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**FINANCIAL STATEMENTS OF SELECTED FUNDS
OF THE STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



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**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Gen. Joe Spraggins, Executive Director
State of Mississippi, Department of Marine Resources
Biloxi, Mississippi

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the selected funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000 of the Mississippi Department of Marine Resources (MDMR) of the State of Mississippi, as of and for the year ended June 30, 2023, and the related notes to the financial statements²⁰ as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
2245000000	Unmodified
3345000000	Qualified
3345200000	Unmodified
5345000000	Unmodified
5345300000	Unmodified

Qualified Opinion on Fund 3345000000

In our opinion, except for the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of fund 3345000000 for MDMR of the State of Mississippi as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Funds 2245000000, 3345200000, 5345000000, and 5345300000

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of funds 2245000000, 3345200000, 5345000000, and 5345300000 for MDMR of the State of Mississippi as of June 30, 2023, 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.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Mississippi Department of Marine Resources, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on Fund 3345000000

Management has not adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accounting principles generally accepted in the United States of America require that all GASB statements are implemented when applicable. The amount by which this departure would affect assets, deferred inflows of resources, revenue, expenditures, and fund balance of fund 3345000000 has not been determined.

Emphasis of Matter

As discussed in Note 1, the financial statements of funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000 of MDMR are intended to present the financial position, the changes in financial position of only that portion of funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000 of the State of Mississippi that is attributable to the transactions of MDMR. They do not purport to, and do not, present fairly the financial position of the State of Mississippi Department of Marine Resources as of June 30, 2023, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MDMR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Gen. Joe Spraggins, Executive Director
State of Mississippi Department of Marine Resources

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, on our consideration of the MDMR of the State of Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of MDMR's 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 MDMR's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 14, 2024

FINANCIAL STATEMENTS

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
BALANCE SHEET
JUNE 30, 2023**

	Fund 2245000000	Fund 3345000000	Fund 3345200000	Fund 5345000000	Fund 5345300000	Total
ASSETS						
Equity in State Treasury Funds	\$ 18,213	\$ 6,474,695	\$ 28,601,415	\$ -	\$ 139,358,888	\$ 174,453,211
Cash and Cash Equivalents	-	41,788	-	-	-	41,788
Accounts Receivable	-	180,035	-	-	-	180,035
Due from Federal Government	-	21,728	-	774,822	-	796,550
Due from Other Governments	-	168,914	-	1,728	-	170,642
Due from Other State Funds	-	369,367	43,461	314,627	-	727,455
Due from Component Units of the State	-	-	-	13,744	-	13,744
Total Assets	\$ 18,213	\$ 7,256,527	\$ 28,644,876	\$ 1,104,921	\$ 139,358,888	\$ 176,383,425
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to Equity in State Treasury Funds	\$ -	\$ -	\$ -	\$ 653,151	\$ -	\$ 653,151
Accounts Payable	-	178,113	618,036	325,131	276,355	1,397,635
Warrants Payable	18,213	18,159	43,652	24,589	5,174	109,787
Accrued Wages Payable	-	271,982	47,394	100,913	3,705	423,994
Funds Held for Others	-	20,397	-	-	-	20,397
Due to Other Governments	-	157,370	2,227,814	185,884	2,769,126	5,340,194
Due to Other State Funds	-	1,033	547	266,037	1,564	269,181
Due to Component Units of the State	-	-	64,267	148,940	2,009,127	2,222,334
Unearned Revenue	-	-	-	-	134,293,837	134,293,837
Total Liabilities	18,213	647,054	3,001,710	1,704,645	139,358,888	144,730,510
FUND BALANCES						
Restricted for Recreation and Resource Development	-	6,609,473	25,643,166	-	-	32,252,639
Unassigned	-	-	-	(599,724)	-	(599,724)
Total Fund Balance	-	6,609,473	25,643,166	(599,724)	-	31,652,915
Total Liabilities and Fund Balances	\$ 18,213	\$ 7,256,527	\$ 28,644,876	\$ 1,104,921	\$ 139,358,888	\$ 176,383,425

