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# **MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS**

## **BOARD OF COMMISSIONERS**

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# MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Mississippi Department of Wildlife, Fisheries & Parks  
Jackson, Mississippi 39205

We have audited the accompanying financial statements of State Treasury Funds 2461, 3460, and 3461 of the Mississippi Department of Wildlife, Fisheries & Parks as of June 30, 2007. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report. These funds are the responsibility of the agency's management. Our responsibility is to express an opinion on these funds based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the funds are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements of Funds 2461, 3460, and 3461. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements of Funds 2461, 3460, and 3461's presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Funds 2461, 3460, and 3461 and do not purport to, and do not, present fairly the financial position of the Mississippi Department of Wildlife, Fisheries & Parks as of June 30, 2007, the changes in financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Commissioners  
Mississippi Department of Wildlife, Fisheries & Parks  
Jackson, Mississippi 39205

In our opinion, the financial statements of Funds 2461, 3460, and 3461 referred to above present fairly, in all material respects, the financial position of the Funds 2461, 3460, and 3461 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.

In accordance with Government Auditing Standards, we have also issued our report dated September 7, 2007, on our consideration of the Mississippi Department of Wildlife, Fisheries & Parks 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 of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

*Nichelson & Company, PLLC*  
Hattiesburg, Mississippi  
September 7, 2007

**BALANCE SHEET**  
**SELECTED GOVERNMENTAL FUNDS**

## ASSETS

See the independent auditor's report and accompanying notes to financial statements.

**LIABILITIES AND FUND BALANCE**

	<b>Parks and Recreation Special Revenue Fund 2461</b>	<b>Fisheries and Wildlife Special Revenue Fund 3460</b>	<b>Parks and Recreation Special Revenue Fund 3461</b>
<b>LIABILITIES</b>			
Warrants payable	\$ -	\$ 794,148	\$ 327,101
Accounts payable	-	418,928	325,272
Due to other governments	-	1,695	4,222
Due to other funds	-	90,681	-
Other payables	-	6,706	63,253
Deferred revenue	-	1,167,830	1,500
Customer deposits	-	25,500	-
<b>Total liabilities</b>	<b>-</b>	<b>2,505,488</b>	<b>721,348</b>
<b>FUND BALANCE</b>			
Reserved for:			
Encumbrances	-	2,052,905	181,800
Inventories	-	182,442	75,486
Prepaid expenses	-	224,220	-
Unreserved	41,442	9,877,732	7,474,234
<b>Total fund balance</b>	<b>41,442</b>	<b>12,337,299</b>	<b>7,731,520</b>
<b>Total liabilities and fund balance</b>	<b>\$ 41,442</b>	<b>\$ 14,842,787</b>	<b>\$ 8,452,868</b>



EXHIBIT B

MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SELECTED GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

		Parks and Recreation Special Revenue Fund 2461	Fisheries and Wildlife Special Revenue Fund 3460	Parks and Recreation Special Revenue Fund 3461
<b>REVENUES</b>				
License fees, permits, and registrations	\$	-	\$ 15,387,896	\$ -
Subscription revenue	-	-	106,498	-
Fines and penalties	-	-	82,835	-
Rental revenue	-	-	170,305	6,000
Park user fees	-	-	-	7,906,510
Golf revenue	-	-	-	1,061,866
State sources	-	7,149,261	5,750,000	-
Federal sources	-	-	9,529,184	1,728,040
Sale of personal property	-	-	148,364	71,971
Interest	-	-	386,992	314,318
Fulfillment fee receipt	-	-	381,073	35,850
Other revenues	-	-	436,017	30,592
Total revenues		<u>7,149,261</u>	<u>32,379,164</u>	<u>11,155,147</u>
<b>EXPENDITURES</b>				
Salaries		4,106,412	20,121,425	2,891,433
Travel		7,672	79,026	4,241
Contractuals		1,922,241	5,266,166	2,236,611
Commodities		343,546	3,116,901	736,912
Capital outlay		171,302	2,266,565	601,934
Subsidies		242,316	650,864	1,097,260
Merchandise purchased for resale		315,084	-	351,874
Total expenditures		<u>7,108,573</u>	<u>31,500,947</u>	<u>7,920,265</u>

See the independent auditor's report and accompanying notes to financial statements.

