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**Mississippi Military Department
(A Department of the State of Mississippi)**

**FINANCIAL STATEMENTS OF FUNDS SELECTED FOR AUDIT,
AND INDEPENDENT AUDITORS' REPORT ON PROGRAM-
SPECIFIC AUDIT UNDER OMB CIRCULAR A-133**

Year Ended June 30, 2015



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Mississippi Military Department
(A Department of the State of Mississippi)
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June 30, 2015

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS OF SELECTED FUNDS

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Major General Augustus L. Collins
The Adjutant General of Mississippi
Mississippi Military Department
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of General Funds 3370500000 and 5370900000 of the Mississippi Military Department ("the Department"), as of and for the year ended June 30, 2015, and the related notes to the financial statements. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report.

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 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 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 Funds 3370500000 and 5370900000 referred to above present fairly, in all material respects, the financial position of General Funds 3370500000 and 5370900000 as of June 30, 2015, and the changes in financial position thereof for the year then ended, 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 Funds 3370500000 and 5370900000 of the Department present only the financial position and changes in financial position of that portion of the governmental activities of the Department and of the State of Mississippi that is attributable to the transactions of General Funds 3370500000 and 5370900000. They do not purport to, and do not, present fairly the financial position of the Department 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 opinions are 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 March 15, 2016, on our consideration of the Department'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 the Department'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 opinion on the financial statements is not affected by this missing information.

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

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
March 15, 2016

Mississippi Military Department
(A Department of the State of Mississippi)
Balance Sheets of Funds 3370500000 and 5370900000

June 30, 2015

	General Funds	
	Fund 3370500000	Fund 5370900000
Assets		
Equity in state treasury funds	\$ 5,100,107	\$ (6,510,249)
Due from federal government	-	12,404,692
Due from other funds	1,467	807,519
Inventory	-	1,653,237
	\$ 5,101,574	\$ 8,355,199
 Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 143,795	\$ 4,212,131
Due to other governments	1,609	44,929
Due to other funds	1,147,052	433,236
Due to component units	-	1,838
	1,292,456	4,692,134
Deferred Inflows of Resources:		
Deferred revenues	-	-
Contingencies (Note 4)		
Fund Balance:		
Restricted for:		
Nonspendable inventory	-	1,653,237
Law justice public safety	3,809,118	2,009,828
	3,809,118	3,663,065
Total net assets	3,809,118	3,663,065
	\$ 5,101,574	\$ 8,355,199

*See independent auditors' report on financial statements of
selected funds and accompanying notes to financial statements.*

Mississippi Military Department
(A Department of the State of Mississippi)
Statements of Revenues, Expenditures and Changes in Fund Balances of
Funds 3370500000 and 5370900000

<i>Year Ended June 30, 2015</i>	General Funds	
	Fund 3370500000	Fund 5370900000
Revenues:		
Federal government	\$ -	\$ 80,200,417
Other income	1,451,117	1,838
Total revenues	1,451,117	80,202,255
Expenditures:		
Salaries	1,901,073	32,775,057
Travel	3,251	182,309
Contractuals	1,932,464	39,883,529
Commodities	507,966	3,094,211
Capital outlay	15,250	3,333,342
Subsidies	-	110
Total expenditures	4,360,004	79,268,558
Excess of expenditures over revenues	(2,908,887)	933,697
Other financing sources (uses):		
Transfers in	3,403,407	1,849,480
Transfers out	(332,606)	(20,960)
Net other financing sources	3,070,801	1,828,520
Excess of revenues and other financing sources over expenditures	161,914	2,762,217
Fund balance, beginning of year	3,647,204	900,848
Fund balance, end of year	\$ 3,809,118	\$ 3,663,065

*See independent auditors' report on financial statements of
selected funds and accompanying notes to financial statements.*

**Mississippi Military Department
(A Department of the State of Mississippi)
Notes to Financial Statements**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Background Information

The Mississippi Military Department (“the Department”) is a state agency whose main function is to provide trained military units and individuals to the Army and Air Force of the United States in time of war or national emergency. The Department also provides sufficient organization within the state so that trained and equipped forces can function efficiently at existing strength in the protection of life and property and the preservation of peace, order, and public safety under competent orders of the state authorities.