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Fund 2245000000	Fund 3345000000	Fund 3345200000	Fund 5345000000	Fund 5345300000	Total
REVENUES						
Federal Grant Revenue	\$ -	\$ -	\$ -	\$ 5,357,597	\$ 13,713,474	\$ 19,071,071
Other Grant Revenue	-	-	-	850,019	-	850,019
Licenses, Fees, and Permits	-	1,485,340	8,553	4,603	-	1,498,496
Interest Income	-	137,115	587,837	-	-	724,952
Other Income	-	628,016	1,434	369,361	6	998,817
Total Revenues	-	2,250,471	597,824	6,581,580	13,713,480	23,143,355
EXPENDITURES						
Subsidies	-	741	7,603,344	1,985,474	11,058,660	20,648,219
Salaries and Benefits	2,715,364	3,696,376	1,151,906	2,775,240	115,436	10,454,322
Travel	-	45,844	19,658	59,981	-	125,483
Contractual Services	-	1,118,225	885,666	984,201	881,185	3,869,277
Commodities	-	616,873	328,663	548,096	812,837	2,306,469
Capital Outlay	-	149,252	425,431	254,551	-	829,234
Total Expenditures	2,715,364	5,627,311	10,414,668	6,607,543	12,868,118	38,233,004
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,715,364)	(3,376,840)	(9,816,844)	(25,963)	845,362	(15,089,649)
OTHER FINANCING SOURCES (USES)						
Indirect Cost	-	708,549	-	(688,250)	-	20,299
Transfers In	2,715,364	3,788,796	10,314,561	891,163	-	17,709,884
Transfers Out	-	(93,727)	(1,197,934)	(461,404)	(845,362)	(2,598,427)
Total Financing Sources (Uses)	2,715,364	4,403,618	9,116,627	(258,491)	(845,362)	15,131,756
NET CHANGE IN FUND BALANCES	-	1,026,778	(700,217)	(284,454)	-	42,107
Fund Balances - Beginning of Year	-	5,582,695	26,343,383	(315,270)	-	31,610,808
FUND BALANCES - END OF YEAR	\$ -	\$ 6,609,473	\$ 25,643,166	\$ (599,724)	\$ -	\$ 31,852,915

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background Information

Mississippi Department of Marine Resources (MDMR), an agency of the state of Mississippi, follows fund accounting pursuant to applicable state statutes. These funds represent funds selected for audit by the state of Mississippi, Office of the State Auditor, and the accompanying presentation does not purport to present the financial position and changes in financial position of MDMR.

Financial Reporting Entity

MDMR is a state agency in the state of Mississippi's Annual Comprehensive 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 Marine Resources.

Purpose of Funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000

Fund 2245000000 – Appropriations Fund or General Fund receives appropriations each year from the Legislature.

Fund 3345000000 – Seafood Fund is a special revenue fund that accounts for the operating funds that support a majority of MDMR operations not funded by federal grants. Funding sources include off-road fuel taxes, contracts, license sales, permitting, etc. This fund also holds the balances of MDMR's "Obligated Funds," which are received for specific legislative or contractual purposes that are restricted only for those uses (examples include Coastal Preservation, Shell Retention and Artificial Reef).

Fund 3345200000 – Tidelands Trust Fund is a special revenue fund that accounts for the lease of Mississippi water bottoms.

Fund 5345000000 – MDMR Federal Clearing Fund is a special revenue fund used to recover federal and nonfederal funds spent on grants. Only grant programs that are 100% reimbursement programs are included in this fund, thus facilitating the reconciliation of the account and creating improved transparency of the status of reimbursements from the federal government and other sources.

Fund 5345300000 – GOMESA (Gulf of Mexico Energy Security Act), Phase II Fund is a special revenue fund that accounts for an advance payment of federal revenue from the U.S. Department of the Interior Office of Natural Resources Revenue for specific purposes that provide coastal restoration and environmental projects.

Basis of Presentation

The accompanying fund financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. All short-term, highly liquid investments that are readily convertible to cash (generally with a maturity of three months or less) are considered cash equivalents. At June 30, 2023, \$41,788 was held by MDMR as cash equivalents. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the State of Mississippi.

Accounts Receivable

Accounts receivable consist of amounts due from the federal or state government in which the revenue is earned but not received by June 30, 2023. Accounts receivables is reported net of allowances for uncollectible accounts, where applicable. The MDMR deemed all accounts receivable fully collectible and did not record an allowance as of June 30, 2023.

Fund Accounting

The financial activities of the funds audited are recorded in individual funds used to report financial position and changes in financial position. Fund accounting demonstrates the 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.

Basis of Accounting/Measurement Focus

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are considered to be available when they are both measurable and available to finance expenditures of the current period. Management considers revenue to be available if collected within 60 days after year end. Expenditures are recorded when a liability is incurred.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires MDMR 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, expenditures, and other changes in fund balances during the period. Actual results could differ from those estimates.

