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Mississippi Department of Wildlife, Fisheries, and Parks

SELECTED FUND FINANCIAL STATEMENTS, SCHEDULE OF
FEDERAL GRANT EXPENDITURES AND SCHEDULE OF ANALYSIS
OF CHANGES IN ACCRUED COMPENSATED ABSENCES

June 30, 2015



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**Mississippi Department of Wildlife, Fisheries, and Parks
Board of Commissioners
June 30, 2015**

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Mississippi Department of Wildlife, Fisheries, and Parks
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June 30, 2015

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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 of Selected Funds

We have audited the accompanying financial statements of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 of the Mississippi Department of Wildlife, Fisheries, and Parks ("MDWFP"), as of and for the year ended June 30, 2015, and the related notes to the financial statements. We have also audited the schedule of federal grant expenditures selected for audit of MDWFP for the year ended June 30, 2015.

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 fund financial statements and the schedule of federal grant expenditures based on our audits. We conducted our audits 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 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.

Opinions

In our opinion, the financial statements of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 present fairly, in all material respects, the respective financial position of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 of the MDWFP, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 of MDWFP present only the financial position and changes in financial position of that portion of the governmental activities of MDWFP and of the State of Mississippi that is attributable to the transactions of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000. They do not purport to, and do not, present fairly the financial position of the MDWFP or the State of Mississippi as of June 30, 2015, or the changes in financial position of each entity for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2016, on our consideration of 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 15, 2016

**Mississippi Department of Wildlife, Fisheries, and Parks
Balance Sheets - Funds Selected for Audit**

<i>June 30, 2015</i>	General Fund 2246300000	Special Revenue Fund 3346300000	Special Revenue Fund 5346700000
ASSETS			
Assets			
Demand deposit accounts and cash equivalents	\$ 9,001,680	\$ 1,958,983	\$ -
Equity in state treasury funds	-	13,914,402	(76,041)
Total cash and cash equivalents	9,001,680	15,873,385	(76,041)
Inventories	-	63,394	-
Due from other funds	-	4,022,230	418,788
Due from other governments	-	-	1,885,178
Other receivables	-	14,515	-
Total assets	\$ 9,001,680	\$ 19,973,524	\$ 2,227,925
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities			
Warrants payable	\$ 55,430	\$ 592,098	\$ 39,077
Accounts payable	40,477	1,511,501	2,258,227
Accrued wages payable	-	60,948	-
Due to other funds	4,148	1,141,158	1,336,015
Due to other governments	-	140,845	45,357
Other payables	-	3,256	-
Customer deposits	-	25,500	-
Total liabilities	100,055	3,475,306	3,678,676
Contingencies and commitments (Note 7)			
Fund Balance (Deficit)			
Nonspendable - inventory	-	63,394	-
Restricted for recreation and resources department	8,901,625	16,434,824	(1,450,751)
Total fund balance (deficit)	8,901,625	16,498,218	(1,450,751)
Total liabilities and fund balance (deficit)	\$ 9,001,680	\$ 19,973,524	\$ 2,227,925

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 Balance - Funds Selected for Audit

	General Fund	Special Revenue Fund	Special Revenue Fund
<i>For the year ended June 30, 2015</i>	2246300000	3346300000	5346700000
REVENUES			
License fees, permits, and registrations	\$ -	\$24,898,973	\$ -
Fines and penalties	-	88,011	-
Rental revenue	-	496,158	-
State sources	8,890,505	5,776,943	-
Federal sources	-	-	13,064,804
Other revenues	-	742,878	24,736
Total revenues	8,890,505	32,002,963	13,089,540
EXPENDITURES			
Salaries	4,759,370	13,471,012	8,326,676
Travel	12,875	113,819	11,146
Contractuals	4,187,592	12,145,751	2,070,394
Commodities	-	3,390,869	1,888,255
Capital outlay	-	4,316,810	1,343,299
Subsidies	50,000	188,675	1,076,492
Merchandise purchased for resale	-	378,095	-
Debt service - principal payments	-	353,279	-
Debt service - interest and fiscal charges	-	136,989	-
Total expenditures	9,009,837	34,495,299	14,716,262
Excess of revenues over (under) expenditures	(119,332)	(2,492,336)	(1,626,722)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	9,020,957	130,360	277,893
Transfers to other funds	-	(555,335)	(101,922)
Excess of revenues over (under) expenditures and other financing sources (uses)	8,901,625	(2,917,311)	(1,450,751)
FUND BALANCE - BEGINNING	-	19,415,529	-
FUND BALANCE (DEFICIT) - ENDING	\$ 8,901,625	\$16,498,218	\$ (1,450,751)

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 Mississippi Department of Wildlife, Fisheries and Parks ("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 MDWFP evaluated subsequent events through April 15, 2016, the date the financial statements were available to be issued.

