

The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

Mississippi Department of Wildlife, Fisheries, and Parks

SELECTED FUND FINANCIAL STATEMENTS

June 30, 2016



Mississippi Department of Wildlife, Fisheries, and Parks Board of Commissioners June 30, 2016

Bill F. Cossar

Region 1

Scott Coopwood

Region 2

Robert Taylor

Region 3

William Deviney, Jr.

Region 4

Clay Wagner

Region 5

Mississippi Department of Wildlife, Fisheries, and Parks Table of Contents June 30, 2016

Independent Auditors' Report	1
FINANCIAL STATEMENTS Balance Sheets - Funds Selected for Audit	3
Statements of Revenues, Expenditures, and Changes in Fund Balance - Funds Selected for Audit	4
Notes to Financial Statements of Funds Selected for Audit	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial	12



Carr, Riggs & Ingram, LLC 282 Commerce Park Drive Ridgeland, MS 39157

Mailing Address: P.O. Box 2418 Ridgeland, MS 39158-2418

(601) 853-7050 (601) 853-9331 (fax) www.cricpa.com

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, 2016, and the related notes to the financial statements.

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 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 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, 2016, 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.

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, 2016, 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 December 19, 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, LLC

Caux Rigge & Ingram, L.L.C.

Ridgeland, Mississippi December 19, 2016

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

June 30, 2016	Genera Fun 230, 2016 224630000			Special Revenue Fund 3346300000	Special Revenue Fund 5346700000
ASSETS					
Assets					
Demand deposit accounts and cash equivalents	\$		\$	2,561,519	\$ -
Equity (deficit) in state treasury funds		30,997		14,899,481	(1,872,883)
Total cash and cash equivalents		30,997		17,461,000	(1,872,883)
Inventories		-		75,106	<u></u>
Due from other funds		126,285		7,206,406	316,980
Due from other governments		•			2,564,320
Other receivables				992,286	
Total assets	\$	157,282	\$	25,734,798	\$ 1,008,417
LIABILITIES AND FUND BALANCE (DEFICIT)					
Liabilities					
Warrants payable	\$	24,618	\$	341,268	\$ 96,580
Accounts payable		131,017		631,059	320,838
Due to other funds		•		492,310	1,580,899
Due to other governments		=		30,008	1,254
Other payables		759		63,759	104,575
Total liabilities		156,394		1,558,404	2,104,146
Contingencies and commitments (Note 7)					
Fund Balance (Deficit)					
Unassigned (deficit)		·#			(1,095,729)
Nonspendable - inventory		2.00		75,106	-
Restricted for recreation and resources					
department		888		24,101,288	-
Total fund balance (deficit)		888		24,176,394	(1,095,729)
Total liabilities and fund balance (deficit)	\$	157,282	\$	25,734,798	\$ 1,008,417

Mississippi Department of Wildlife, Fisheries, and Parks Statements of Revenues, Expenditures, and Changes in Fund Balance - Funds Selected for Audit

			Special		Special
	General		Revenue		Revenue
	Fund		Fund		Fund
For the year ended June 30, 2016	2246300000	3	3346300000	ļ	5346700000
REVENUES					
License fees, permits, and registrations	\$	\$ 2	28,888,120	\$	-
Fines and penalties	-		63,564		-
Rental revenue			495,798		-
State sources	8,569,977		5,788,979		-
Federal sources	-		36,534		15,860,537
Other revenues	-		893,272		940
Total revenues	8,569,977		36,166,267		15,861,477
EXPENDITURES					
Salaries	4,307,430	1	13,412,860		8,360,966
Travel	4,261		109,665		31,020
Contractuals	4,268,518		9,178,314		1,869,360
Commodities	-		2,844,448		1,875,438
Capital outlay	•		858,283		3,511,148
Subsidies	-		168,237		1,917,060
Merchandise purchased for resale			800,287		-
Debt service - principal payments	=		367,280		-
Debt service - interest and fiscal charges	•		118,030		•
Total expenditures	8,580,209	2	27,857,404		17,564,992
Excess of revenues over (under) expenditures	(10,232)		8,308,863		(1,703,515)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-		130,714		2,058,537
Transfers to other funds			(761,401)		_,000,000
)			(111)		
Excess of revenues over (under) expenditures					
and other financing sources (uses)	(10,232)		7,678,176		355,022
FUND BALANCE - BEGINNING	8,901,625		16,498,218		(1,450,751)
Prior period adjustment	(8,890,505)		74		-
FUND BALANCE (DEFICIT) - ENDING	\$ 888	\$ 2	24,176,394	\$	(1,095,729)