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grant revenue is recognized when the revenue is received, and the related and allowable expenditure is incurred. Other revenues in the funds are generally recognized when the revenue is received or appropriated by the State of Mississippi Legislature.

Unearned Revenue

Unearned revenue represents grant revenue received prior to all eligibility requirements being met. Unearned revenue is reported as a liability until the eligibility requirements are met.

Interfund Transfers

Interfund transfers received from other funds are reported as Other Financing Sources rather than revenue, and interfund transfers sent to other funds are recorded as Other Financing Uses. In the selected governmental funds 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.

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers (Continued)

As of June 30, 2023, fund transfers consisted of:

Fund 2245000000		
	<u>Description</u>	<u>Transfers In</u>
	Other State Agency - Office of the State Treasurer	<u>\$ 2,715,364</u>
Fund 3345000000		
	<u>Description</u>	<u>Transfers In</u>
	Other State Agency -	
	Mississippi Emergency Management Agency	\$ 43,053
	Mississippi Department of Environmental Quality	5,000
	Secretary of State	3,050,000
	Other Agency Funds - Joint Enforcement Agreement (JEA) Contract Cash	
	on Hand Transfer	155,850
	Other Agency Funds - Indirect Cost Allocation	534,893
	Total	<u>\$ 3,788,796</u>
		<u>Transfers Out</u>
	Other Agency Funds - Cost Allocation Reimbursements	\$ 9,553
	Other State Agency - Department Finance and Administration	84,174
	Total	<u>\$ 93,727</u>
Fund 3345200000		
	<u>Description</u>	<u>Transfers In</u>
	Other State Agency - Secretary of State	<u>\$ 10,314,561</u>
		<u>Transfers Out</u>
	Other State Agency - Office of the State Treasurer	<u>\$ 1,197,934</u>
Fund 5345000000		
	<u>Description</u>	<u>Transfers In</u>
	Other State Agency - Mississippi Department of Environmental Quality	<u>\$ 891,163</u>
		<u>Transfers Out</u>
	Other Agency Funds - Indirect Cost Allocation	<u>\$ 461,404</u>
Fund 5345300000		
	<u>Description</u>	<u>Transfers Out</u>
	Other State Agency -	
	Mississippi Department of Finance and Administration/MDWFP	\$ 741,662
	Mississippi Department of Environmental Quality	103,700
	Total	<u>\$ 845,362</u>

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Funds

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

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 that may only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – This classification includes amounts that can be used only for the specific purposes determined by enabling legislations by the State Legislature.

Assigned – This classification includes amounts where constraints are imposed on the use of resources through the intent of the State Legislature or by its delegation to each agency director.

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 amount had been restricted, committed or assigned.

MDMR applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 CASH AND OTHER DEPOSITS

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDMRs' deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the state treasurer under a program established by the state of Mississippi 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. More information can be found in the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

At June 30, 2023, Fund 5345000000 had a deficit fund balance of \$599,724. This deficit will be eliminated through future revenues.

NOTE 4 DUE FROM AND DUE TO OTHER GOVERNMENTS

At June 30, 2023, due from and due to other governments balances consisted of:

<u>Fund 3345000000</u>	<u>Due From</u>
Other State Funds	
Joint Enforcement Agreement (JEA) Contract	\$ 155,850
Department Finance and Administration	10,044
Mississippi Emergency Management Agency	48,706
DMR-Administrative Fees-BP Seafood Marketing	603
DMR-Indirect Cost Allocation	154,164
Total	<u>\$ 369,367</u>
Federal Government	
US Fish and Wildlife Service	<u>\$ 21,728</u>
Other Governments	
Harrison County	\$ 152,414
National Fish and Wildlife Association (NFWF)	16,500
Total	<u>\$ 168,914</u>
<u>Fund 3345000000</u>	<u>Due To</u>
Other Governments	
US Treasury	<u>\$ 157,370</u>
Other State Funds	
DMR-Administrative Fees-BP Seafood Marketing	\$ 603
DMR-Indirect Cost Allocation	430
Total	<u>\$ 1,033</u>
<u>Fund 3345200000</u>	<u>Due From</u>
Other State Funds	
Office of the State Treasurer	<u>\$ 43,461</u>

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DUE FROM AND DUE TO OTHER GOVERNMENTS (CONTINUED)