Financial Reporting Entity

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 MDWFP. 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 approximately 25 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 MDWFP 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

Mississippi Department of Wildlife, Fisheries, and Parks Notes to Financial Statements of Funds Selected for Audit

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The two selected governmental funds for 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 MDWFP as demand deposit accounts and equity in State Treasury funds. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the State of Mississippi.

Receivables

Receivables represent amounts due to 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.

Mississippi Department of Wildlife, Fisheries, and Parks

Notes to Financial Statements of Funds Selected for Audit

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of MDWFP represent items held for resale at the Mississippi Museum of Natural Science and the Quail Hollow Golf Shop.

Fund Balances

MDWFP presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on a government's fund balances. The classifications used in the selected governmental fund financial statements are based on the following methodology:

Unassigned - The residual classification for the General Fund and includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

GASB Statement No. 72, Fair Value Measurement and Application, was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued in June 2015 to improve the usefulness of information about pensions included in the general purpose financial statements of state and local governments and

Mississippi Department of Wildlife, Fisheries, and Parks Notes to Financial Statements of Funds Selected for Audit

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

establishes requirements for defined benefit and defined contribution pensions that are not within the scope of GASB No. 68. It also establishes requirements for the assets accumulated for purposes of providing pensions. The requirements of this Statement that address accounting and financial reporting for pensions not within the scope of GASB No. 68 are effective for financial statements for periods beginning after June 15, 2016. The requirements addressing financial reporting of assets accumulated for purposes of providing pension benefits are effective for fiscal years beginning after June 15, 2015.

Management has not completed its evaluation to determine the effect, if any, the adoption of these statements will have on MDWFP's financial statements.

NOTE 2: 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 MDWFP. At June 30, 2015, all cash deposits of Funds 2463 and 3463 were fully collateralized in accordance with state statutes.

NOTE 3: INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

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 2016.

**Mississippi Department of Wildlife, Fisheries, and Parks
Notes to Financial Statements of Funds Selected for Audit**

NOTE 3: INTERFUND RECEIVABLES AND PAYABLES (Continued)

At June 30, 2015, interfund receivables and payables consisted of amounts due as follows:

<i>June 30, 2015</i>	Due to Fund	
	3346300000	5346700000
MDWFP Fund 3346300000	\$ -	\$ 418,788
MDWFP Fund 5346700000	1,140,826	-
Mississippi Department of Revenue	2,881,404	-
Totals	\$ 4,022,230	\$ 418,788

<i>June 30, 2015</i>	Due from Fund	
	3346300000	5346700000
MDWFP Fund 3346300000	\$ -	\$ 1,140,826
MDWFP Fund 5346700000	418,788	-
Mississippi Department of Finance & Administration	703,240	194,940
Mississippi Department of Information Technology Services	19,130	-
Other	-	249
Totals	\$ 1,141,158	\$ 1,336,015

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 consisted of the following:

<i>Year ended June 30, 2015</i>	Transfers to Fund	
	3346300000	5346700000
Mississippi Emergency Management Agency	\$ -	\$ 147,893
Mississippi Department of Archives & History	39,160	-
Mississippi Department of Public Safety	61,200	-
Mississippi Department of Transportation	30,000	130,000
Totals	\$ 130,360	\$ 277,893

<i>Year ended June 30, 2015</i>	Transfers from Fund	
	3346300000	5346700000
Mississippi Department of Finance & Administration	\$ 555,200	\$ -
Mississippi Pearl River Valley Water Authority	-	100,000
Mississippi Department of Environmental Quality	135	-
Other	-	1,922
Totals	\$ 555,335	\$ 101,922

**Mississippi Department of Wildlife, Fisheries, and Parks
Notes to Financial Statements of Funds Selected for Audit**

NOTE 4: DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2015, due from other governments consisted of the following:

<i>June 30, 2015</i>	Fund 5346700000
United States Department of Transportation	\$ 562,450
United States Department of Defense	428,741
United States Department of Homeland Security	552,470
United States Department of Interior	341,517
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Total Fund 53467000	\$ 1,885,178

These amounts are expected to be collected in fiscal year 2016. Due to other governments at June 30, 2015 consisted primarily of \$130,000 due to the Neshoba County Board of Supervisors from Fund 3346300000 and \$41,455 due to the Town of Pelahatchie, Mississippi from Fund 5346700000.