EXHIBIT B  
PAGE TWO

MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SELECTED GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	Parks and Recreation Special Revenue Fund 2461	Fisheries and Wildlife Special Revenue Fund 3460	Parks and Recreation Special Revenue Fund 3461
Excess of revenues over (under) expenditures	\$ 40,688	\$ 878,217	\$ 3,234,882
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other governments	-	4,181,281	475,420
Transfers from other funds	-	227,500	-
Transfers to other funds	-	(286,296)	-
Total other financing sources (uses)	-	4,122,485	475,420
Excess of revenues over (under) expenditures and other financing sources (uses)	40,688	5,000,702	3,710,302
<b>FUND BALANCES - BEGINNING</b>	754	7,336,597	4,021,218
<b>FUND BALANCES - ENDING</b>	\$ 41,442	\$ 12,337,299	\$ 7,731,520

See the independent auditor's report and accompanying notes to financial statements.

***NOTES TO FINANCIAL STATEMENTS***

## MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2007

#### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applicable to the selected funds of the Mississippi Department of Wildlife, Fisheries & Parks are described below:

**Basis of Presentation** - The accompanying selected fund financial statements of the Mississippi Department of Wildlife, Fisheries & Parks 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.

**Financial Reporting Entity** - The Mississippi Department of Wildlife, Fisheries & Parks is reported as a state agency in the State of Mississippi's Comprehensive Annual Financial Report. The three selected 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 & Parks. The Fisheries and Wildlife Special Revenue Fund of the Mississippi Department of Wildlife, Fisheries & Parks 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 these funds are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. The Fisheries and Wildlife Special Revenue Fund also shares in administrative costs of the Agency through operating transfers to the administrative fund. Revenues are derived from the sale of hunting and fishing licenses, fees and permits, taxes and federal grants. The Parks and Recreation Special Revenue Funds account for expenditures to support the varied activities to promote, operate and maintain the twenty-eight park sites located throughout the state. Funding is primarily provided by user fees, federal grants and transfers.

**Measurement Focus, 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 at the end of the fiscal year. The Agency considers revenues received within sixty (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 goods and services.

**MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE TWO**

**YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The selected funds for the Mississippi Department of Wildlife, Fisheries & Parks are reported as Special Revenue Funds. The special revenue funds primarily account for transactions related to resources obtained from specific revenue sources 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 include bank accounts, petty cash, money market demand accounts, money market mutual funds and certificates of deposit with a maturity date within ninety (90) days of the date acquired by the State.

**Receivables** - Receivables represent amounts due to the Agency for revenues earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts where applicable.

**Interfund Activity** - In the selected 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. Transfers represent flows of assets between funds of the Agency without equivalent flows of assets in return and without a requirement for payment.

**Inventories and Prepaid Items** - Inventories of supplies and materials are stated at cost, generally using the first-in, first-out method. Inventories of supplies and materials of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the selected funds financial statements.

**Deferred Revenue** - Deferred revenue is reported in the Fisheries and Wildlife fund for sales of licenses and permits attributable to fiscal year 2007.

**Fund Balances** - Fund balances of governmental funds that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances, including reserves for encumbrances, inventories and prepaid expenses. Unreserved fund balances reflect the balances available for appropriation for the general purposes of the fund.

MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

NOTES TO FINANCIAL STATEMENTS

PAGE THREE

YEAR ENDED JUNE 30, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**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.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**NOTE 2 - INTERFUND TRANSACTIONS**

At June 30, 2007, interfund loans consisted of the following:

<u>Loans To</u>	<u>Loans From</u>
	<u>Parks and Recreation Fund</u>
Budgetary Contingency Fund	<u>\$ 56,717</u>

On April 26, 2004, the Parks and Recreation Special Revenue Fund loaned the Budgetary Contingency Fund \$56,717 for budgeting shortfalls in appropriations for the State of Mississippi as required by House Bill 1667. The Agency does not expect to collect this during fiscal year 2007.

**MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE FOUR**

**YEAR ENDED JUNE 30, 2007**

**NOTE 2 - INTERFUND TRANSACTIONS (Cont.)**

At June 30, 2007, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>
	<u>Fisheries and Wildlife Fund</u>
Department of Finance	\$ 70,856
Bureau of Buildings	215,440
Total transfers	<u>\$ 286,296</u>

Interfund transfers are primarily used to move revenues from funds required to collect them to funds required to expend them. The transfer in of \$227,500 reported in the Fisheries and Wildlife Fund 3460 was received from the State Contingency Fund per the 2007 Appropriations Bill.

**NOTE 3 - DEPOSITS**

Section 27-105-5, Mississippi Code Ann. (1972), authorizes the State Treasurer to implement a statewide collateral pool program which secures all state and local public funds deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

Section 27-105-5, Mississippi Code Ann. (1972), 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 5½% 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.

**MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE FIVE**

**YEAR ENDED JUNE 30, 2007**

**NOTE 3 - DEPOSITS (Cont.)**

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 Mississippi State Treasurer on behalf of the Agency. At June 30, 2007 all cash deposits of Funds 2461, 3460, and 3461 were fully collateralized in accordance with state statutes.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2007, due from other governments consisted of the following:

<u>Due From</u>	<u>Fisheries and Wildlife Fund</u>
<b>Fund 3460</b>	
Mississippi Emergency Management Agency	\$ 3,923,760
Mississippi State Tax Commission	<u>5,750,000</u>
Total Fund 3460	<u>\$ 9,673,760</u>
<b>Fund 3461</b>	
Department of Interior National Park Service	<u>\$ 131,285</u>

The entire amount is expected to be collected in fiscal year 2007.

**NOTE 5 - RETIREMENT PLAN**

Mississippi Department of Wildlife, Fisheries & Parks contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by 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.



**MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES & PARKS**

**NOTES TO FINANCIAL STATEMENTS**

**PAGE SIX**

**YEAR ENDED JUNE 30, 2007**

**NOTE 5 - RETIREMENT PLAN (Cont.)**

Funding Policy - PERS members are required to contribute 11.3% of their annual covered salary and Mississippi Department of Wildlife, Fisheries & Parks is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. PERS contributions for fiscal year ended June 30, 2007 for the selected funds were as follows: Fund 2461 - \$345,630; Fund 3460 - \$1,692,415; and Fund 3461 - \$245,670.

**NOTE 6 - CONTINGENCIES**

**Federal Grants** - The Agency has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Agency. The Agency estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

**Litigation** - The Agency is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes that they will be successful in defending the Agency in a majority of these cases. In the event they are not successful in defending such cases, the State's opinion is that the ultimate disposition of these matters will not have a material adverse effect on the financial position of the state.

## ***SUPPLEMENTARY INFORMATION***

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of State Treasury Funds 2461, 3460, and 3461 of the Mississippi Department of Wildlife, Fisheries & Parks as of and for the year ended June 30, 2007, and have issued our report thereon dated September 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mississippi Department of Wildlife, Fisheries & Parks internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mississippi Department of Wildlife, Fisheries & Parks internal control over financial reporting. Accordingly, we do express an opinion on the effectiveness of Mississippi Department of Wildlife, Fisheries & Parks internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mississippi Department of Wildlife, Fisheries & Parks ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Mississippi Department of Wildlife, Fisheries & Parks' financial statements that is more than inconsequential will not be prevented or detected by the Mississippi Department of Wildlife, Fisheries & Parks internal control.

To the Board of Commissioners  
Mississippi Department of Wildlife, Fisheries & Parks

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Mississippi Department of Wildlife, Fisheries & Parks internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mississippi Department of Wildlife, Fisheries & Parks financial statements of State Treasury Funds 2461, 3460, and 3461 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Commissioners of Mississippi Department of Wildlife, Fisheries & Parks 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.

*Nicholson + Company, PLLC*

Hattiesburg, Mississippi  
September 7, 2007