<u>Fund 3345200000 (Continued)</u>		<u>Due To</u>
Other Governments		
US Geological Survey Map Distribution	\$	37,088
Hancock County		14,130
Harrison County		495,908
Gulfport School District		5,550
Mississippi Wildlife Federation		250
City of Biloxi		433,589
Jackson County		175,500
City of Bay St. Louis		219,834
City of D'Iberville		14,050
City of Gulfport		452,103
City of Gautier		65,245
City of Diamondhead		77,010
City of Long Beach		27,680
City of Moss Point		28,301
City of Pascagoula		6,570
City of Pass Christian		89,715
City of Ocean Springs		81,241
City of Waveland		4,050
Total	\$	<u>2,227,814</u>
Other State Funds		
Information Technology Services	\$	<u>547</u>
Component Units of the State		
University of Southern Mississippi	\$	40,900
MS Gulf Coast Community College		2,448
Mississippi State University		20,919
Total	\$	<u>64,267</u>
<u>Fund 5345000000</u>		<u>Due From</u>
Federal Government		
U.S. Department of Commerce	\$	295,870
U.S. Department of the Interior		192,122
U.S. Department of Homeland Security		417
U.S. Department of Agriculture		35,251
National Endowment for the Humanities		224
National Oceanic and Atmospheric Administration		217,764
Environmental Protection Agency		33,174
Total	\$	<u>774,822</u>
Other Governments		
Gulf States Marine Fisheries Commission	\$	<u>1,728</u>
Other State Funds		
Mississippi Department of Environment Quality	\$	<u>314,627</u>
Component Units of the State		
Mississippi State University	\$	167
University of Mississippi		13,577
Total	\$	<u>13,744</u>

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DUE FROM AND DUE TO OTHER GOVERNMENTS (CONTINUED)

Fund 5345000000		Due To
Other Governments		
City of Bay St. Louis		\$ 98,966
Mississippi State Port Authority at Gulfport		500
City of Gautier		48,351
City of Ocean Springs		16,500
United States Army Corps of Engineers		14,857
Jackson County		6,710
	Total	<u>\$ 185,884</u>
Other State Funds		
DMR-Indirect Cost Allocation		\$ 110,187
Joint Enforcement Agreement (JEA) Contract		155,850
	Total	<u>\$ 266,037</u>
Component Units of the State		
Mississippi State University		\$ 71,418
University of Southern Mississippi		77,522
	Total	<u>\$ 148,940</u>
Fund 5345300000		Due To
Other Governments		
Kiln Utility and Fire District		\$ 120,787
City of Biloxi		277,009
City of Diamondhead		501,923
City of Gautier		738,508
City of Ocean Springs		220,102
City of Pass Christian		73,850
Jackson County		522,176
Hancock County		313,627
City of Pascagoula		1,144
	Total	<u>\$ 2,769,126</u>
Other State Funds		
Mississippi Department of Environment Quality		<u>\$ 1,564</u>
Component Units of the State		
University of Southern Mississippi		\$ 1,478,483
Mississippi State University		530,644
	Total	<u>\$ 2,009,127</u>

All amounts due to MDMR are expected to be collected/liquidated in fiscal year 2024.

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 CONTINGENCIES AND COMMITMENTS

Federal Grants

MDMR receives 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 the grant agreement and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance of program uses of funds may be a liability of MDMR's.

Litigation

MDMR is party to various legal proceedings that arise in the normal course of governmental operations. If an unfavorable outcome of the litigation is determined to be likely and probable, MDMR will record a liability to reflect the estimated outcome of the litigation.

NOTE 6 RETIREMENT PLAN

MDMR contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multi-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the state of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1- 800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the MDMR is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the state of Mississippi Legislature. MDMR retirement contribution, as of June 30, 2023 for funds selected for audit, was \$1,328,960.



**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**

Gen. Joe Spraggins, Executive Director and Management
State of Mississippi Department of Marine Resources
Biloxi, 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 selected funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000 of the Mississippi Department of Marine Resources (MDMR) of the State of Mississippi, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of MDMR's basic financial statements, and have issued our report thereon dated February 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the selected funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000, we considered MDMR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the selected funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000, but not for the purpose of expressing an opinion on the effectiveness of MDMR's internal control. Accordingly, we do not express an opinion on the effectiveness of MDMR'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 agency'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.

Gen. Joe Spraggins, Executive Director and Management
State of Mississippi Department of Marine Resources

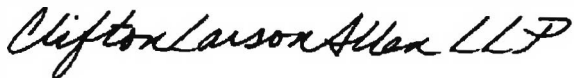
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDMR's funds 2245000000, 3345000000, 3345200000, 5345000000, and 5345300000 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 financial statements. 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 agency'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 agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 14, 2024

**STATE OF MISSISSIPPI
DEPARTMENT OF MARINE RESOURCES
SELECTED FUNDS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.