NOTE 5: LEASE OBLIGATIONS

During 2014, MDWFP refinanced a master lease agreement for energy management projects which are being serviced by Special Revenue Fund 3346300000. MDWFP also entered into two additional master leases for equipment during 2014. Presented below are the terms for the master leases:

Description	Original Borrowing	Interest Rate	Final Maturity	Outstanding June 30, 2015
10 Year Equipment	\$ 969,435	3.51%	2023	\$ 836,816
Equipment	\$ 2,783,610	4.12%	2021	\$ 2,105,649
Equipment	\$ 92,416	3.76%	2021	\$ 73,102

Presented below are the debt service requirements for the leases:

Year ending June 30,	Principal	Interest
2016	\$ 367,280	\$ 118,030
2017	381,839	103,471
2018	396,978	88,332
2019	412,719	72,591
2020	429,086	56,224
Thereafter	1,027,665	63,815
<hr/>		
	\$ 3,015,567	\$ 502,463

Mississippi Department of Wildlife, Fisheries, and Parks Notes to Financial Statements of Funds Selected for Audit

NOTE 6: RETIREMENT PLAN

MDWFP participates in 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 MDWFP is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may only be amended by the Mississippi State Legislature. MDWFP contributions made to PERS for fiscal year ended June 30, 2015, approximated \$585,000 for Fund 2246300000, \$1,689,000 for Fund 3346300000 and \$791,000 for Fund 5346700000.

NOTE 7: CONTINGENCIES AND COMMITMENTS

Federal Grants

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 MDWFP. MDWFP estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition and operations.

Litigation

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, 2015

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)	\$ 1,429,636	\$ 1,429,636
			\$ 1,429,636	\$ 1,429,636

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

Mississippi Department of Wildlife, Fisheries, and Parks
Notes to Schedule of Federal Grant
Expenditures 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 MDWFP for its Recreational Trails Program under programs of the federal government for the year ended June 30, 2015. 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 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, 2015

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)?	None noted
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?	None noted
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

2015-036 Material Weakness - Audited Financial Statements Should Be Submitted in a Timely and Accurate Manner

Finding:

Due to the implementation of a new statewide accounting system - Mississippi Accountability System for Government Information and Collaboration (MAGIC), policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting

Mississippi Department of Wildlife, Fisheries, and Parks
Schedule of Findings and Responses
Year Ended June 30, 2015

personnel were tasked with completing close out GAAP packets using new reports, policies, and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

During our review of the financial reporting process at MDWFP, we noted the MDWFP fund financial statements were not submitted in a timely manner to the Office of the State Auditor. The deadline for submission of the audit report was November, 30, 2015; however, the audit report was not submitted until April 12, 2016.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that Department of Finance and Administration – Office of Financial Reporting obtained an extension for the CAFR from GFOA this year due to the implementation of MAGIC.

The failure of agency personnel to ensure audit reports were submitted in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report, and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of discretionary federal drawdowns.

Mississippi Department of Wildlife, Fisheries, and Parks
Schedule of Findings and Responses
Year Ended June 30, 2015

Our audit procedures resulted in audit adjustments to accounts payable, due to other governments and various transfers between agencies. Currently, as a result of the implementation of MAGIC, as described above, accrual entries and entries involving transfers between funds and governments may sometimes be made by MDWFP personnel and sometimes by personnel at the Department of Finance and Administration.

Recommendation:

We recommend MDWFP implement procedures to ensure the timely submission of their audited financial statements in order to help ensure the State of Mississippi Comprehensive Annual Financial Report and Single Audit Report are both published in accordance with state and federal law. We further recommend that agency personnel submit plan information to the actuary in a timely manner in order to help prevent delays from occurring in the issuance of the audit report.

Further, controls should be implemented so that specific personnel are responsible for each account balance that is to be a part of the financial reporting process.

NOTE: See agency response on page 18 and auditor's note on page 25.

Section III – Federal Award Findings and Questioned Costs

No items were reported.

Prior Findings and Questioned Costs

No items were reported.

Mississippi Department of Wildlife, Fisheries, and Parks
Schedule of Findings and Responses
Year Ended June 30, 2015

Auditee Corrective Action Plan



MISSISSIPPI
DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS

Sam Polles, Ph.D.
Executive Director
FINANCIAL AUDIT FINDINGS

April 18, 2016

The Honorable Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Pickering:

2015-034 Material Weakness – Audited Financial Statements Should Be Submitted in a Timely and Accurate Manner

Response: The Mississippi Department of Wildlife, Fisheries, and Parks (MDWFP) acknowledges that audited financial statements were not submitted in a timely manner. We attribute the delay to the statewide accounting system known as MAGIC (Mississippi's Accountability System for Government Information and Collaborations) which was implemented on July 1, 2014 for FY15.

The Department of Finance and Administration (DFA), which is responsible for the compilation of the States' Comprehensive Financial Accounting Report and which provides instructions on the materials needed for that report, did not provide training assistance to agencies on preparing the GAAP packets utilizing the MAGIC system until mid-October 2105. In prior years the GAAP packets were submitted by the first week in August so this training was at least 60 days later than the prior submission date and this was a contributing factor to our agency's delay in timely reporting. On numerous occasions, deadlines that were set by DFA had to be adjusted due to lack of information or system limitations.