Purpose of General Funds 3370500000 and 5370900000

Fund 3370500000 is related to the National Guard Youth Program. Fund 5370900000 is related to National Guard military operations and maintenance projects, and special military operations and projects. The National Guard Bureau enters into cooperative agreements for Army National Guard Facilities Programs and Air National Guard Facility Operations & Maintenance Activities with States to provide Federal support for services provided by the State Military Departments for authorized facilities for leases, facilities operations, and sustainment, restoration, and modernization, including operations and maintenance and minor construction costs.

Basis of Presentation

The accompanying program specific financial statements have been prepared in conformity with generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). General fund types are used for General Funds 3370500000 and 5370900000. These fund types are accounted for on a flow of current financial resources measurement focus. This focus measures financial resources available to the entity in the near future as a result of transactions and events of the fiscal period reported. The modified accrual basis of accounting is utilized. Under this method, revenues are recognized when they become measurable and available, and expenditures are generally recognized when they are incurred. In connection with the preparation of the financial statements, management of the Department evaluated subsequent events through March 15, 2016, which is the date the financial statements were available to be issued.

Use of Estimates

The Department’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing its financial statements, the Department is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the balance sheets and the reported amounts of revenues and expenditures for the years then ended. Actual results could differ significantly from those estimates.

**Mississippi Military Department
(A Department of the State of Mississippi)
Notes to Financial Statements**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The financial activities of the Army National Guard and Air National Guard funds are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The Department funds presented herein utilize the governmental fund category, which is further divided into separate "fund types". General funds are used to account for the proceeds of revenue sources that are not legally restricted to expenditures for specified purposes.

Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable. At June 30, 2015, there were no allowances deemed necessary for Funds 3370500000 or 5370900000. At June 30, 2015 receivables for Fund 5370500000 consisted of \$1,467 due from other funds and receivables for Fund 5370900000 consisted of \$12,404,692 due from the federal government and \$807,519 due from other funds.

Inventory

Inventory is stated using the average cost basis of accounting.

Fund Balance

Inventories are not in spendable form and are thus reflected as nonspendable fund balance. Remaining fund balances are restricted for military operations.

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 Military Department
(A Department of the State of Mississippi)
Notes to Financial Statements**

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 the Department's financial statements.

Deferred Inflows of Resources

In addition to liabilities, the governmental funds' balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents items that are deferred revenues that will not be recognized as an inflow of resources until future period(s) when they become available. Deferred inflows of resources consist of cumulative receipts of federal funding in excess of cumulative expenditures on specific grant awards that will not be recognized as an inflow of resources until future periods when they become available.

Risk Management

The Department is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The State of Mississippi has elected to finance most exposures to risk through the retention of risk. The State utilizes the internal service Risk Management Fund to account for these activities.

NOTE 2: EQUITY IN STATE TREASURY FUNDS

Equity in State Treasury funds consists of pooled cash held by the Treasurer of the State of Mississippi. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entities' funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**Mississippi Military Department
(A Department of the State of Mississippi)
Notes to Financial Statements**

NOTE 3: TRANSFERS BETWEEN FUNDS AND FROM OTHER STATE AGENCIES

Transfers to and from other Department funds and other state agencies to General Funds 3370500000 and 5370900000 are detailed in the chart below.

Due from other internal funds and other State agencies consisted of the following:

<i>June 30, 2015</i>	Fund 3370500000	Fund 5370900000
3307100000 - Office of the Attorney General - General Fund	\$ 1,467	\$ -
3370500000 - Youth Challen Program (State Match) - Shelby	-	807,519
	\$ 1,467	\$ 807,519

Due to other State agencies consisted of the following:

<i>June 30, 2015</i>	Fund 3370500000	Fund 5370900000
5370900000 - Army and Air Federal Fund	\$ 807,519	\$ -
3370100000 - Army and Air Special Fund	339,533	433,236
	\$ 1,147,052	\$ 433,236

Transfers between other internal funds and other State agency funds are as follows:

