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**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY –  
GENERAL FUND**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

Mississippi Department of Public Safety  
(A Department of the State of Mississippi)  
Jackson, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the general fund of the Mississippi Department of Public Safety (MDPS), as of and for the year ended June 30, 2021, and the related notes to the financial statements. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report (CAFR).

### ***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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of funds of MDPS as of June 30, 2021, and the respective changes in financial position 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 present only the general fund of the Mississippi Department of Public Safety and do not purport to, and do not, present fairly the financial position of the Mississippi Department of Public Safety, as of June 30, 2021, and 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 opinion is not modified with respect to this matter.

***Other Matter***

Management has omitted the Management Discussion and Analysis and budgetary comparison information 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 the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements are not affected by the missing information.

***Other Report Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of MDPS'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 MDPS'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 MDPS's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
February 15, 2022

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
BALANCE SHEET  
JUNE 30, 2021**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 39,357,575
Account Receivable	2,222,210
Due from Federal Government	4,627,064
Due From Other State Agencies	2,331,317
Due from Component Units	90,686
Inventory	<u>1,378,530</u>
Total Assets	<u><u>\$ 50,007,382</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Account Payable	\$ 1,677,672
Due to Other State Agencies	2,818,158
Due to Component Units of the State of Mississippi	31,106
Unearned Revenue	<u>8,391,538</u>
Total Liabilities	12,918,474
<b>FUND BALANCES</b>	
Nonspendable	1,378,530
Restricted	29,662,639
Committed	5,081,383
Unassigned	<u>966,356</u>
Total Fund Balances	<u><u>37,088,908</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 50,007,382</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>
<b>REVENUES</b>	
Charges for Services	\$ 29,177,913
Fines and Forfeits	5,983,381
Assessments	6,977,984
Federal Stimulus/Grants	26,503,568
Other Income	1,215,891
Total Revenues	<u>69,858,737</u>
<b>EXPENDITURES</b>	
Salaries and Wages	100,201,321
Travel	412,538
Service Charge	32,899,513
Commodities	8,876,682
Subsidies	16,078,535
Miscellaneous	205,975
Capital Outlay	5,096,565
Total Expenditures	<u>163,771,129</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(93,912,392)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer In	98,598,318
Transfer Out	<u>(4,343,377)</u>
Total Other Financing Sources (Uses)	<u>94,254,941</u>
<b>NET CHANGE IN FUND BALANCES</b>	342,549
Fund Balances - Beginning of Year	<u>36,746,359</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 37,088,908</u></u>

See accompanying Notes to Financial Statements.



**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Reporting Entity**

The Mississippi Department of Public Safety (MDPS) mission is to make Mississippi a safer place for all of its state residents. MDPS keeps the state safe by working to keep drugs off the street, keep roads safe through patrolling roads and highways, providing training and certification to law enforcement agencies, conduct investigations and forensic analysis, issuing driver's licenses and firearm permits.

MDPS is a state agency included in the State of Mississippi's Comprehensive Annual Financial Report.

**Basis of Presentation**

The accompanying 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). These financial statements do not constitute a complete presentation because they do not present the government-wide financial statements, reconciliations to the government-wide financial statements, management's discussion and analysis, or budgetary information.

**Fund Accounting**

The financial activity of the general fund consists of various individual funds used to report financial position and changes in financial position. 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.

**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. Expenditures are recorded when a liability is incurred.

**Use of General Funds**

The general fund included in the financial statements consists of the following sub-funds:

Fund 2210300000 Public Safety Planning – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety - Public Safety Planning for daily operating expenditures.

Fund 2271100000 Highway Patrol – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Mississippi Highway Safety Patrol/Driver Services Bureau for daily operating expenditures.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of General Funds (Continued)**

Fund 2271300000 Crime Laboratory – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Crime Lab for daily operating expenditures.

Fund 2271500000 Support Services – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Support Services for daily operating expenditures.

Fund 2271800000 Mississippi Bureau of Narcotics (MBN) – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Mississippi Bureau of Narcotics for daily operating expenditures.

Fund 2275700000 Homeland Security – Appropriated money from the State General Fund to defray daily operating expenses of the Department Homeland Security.

Fund 3310300000 Public Safety Support – Monies are transferred from other special funds to cover administrative support cost and operating expenses. These monies defray the cost of administrative support and operating cost.

Fund 3310E00000 Drug Abuse – Special fees to be used for alcohol and drug abuse treatment and education.

Fund 3371000000 Forfeited Funds – All monies collected from the seizure and forfeiture of vehicles. Expenses are used to defray the expense to support the task force teams and other law enforcement daily operating expenses.

Fund 3371300000 Crime Laboratories Special Fund – Forensics Laboratories special funds from the collection of fees for services rendered by the Crime Laboratory. The fees are used any authorized expenditures.

