

«sal» «First_Name»«Last_Name»
«Address»
«City», «State» «Zip»

Dear «sal» «Last_Name»:

In connection with an examination of our financial statements at June 30, 2001 and for the year then ended, we have prepared and furnished to the Mississippi Department of Finance and Administration a description and evaluation of certain contingencies. The attached contingencies involve matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of this agency in the form of legal consultation or representation. We have represented to the Department of Finance and Administration that there are no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and should be disclosed, except as reported on the attached schedules.

Please furnish to the Director of Finance and Administration and the State Auditor such explanation, if any, that you consider necessary to supplement the attached information. Include an explanation of those matters to which your views may differ from those stated and an identification of the omission of any pending or threatened litigation, claims, and assessments or a statement that the list of such matters is complete.

Your response should include matters that existed at June 30, 2001 and during the period from that date to October 31, 2001 in the format prescribed that follows:

- (A) Pending or Threatened Litigation (excluding unasserted claims):
 - (1) the nature of the litigation;
 - (2) the progress of the case to date;
 - (3) how the agency is responding or intends to respond to the litigation (i.e., to contest the case vigorously or to seek an out-of-court settlement); and

- (4) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss:
- (B) Unasserted claims and assessments considered by management to be probable of assertion, and that, if asserted, would have at least a reasonable possibility of an unfavorable outcome:
- (1) the nature of the matter;
 - (2) how the agency intends to respond if the claim is asserted; and
 - (3) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss.

We understand that whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us, the Department of Finance and Administration and the State Auditor, and will consult with us concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5. Please specifically confirm to the Executive Director and the State Auditor that our understanding is correct.

Please specifically identify the nature of and reasons for any limitation on your response.

Sincerely,

Bill Renick
Chief of Staff

BR:fg