<i>Year ended June 30, 2015</i>	Fund 3370500000	Fund 5370900000
<i>Transfers in</i>		
2270100000 - Mississippi Military Department - General Fund	\$ 2,003,407	\$ -
2270600000 - Youth Challenge Program - General Fund	1,400,000	-
3370100000 - Army and Air Special Fund	-	1,849,480
Total transfers in	\$ 3,403,407	\$ 1,849,480
<i>Transfers out</i>		
3370100000 - Army and Air Special Fund	\$ 332,606	\$ -
2247100000 - Environmental Quality	-	1,745
3350100000 - Insurance Department	-	19,165
2230100000 - Department of Health - General Fund	-	50
Total transfers out	\$ 332,606	\$ 20,960



**Mississippi Military Department
(A Department of the State of Mississippi)
Notes to Financial Statements**

NOTE 4: CONTINGENCIES

The Department is involved in litigation arising out of the normal course of operations and, in management's opinion, the outcome of these matters is not expected to have a material adverse effect on the Department's financial position.



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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*

Major General Augustus L. Collins
The Adjutant General of Mississippi
Mississippi Military Department
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 Funds 33370500000 and 53709000000 of the Mississippi Military Department (the "Department"), which comprise the balance sheet as of June 30, 2015, and the related statements of revenues, expenditures and changes in fund balances 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 March 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements of General Funds 3370500000 and 5370900000 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 Department'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
March 15, 2016

**Federal Program Selected for Audit:
National Guard Military Operations and
Maintenance (O&M) Projects
CFDA # 12.401**



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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Major General Augustus L. Collins
The Adjutant General of Mississippi
Mississippi Military Department
Jackson, Mississippi

Report on Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of federal grant expenditures for the National Guard Military Operations and Maintenance Projects of the Mississippi Military Department ("the Department") for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statement of the National Guard Military Operations and Maintenance Projects of the Department 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 financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement for the Department's National Guard Military Operations and Maintenance Projects based on our audit.

We conducted our audit 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 the financial statements are free of material misstatement.

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

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 federal grant expenditures referred to above presents fairly, in all material respects, the expenditures of federal awards under the National Guard Military Operations and Maintenance Projects of the Department in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. 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
March 15, 2016

**Mississippi Military Department
(A Department of the State of Mississippi)
Schedule of Federal Grant Expenditures Selected for Audit
Year Ended June 30, 2015**

<u>Federal Grantor / Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Defense:		
National Guard Military Operations and Maintenance (O&M) Projects	12.401	
Fund 5370900000		\$ 73,062,820
Total Program Expenditures for CFDA 12.401		\$ 73,062,820

See notes to schedule of federal grant expenditures.



**Mississippi Military Department
(A Department of the State of Mississippi)
Notes to the Schedule of Federal Grant Expenditures Selected for Audit
Year Ended June 30, 2015**

NOTE 1: BASIS OF PRESENTATION

The federal program included in the accompanying schedule is accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related liabilities are incurred. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

See notes to schedule of federal grant expenditures.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH 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**

Major General Augustus L. Collins
The Adjutant General of Mississippi
Mississippi Military Department
Jackson, Mississippi

Report on Compliance for National Guard Military Operations and Maintenance Projects

We have audited the Mississippi Military Department (the "Department") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its National Guard Military Operations and Maintenance Projects ("the Projects") 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 National Guard Military Operations and Maintenance Projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Department's National Guard Military Operations and Maintenance Projects 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 Projects occurred. An audit includes examining, on a test basis, evidence about the Department'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 Department's National Guard Military Operations and Maintenance Projects. Our audit does not provide a legal determination of the Department's compliance.

Opinion

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Department's Projects audited for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on the Projects in order to determine our auditing procedures for the purpose of expressing our 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 Department'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 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 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, as defined above.

This report is intended solely for the information and use of the management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. 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
March 15, 2016

**Mississippi Military Department
(A Department of the State of Mississippi)
Schedule of Findings and Questioned Costs**

For the 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?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for programs audited:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510 (a))?	No

Identification of program(s) audited:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
12.401	National Guard Military Operations and Maintenance (O&M) Projects

Section II and III – Financial Statement and Federal Award Findings and Questioned Costs

There were no current year financial statement or Federal award findings or questioned costs.

Schedule of Prior Year Findings and Questioned Costs

There were no prior year Federal award findings or questioned costs.