956,090 for the year ended June 30, 2013.

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 6 – DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2013, due from other governments consisted of the following:

		Fund 3463
United States Department of Defense	\$	226,555
United States Department of Interior		312,175
Total Fund 3463	\$	538,730

These amounts are expected to be collected in fiscal year 2014.

NOTE 7 – RETIREMENT PLAN

The MDWFP 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 law and may only be amended by the Mississippi State 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, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

The funding policy of PERS requires members to contribute 9.0% of their annual covered salary and the MDWFP is required to contribute at an actuarially determined rate. The current rate is 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may only be amended by the Mississippi State Legislature. The MDWFP contributions made to PERS for fiscal year ended June 30, 2013, approximated \$683,000 for Fund 2463 and \$2,123,000 for Fund 3463.

NOTE 8 – LEASE OBLIGATIONS

During 2008, the MDWFP entered into a master lease agreement for energy management projects which is being serviced by Special Revenue Fund 3463. This lease is being amortized over fifteen years. Presented below are the terms for the master lease:

Description	Original Borrowing	Interest Rate	Final Maturity	Outstanding June 30, 2013
15 Year Equipment	\$ 1,354,539	4.15%	2023	\$ 1,000,260

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 8 – LEASE OBLIGATIONS (Continued)

Presented below are the debt service requirements for the master lease:

Year ending June 30,	Principal	Interest
2014	\$ 82,589	\$ 40,614
2015	86,048	37,155
2016	89,652	33,551
2017	93,406	29,797
2018	97,318	25,885
Thereafter	551,247	64,766
	\$ 1,000,260	\$ 231,768

NOTE 9 – CONTINGENCIES AND COMMITMENTS

Encumbrances

The MDWFP utilizes encumbrance accounting. All encumbrances are classified as either Restricted Fund Balances or Committed Fund Balances. The following amounts were encumbered as of June 30, 2013:

Fund 3463	\$ 967,321
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Federal Grants

The MDWFP 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 expenditures of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Agency. The Agency estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition and operations.

Litigation

The MDWFP is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes they will be successful in the defense of these cases. In the event they are not successful in defending such cases, management's opinion is that the ultimate disposition of these matters will not have a material adverse effect on the financial statements.

**Mississippi Department of Wildlife,
Fisheries, and Parks**

**Schedule of Federal Grant Expenditures Selected for Audit
Year Ended June 30, 2013**

Federal Grantor / Cluster Title / Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
Department of Transportation				
Office of Highway Administration (FHWA)				
Passed-through the Mississippi Department of Transportation				
Recreational Trails Program	20.219	MS05/MS08/MS/10(001)	\$ 1,395,411	\$ 1,391,971
			\$ 1,395,411	\$ 1,391,971

See the independent auditors' report and accompanying notes to financial statement.

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 1 - BASIS OF PRESENTATION

The schedule of federal grant expenditures selected for audit (the Schedule) includes the federal grant activity of the MDWFP for its Recreational Trails Program under programs of the federal government for the year ended June 30, 2013. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the MDWFP, it is not intended to and does not present the financial position or changes in fund balances of Mississippi Department of Wildlife, Fisheries, and Parks.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-Through Entity Identifying Numbers

Pass-Through Entity Identifying Numbers are presented.

Mississippi Department of Wildlife, Fisheries, and Parks

Schedule of Findings and Responses Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Program Specific Federal Awards

Internal control over federal programs:

Material weakness identified? No

Significant deficiencies identified not considered to be
material weaknesses? No

Type of auditor's report issued on compliance for the federal
programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? No

Identification of program audited:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster Number</i>
20.219	Recreational Trails Program

Section II – Financial Statement Findings

2013-1: Due from Other Funds

Criteria, Condition and Cause

During our review of amounts due from other funds, it was noted that certain amounts received subsequent to year end related to gasoline tax revenue received from the Mississippi State Tax Commission were not accrued during the current year. This significant revenue source should be recognized when measurable and available to finance operations of the current fiscal year. The MDWFP considers revenues received within 60 days after fiscal year end as available.

Effect

After review and consultation with management, an accrual for \$5,750,000 in gasoline tax revenue was recorded.

Mississippi Department of Wildlife, Fisheries, and Parks

Schedule of Findings and Responses Year Ended June 30, 2013

Corrective Action

Management should consider all amounts received within 60 days after fiscal year end for accrual and inclusion in the financial statements. No further corrective action is deemed necessary.

Auditee's Response

The MDWFP will implement internal controls to bolster cut-off procedures.

Section III – Federal Award Findings and Questioned Costs

No items were reported.



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**INDEPENDENT AUDITORS' 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**

To the Board of Commissioners
Mississippi Department of Wildlife,
Fisheries, and Parks
Jackson, Mississippi

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 General Fund 2463 and Special Revenue Fund 3463 of the Mississippi Department of Wildlife, Fisheries, and Parks, (the "MDWFP") as of and for the year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 MDWFP's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2013-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MDWFP's financial statements of General Fund 2463 and Special Revenue Fund 3463 are free of 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 MDWFP'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 MDWFP'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.

Cam, Rugg & Ingram, LLC

Ridgeland, Mississippi
October 31, 2013



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**REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON THE FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE PROGRAM
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

To the Board of Commissioners
Mississippi Department of Wildlife, Fisheries, and Parks
Jackson, Mississippi

Report on Compliance for Recreational Trails Program

We have audited the Mississippi Department of Wildlife, Fisheries, and Parks' (the "MDWFP") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its Recreational Trails Program for the year ended June 30, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Recreational Trails Program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the MDWFP's Recreational Trails Program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Recreational Trails Program occurred. An audit includes examining, on a test basis, evidence about the MDWFP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the MDWFP's Recreational Trails Program. However our audit does not provide a legal determination of the MDWFP's compliance.

Opinion

In our opinion, the Mississippi Department of Wildlife, Fisheries, and Parks complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Recreational Trails Program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the MDWFP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the MDWFP's internal control over compliance with the types of requirements that could have a direct and material effect on its Recreational Trails Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the MDWFP's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been detected.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Can, Riggs & Ingram, LLC

Ridgeland, Mississippi
October 31, 2013