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 December 19, 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. Special Revenue Fund 3346300000 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. 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. Additionally, Special Revenue Fund 5346700000 accounts for expenditures to support research and educational activities and to promote, operate, and maintain the Mississippi Museum of Natural Science.

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

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 three selected governmental funds for MDWFP are reported as a General Fund and Special Revenue Funds. 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 Funds primarily account 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.

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:

<u>Unassigned</u> - 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.

<u>Nonspendable</u> - 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.

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

<u>Committed</u> - 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.

Prior Period Adjustment

The prior period adjustment reported in the Statement of Revenue, Expenditures and Changes in Fund Balances – Funds Selected for Audits is the result of a prior year audit adjustment to record appropriations revenue and equity in state treasury funds. Due to the implementation of MAGIC during the prior year, this adjustment was recorded twice in the prior year and has therefore been corrected in these financial statements as a prior period adjustment.

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

NOTE 2: DEPOSITS (Continued)

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, 2016, all cash deposits of Funds Selected for Audit 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 2017. At June 30, 2016, interfund receivables and payables consisted of amounts due as follows:

	Due to Fund					
June 30, 2016	2	246300000	3	346300000	53	46700000
MDWFP Fund 3346300000	\$	18,848	\$	-	\$	316,980
MDWFP Fund 5346700000		107,437		1,453,224		=
Mississippi Department of Revenue				5,753,182		
Totals	\$	126,285	\$	7,206,406	\$	316,980

NOTE 3: INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (Continued)

	Due from Fund				
June 30, 2016		46300000	5	5346700000	
MDWFP Fund 2246300000	\$	18,848	\$	107,437	
MDWFP Fund 3346300000		-		1,453,224	
MDWFP Fund 5346700000		316,980		-	
Mississippi Department of Information Technology Services		7,665		-	
Mississippi Attorney General		148,817		-	
Other				20,238	
Totals	\$	492,310	\$	1,580,899	

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:

	Transfers to Fund					
Year ended June 30, 2016	33	46300000	53	346700000		
Mississippi Department of Archives & History	\$	125,000	\$	120		
Mississippi Emergency Management Agency		-		1,336,499		
MDWFP Fund 3346300000		-		722,038		
Other		5,714		-		
Totals	\$	130,714	\$	2,058,537		
		Transfe	ers f	rom Fund		
Year ended June 30, 2016				3346300000		
Mississippi Department of Finance & Administration			\$	35,672		
MDWFP Fund 5346700000			-	722,038		
Other				3,691		
Totals			\$	761,401		

NOTE 4: DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2016, due from other governments consisted of the following:

June 30, 2016	Fund 5346700000					
United States Department of Defense	\$ 506,341					
United States Department of Homeland Security	1,093,854					
United States Department of Interior	964,125					
Total Fund 53467000	\$ 2,564,320					

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies in internal control noted below to be material weaknesses.

Due to the implementation of a new statewide accounting system, Mississippi Accountability System for Government Information and Collaboration (MAGIC), in fiscal year 2015, 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 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.

A prior year audit adjustment was made in the current fiscal year to record a reduction of appropriations revenue and equity in state treasury funds. Due to the implementation of MAGIC during the prior year, an adjustment was recorded twice (once as a late journal entry and once as an audit adjustment) and therefore was corrected in the 2016 financial statements.

Our audit procedures resulted in audit adjustments to accounts payable, due to other governments and various transfers between agencies. Currently, 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. Once entries are made there does not appear to be a viable review process in place to prevent and detect errors.

We recommend MDWFP continue to implement procedures to ensure the accurate 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. 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. A reconciliation and review process should be established so that balance sheet account balances are verified on a monthly basis.

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 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, LLC

Can, Rigge & Ingram, L.L.C.

Ridgeland, Mississippi December 19, 2016