Fund 3371400000 Mississippi Law Enforcement Officers Training Academy (MLEOTA) – Fees include basic training and in-service training tuition. Monies are used to defray the cost of daily operations.

Fund 3371500000 Support Services – This is the admin fund for the Support Services Divisions of MDPS. Revenue comes from the collection of administrative fees, child support, and garnishments.

Fund 3371600000 Driver Services Fees – This fund was created to support the state-wide driver's license, CDL license and other permits. This fund receives revenue from charges for services and appropriations.

Fund 3371700000 Weapons Permit – Funds from the collection of the sales of Weapons Permits. Monies shall be used for implementation and administrations of the issuance of weapons permits.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of General Funds (Continued)**

Fund 3371900000 Salvage – Salvage Certificate of Title fees collected for a salvage vehicle inspections and issuance of title. Monies may be used to defray the expense of MDPS.

Fund 3371B00000 Driver's License Photo Fee – Fee collected to pay for the actual cost of producing photographs. The monies are to be expended for the actual cost of producing photographs.

Fund 3371C00000 Driver's License Spec Fee – Special Fund to collect monies from the original/renewal driver's licenses. The expenses are to consist of vehicle, equipment, and communication purchases.

Fund 3371H00000 Fingerprint – Fees collected for processing fingerprints and defray the costs of the incurred for this service. Expenses are for handling and administrating the criminal history background checks.

Fund 3371J00000 Traffic Violation Fee – These fees are set in statue to defray the cost incurred by the department in maintaining the nonpublic record of persons who are eligible for participation.

Fund 3371P00000 DUI Interlock – To provide funding for Driver Services Bureau and assistance to help pay for indigent persons in need of an interlock device.

Fund 3371R00000 Uninsured Motorists Identification – To fund the motor vehicle insurance verification system. Monies are used to defray the operating costs of this fund.

Fund 3372000000 Drug Evidence – Fees are collected from the disposition and destruction of drugs. This fund stores and destroys drugs for the entire State of Mississippi.

Fund 3374300000 Law Enforcement Officer's Monument Fund – This fund was established to collect and maintain monuments to display the name of fallen law enforcement officers. Revenue is received from grants and donations.

Fund 3374700000 Wireless Radio Communications – Cities and Counties can request funding for wireless equipment. This fund helps provide Cities and Counties access to inexpensive wireless radio equipment.

Fund 3374800000 Crime Stoppers Program – Surcharge of fines collected for any misdemeanor other than offense relating to vehicular parking or registration. Monies collected to fund local Crime Stoppers programs. Monies go to local cities and counties to prevent crime.

Fund 3375000000 Law Enforcement Death Benefits – These funds are expended in the amount of \$100,000 to the beneficiary when a Law Enforcement Officer or Fire Fighter is killed in the line of duty.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of General Funds (Continued)**

Fund 3375100000 Mississippi Highway Safety Patrol Retirement System (MHSPRS) – Fees are collected and deposited into this fund to offset expenditures are for the Trooper Retirement System.

Fund 3375200000 Public Safety Special Fund – The Juvenile Facility Monitoring portion is transferred from the Mississippi Dept of Human Services yearly (\$250,000). The Emergency Telecommunication portion are fees collected on phone bills.

Fund 3375300000 Highway Patrol Trooper School Fund – Funded by half of the money remaining in Fund 3371R00000 Uninsured Motorists Identification at the end of each year. Revenues from this fund are used to fund the cost education and training for Mississippi State Troopers.

Fund 5310200000 Federal/State MDPS – This fund was created to administer and expend funds necessary to operate the Office of Highway Safety and Justice Programs (federal) grants.

Fund 5310G00000 Edward Byrne Memorial Justice Assistance Grant Program (JAG) – This fund provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

Fund 5371100000 Highway Patrol Federal Grant – This fund is used for receiving Federal monies from the grantors for the Highway Patrol.

Fund 5371800000 MBN Grant – This fund was established to account for all federal and nonfederal grant revenues and expenditures for the Mississippi Bureau of Narcotics.

Fund 5375700000 Homeland Security – This fund was established to account for all federal and nonfederal grant revenues and expenditures for the Department of Homeland Security.

Fund 5375A00000 Homeland Admin – This fund was established to account for all federal and nonfederal grant revenues and expenditures for the Department of Homeland Security Administration.

Fund 537AD00000 Advance Grants – Real ID grants monies are deposited into this fund.

Fund 537CL00000 CL Grants – This fund was established to account for all federal and nonfederal grant revenues and expenditures for the Mississippi Crime Lab.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of General Funds (Continued)**

Fund 5820171200 FY20 Corona - This fund was established to account for all CARES Act federal grant related revenues and expenditures for the Department of Public Safety.