The GAAP training session was not comprehensive and consisted mainly reviewing MAGIC trial balances. The training did not detail how agencies should verify the information nor did it explain how the accrual entries were made for the agencies. The training further stated that DFA "will promulgate policies for federal and other grant accounting" to be used for FY16, which indicates there were not rules in place for FY15. This lack of training was also a contributing factor to MDWFP's timely reporting.

The agency's external auditors began their audit work on the completed GAAP schedules in December. The MDWFP provided a training session by a third-party consulting firm to the external auditors to enable them to obtain reports from MAGIC without delays which may have occurred due to daily responsibilities of accounting staff.

Mississippi Department of Wildlife, Fisheries, and Parks
Schedule of Findings and Responses
Year Ended June 30, 2015

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The MDWFP should not have delays as experienced in completing its FY15 audited financial statements in future years due to the following factors:

- DFA has stated it is promulgating rules for federal grants and reporting.
- There will not be an accounting system conversion which effected prior year reversing entries.
- There will not be issues resulting from entries made in funds that did not previously exist.
- Wildlife has begun implementing procedures and reports to identify issues before they occur, such as agency payables, variances, etc.

B. Name of the contact person responsible for corrective action:

Michael Bolden, Director of Administrative Services
1505 Eastover Drive
Jackson, MS 39211
601-432-2400

C. Anticipated completion date for corrective action:

- August 5, 2016

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Sam Polles, Ph.D.
Executive Director



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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF ANALYSIS OF CHANGES IN ACCRUED COMPENSATED ABSENCES

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

Report on the Schedule of Analysis of Changes in Long-term Obligations

We have audited the accompanying schedule of analysis of changes in accrued compensated absences of the Mississippi Department of Wildlife, Fisheries, and Parks ("MDWFP") as of and for the year ended June 30, 2015. This schedule is presented for the purpose of assisting the State of Mississippi in preparation of its annual financial report and is not a required part of the fund financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this schedule 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 a schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinion on this schedule 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 schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule of analysis of changes in accrued compensated absences referred to above presents fairly, in all material respects, the balance of and the changes in accrued compensated absences of MDWFP as of and for the year ended June 30, 2015, 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 April 15, 2016, on our consideration of MDWFP's internal control over financial reporting and 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 the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 15, 2016

Mississippi Department of Wildlife, Fisheries, and Parks
Schedule of Analysis of Changes in Accrued Compensated Absences
Year Ended June 30, 2015

	Balance as of June 30, 2014	Additions	Deletions	Balance as of June 30, 2015
Accrued compensated absences	\$ 2,360,924	\$ 443,775	\$ 460,905	\$ 2,343,794

See Notes to Schedule of Analysis of Changes in Accrued Compensated Absences.

Mississippi Department of Wildlife, Fisheries, and Parks
Notes to Schedule of Analysis of Changes
in Accrued Compensated Absences

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrued Compensated Absences

State law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave, unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government. The state's obligation for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported as accrued compensated absences in the accompanying schedule of analysis of changes in long-term obligations. The state uses the last-in, first-out method of recognizing use of compensated absences. The reported liability applicable to all funds includes the related fringe benefits that the state, as employer, is required to pay when the accrued compensated absences are liquidated. Accumulated unpaid major medical leave is not accrued, because it is not probable that the compensation will be paid in a lump sum other than in the event of severe illness.

NOTE 2: OTHER LIABILITIES

Compensated Absences

MDWFP's liability for accrued compensated absences at June 30, 2015, is \$2,343,794 for governmental activities. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee.



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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 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 of the Mississippi Department of Wildlife, Fisheries, and Parks, ("MDWFP") as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated April 15, 2016. We have also audited the schedule of analysis of changes in accrued compensated absences (the "Schedule") of MDWFP as of and for the year ended June 30, 2015, and have issued our report thereon dated April 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of General Fund 2246300000, Special Revenue Fund 3346300000, Special Revenue Fund 5346700000 and the Schedule, we considered 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 MDWFP's internal control. Accordingly, we do not express an opinion on the effectiveness of MDWFP's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MDWFP's financial statements and the Schedule 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 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 charged with governance.

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. We consider the deficiency in internal control noted as Finding 2015-036 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

MDWFP's Response to Findings

MDWFP's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. MDWFP's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of General Fund 2246300000, Special Revenue Fund 3346300000 and Special Revenue Fund 5346700000 and the Schedule 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 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 15, 2016



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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' ("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, 2015.

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 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 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 MDWFP's Recreational Trails Program. However, our audit does not provide a legal determination of 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, 2015.

Report on Internal Control Over Compliance

Management of 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 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 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 charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 identified.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 15, 2016