Fund 6437CE0000 Highway Patrol Capital Expenditures – This fund was established to track and record appropriated funds for the Highway Patrol’s capital expenditures.

Fund 6437CL0000 CL Capital Expenditures – Mississippi Highway Patrol Capital Expense fund is monies appropriated by the Legislature to defray specific cost of MDPS.

Fund 8822700000 Driver’s License Fees – Commercial Bank account for Driver’s License Fees. Per Section 7-9-12, Miss. Code Ann. (1972), agencies may request authorization to open a bank account to serve as a collection or clearing account for funds required by law to be deposited in the State Treasury.

Fund 8822800000 Federal Forfeiture – Commercial Bank account for Federal Forfeitures. Per Section 7-9-12, Miss. Code Ann. (1972), agencies may request authorization to open a bank account to serve as a collection or clearing account for funds required by law to be deposited in the State Treasury.

Fund 8823000000 WC Checking – Commercial Bank account for Worker’s Compensation claims. Per Section 7-9-12, Miss. Code Ann. (1972), agencies may request authorization to open a bank account to serve as a collection or clearing account for funds required by law to be deposited in the State Treasury.

Fund 8837400000 Federally Forfeited Funds – Commercial Bank account for MBN Forfeitures. Per Section 7-9-12, Mississippi. Code Ann. (1972), agencies may request authorization to open a bank account to serve as a collection or clearing account for funds required by law to be deposited in the State Treasury.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined 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.

Deposits not held with the State Treasury had a carrying amount of \$3,357,127 on June 30, 2021. Cash on hand totaled \$12,905 on June 30, 2021.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDPS' 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). This program 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). All bank deposits were maintained in collateralized accounts or covered by federal depository insurance and were not exposed to custodial credit risk.

**Accounts Receivable**

Accounts receivable consist of amounts billed to third parties related to charges for services, fines and fees. Accounts receivable, are reported net of allowances for uncollectible accounts, where applicable based upon a review of outstanding receivables, historical collection information and existing economic conditions. The allowance for uncollectible accounts was \$46,736 at June 30, 2021.

**Account Classifications**

The account classifications used in the financial statements conform to the board classifications recommended in *Governmental Accounting, Auditing and Financial Reporting*, as issued by the Government Finance Officers Association.

**Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. As of June 30, 2021 inventory consisted of the following:

Supply Inventory	\$ 756,130
Automotive Parts	78,696
Communications	543,704
Total Inventory	<u><u>\$ 1,378,530</u></u>

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Fund Balances – Governmental Funds**

MDPS presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on the fund balances. The classifications used in these 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.

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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MDPS considers restricted resources to have been spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, MDPS considers committed, assigned, and unassigned amounts to have been spent in that order.

**Revenue Recognition**

Exchange revenue or charges for services, fines, fees assessments include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by MDPS.

Grant revenue is recognized when the related liability or expenditure is incurred. Other revenues in the funds are generally recognized when the revenue is received.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Account Classifications**

The account classifications used in the financial statements conform to the classifications recommended in *Governmental Accounting, Auditing and Financial Reporting*, as issued by the Government Finance Officers Association.

**Use of Estimates**

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires MDPS 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.

**NOTE 2 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. Transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund.

As of June 30, 2021, Fund transfers in consisted of:

Transfers in	
Grant funds from other state agencies	\$ 4,553,640
Mississippi Emergency Management Agency	245,082
Office of State Treasurer	16,435
Office of State Treasurer - Capital Expenditures	2,259,410
State Appropriations	91,523,751
Total Transfers In	<u>\$ 98,598,318</u>

As of June 30, 2021, Fund transfers out consisted of:

Transfers Out	
Grant Funds Passed to Subrecipients	\$ 188,671
Department of Finance and Administration	4,154,706
Total Transfers Out	<u>\$ 4,343,377</u>



**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 DUE FROM AND DUE TO**

Due from and due to balances are amounts due from and to the other departments, local governments, and agencies within the State of Mississippi.

As of June 30, 2021, due from consisted of the following:

	<u>Due From</u>
Other State Agencies:	
Mississippi Office of Homeland Security	\$ 414,543
Mississippi State and Local Governments for Fingerprint Services	501,356
Mississippi State and Local Governments for Crime Lab Services	92,709
Mississippi State and Local Governments for Law Enforcement Training	99,043
Mississippi State and Local Governments for Specialty Support Services	175,636
Mississippi State and Local Governments from Crime Investigation	1,026,470
Department of Narcotics	<u>21,560</u>
Total Due From Other State Agencies	2,331,317
 Due from Federal Government	
U.S. Department of Justice	4,627,064
 Component Units	
State of Mississippi Component Units	<u>90,686</u>
 Total Due From	<u><u>\$ 7,049,067</u></u>

As of June 30, 2021, due to consisted of the following:

	<u>Due To</u>
Other State Agencies:	
Department of Finance and Administration - Yearend Accruals	\$ 1,449,595
Department of Finance and Administration	<u>1,368,563</u>
Total Due To Other State Agencies	2,818,158
 Component Units of the State of Mississippi	
State of Mississippi Component Units	<u>31,106</u>
 Total Due To	<u><u>\$ 2,849,264</u></u>

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 CONTINGENCIES AND COMMITMENTS**

**Litigation**

MDPS 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, MDPS will record a liability to reflect the estimated outcome of the litigation.

**Federal Grants**

MDPS 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 MDPS.

**NOTE 5 RETIREMENT PLAN**

MDPS 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.

PERS members are required to contribute 9.00% of their annual covered salary and the Agency 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. As of June 30, 2021, MDPS contributed \$21,349,991 to PERS for all sub funds included in these financial statements.

MDPS also participates in the Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single employer defined benefit pension plan. MHSPRS was established in 1958 as the retirement system for sworn officers of the Mississippi Highway Safety Patrol.

The MHSPRS rates are 49.08% for the troopers and the MDPS' contribution rate is 17.40% as of June 30, 2021. The contribution requirements for MHSPRS are established in accordance with actuarial contribution requirements determined through actuarial valuation and adopted by the PERS Board or MHSPRS Administrative Board. As of June 30, 2021, MDPS contributed \$3,558,561 to MHSPRS.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6   SUBSEQUENT EVENTS**

MDPS has evaluated subsequent events through February 15, 2022, the date the financial statements were available to be issued.



**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***

Mississippi Department of Public Safety  
(A Department of the State of Mississippi)  
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 the general fund of the Mississippi Department of Public Safety (MDPS) as of and for the year ended June 30, 2021 and the related notes to the financial statements and have issued our report thereon dated February 15, 2022, which contained an unmodified opinion with an Other Matter paragraph regarding the omission of management's discussion and analysis. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MDPS'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDPS's internal control. Accordingly, we do not express an opinion on the effectiveness of MDPS'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2021-009, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MDPS's financial statements 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*.

### **Response to Finding**

The MDPS's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. MDPS's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 MDPS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDPS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
February 15, 2022

**STATE OF MISSISSIPPI  
MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**2021-009      AUDIT ADJUSTMENTS**

**Type of Finding:**

Material Weakness in Internal Control over Financial Reporting

**Condition:**

Due to and from balances between MDPS funds should balance and eliminate when consolidated. The Fingerprint Fund (3371H00000) billed the Highway Patrol Fund (2271100000) for services provided between fiscal years 2014 - 2021. The Fingerprint Fund recognized revenue and the related due from balance. However, Highway Patrol Fund did not record the offsetting expense and due to balance. Management concluded that the due from balance recorded in the Fingerprint Fund was not collectible.

**Criteria:**

Management is responsible for establishing and maintaining internal controls to ensure due to and from balances between MDPS funds reconcile and offset.

**Context:**

A material audit adjustment was identified. An audit adjustment is generally an indication of a material weakness in the internal controls over financial reporting.

**Effect:**

MDPS assets were overstated by approximately \$1,203,568, current period revenues were overstated by approximately \$11,328 and the beginning fund balance was overstated by \$1,192,240. As a result of this misstatement, an adjustment was recorded.

**Cause:**

MDPS internal controls were not designed to reconcile due to and from balances for funds that were not required to submit a GAAP package to the Mississippi Department of Finance and Administration. In addition, internal controls are not designed to analyze due from balances for collectability.

**Recommendation:**

We recommend that MDPS annually reconciles due to and from balances to supporting schedules and other MDPS funds and assess the due from balances to ensure they are collectible.

**Views of responsible officials and planned corrective actions:**

Management agrees with the finding.



**STATE OF MISSISSIPPI**  
TATE REEVES, GOVERNOR  
**DEPARTMENT OF PUBLIC SAFETY**  
SEAN J. TINDELL, COMMISSIONER

March 10, 2022

Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. White:

This letter is in response to the audit for fiscal year 2021 prepared by CliftonLarsonAllen LLP.

**AUDIT FINDINGS:**

**2021-009     Material Weakness in Internal Control over Financial Reporting**

Response:     The Department of Public Safety acknowledges this finding.

**Corrective Action Plan:**

- A:     DPS has recently created a Financial Reporting section within its Accounting Division. The agency will implement a written policy which requires the Financial Reporting section to review and reconcile due to and due from balances annually.
- B:     Responsible for implementing the corrective action plan will be Alison Brown, Comptroller
- C:     The anticipated completion date for this corrective action plan is July 1, 2022.

Respectfully,

Sean J. Tindell  
Commissioner