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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the general fund of the Mississippi Department of Public Safety's basic financial statements. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MDPS as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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, 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 audit opinion.

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, 2022, 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mississippi Department of Public Safety's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 the Mississippi Department of Public Safety'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 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 is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, 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.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
February 23, 2023

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
BALANCE SHEET
JUNE 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash	\$ 50,075,828
Account Receivable	2,290,842
Due from Federal Government	3,498,925
Due From Other State Agencies	-
Due from Component Units	74,626
Inventory	<u>582,842</u>
Total Assets	<u><u>\$ 56,523,063</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Account Payable	\$ 2,500,002
Due to Other State Agencies	3,259,038
Due to Component Units of the State of Mississippi	119,640
Unearned Revenue	<u>6,867,910</u>
Total Liabilities	12,746,590
FUND BALANCES	
Nonspendable	582,842
Restricted	39,398,756
Committed	3,793,337
Unassigned	<u>1,538</u>
Total Fund Balances	<u><u>43,776,473</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 56,523,063</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>
REVENUES	
Charges for Services	\$ 26,040,131
Fines and Forfeits	7,549,251
Assessments	6,439,530
Federal Stimulus/Grants	25,729,493
Other Income	543,197
Total Revenues	<u>66,301,602</u>
EXPENDITURES	
Salaries and Wages	118,682,878
Travel	1,026,965
Service Charge	32,309,662
Commodities	11,289,940
Subsidies	16,805,545
Miscellaneous	165,779
Capital Outlay	3,294,388
Total Expenditures	<u>183,575,157</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(117,273,555)
OTHER FINANCING SOURCES (USES)	
Transfer In	151,655,740
Transfer Out	(27,694,764)
Total Other Financing Sources	<u>123,960,976</u>
NET CHANGE IN FUND BALANCES	6,687,421
Fund Balances - Beginning of Year	<u>37,089,052</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 43,776,473</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, provide training and certification to law enforcement agencies, conduct investigations and forensic analysis, and issue driver's licenses and firearm permits.

MDPS is a state agency included in the State of Mississippi's Annual Comprehensive 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, 2022**

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 2271400000 Training Academy – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Training Academy 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 2271600000 Investigation Operations – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Investigation Operations for daily operating expenditures.

Fund 2271700000 Capitol Police – Appropriated money from the State General Fund to defray the expenses of the Department of Public Safety – Capitol Police 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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of General Funds (Continued)

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.

Fund 3371800000 MS Bureau of Narcotics State Seized – House Bill 812 Section 1 RS 2017 and Senate Bill 2968 RS 2017 Section 20 establish a MS Bureau of Narcotics fund for seized assets and the expenditure of the funds for daily operations.

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 3371F00000 Board of Polygraph Examiners – Special Fund to collect fees charged for registration and examination of examiners.

Fund 3371H00000 Fingerprint – Fees collected for processing fingerprints and defray the costs of the incurred for this service. Expenses are for handling and administering 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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of General Funds (Continued)

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 3372300000 MBN Fines and Penalties – Fines, penalties, and general reimbursements.

Fund 3372600000 Investigation Special Fees – Special fund established in FY 2022 for Bureau of Investigations for daily operations.

Fund 3372800000 Capitol Police Special Fund – Special fund established in FY 2022 for Capitol Police to be expended for daily operations.

Fund 3372900000 Motor Carrier Enforcement Fund – Special fund established in FY 2022 for Motor Carrier Enforcement. Fees, assessments and warrants will be collected for daily operations.

Fund 3374000000 Medical Examiner – Fees are collected and deposited into this fund to offset expenditures are for the Office of Medical Examiner.

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.

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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of General Funds (Continued)

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 3375400000 Motor Carrier Seized Asset Fund – This fund will be used for seized assets and cash for the Commercial Transportation Enforcement Division (Motor Carrier Division) of the Department of Public Safety. Established in FY 2022.

Fund 3375600000 Overweight Fines & Assessments Fund – This fund was established in FY 2022 for fines and assessments issued by Commercial Enforcement Transportation Division for the overweight commercial vehicles.

Fund 5310100000 Local Law Enforcement Block Grant – This fund was established to provide units of local government with funds to underwrite projects to reduce crime and improve public safety. Deposits made to the State Treasurer to a “Pool” account in order to retain interest in accordance with the grant agreement.

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 5372700000 Investigations Federal – This fund is used for receiving federal monies from the grantors for the Bureau of Investigation.

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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of General Funds (Continued)

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.

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 6437CR0000 CL Capital Expenditures – Mississippi Highway Patrol Capital Expense fund is monies appropriated by the Legislature to defray specific cost of MS Forensic Laboratories.

Fund 6437TA0000 Training Academy Capital Expenditures – Mississippi Law Enforcement Training Academy Capital Expense fund is monies appropriated by the Legislature to defray specific costs of MLEOTA.

Fund 647BN00000 MBN Capital Expenditures – Mississippi Bureau of Narcotics Capital Expense fund is monies appropriated by the Legislature to defray specific cost of MBN.

Fund 6820171100 MBN Hazard Duty Pay – Mississippi Bureau of Narcotics fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of MBN.

Fund 6820171200 Homeland Security Hazard Duty Pay – This fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of Homeland Security.

Fund 6820171300 MHP Hazard Duty Pay – This fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of MS Highway Safety Patrol.

Fund 6820171400 MBI Hazard Duty Pay – This fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of the Bureau of Investigation.

Fund 6820171500 Capitol Police Hazard Duty Pay – This fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of Capitol Police.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of General Funds (Continued)

Fund 6820171600 CTED Hazard Duty Pay – This fund is monies appropriated by the Legislature from the CARES Act for hazard duty pay of the Commercial Transportation Enforcement Division.

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 8837000000 Clearing Account Seized Funds – Commercial Bank account for MBN State 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 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.

Fund 8838900000 DPS Weight Enforcement T94, T95 – Commercial Bank account for DPS – Commercial Transportation Enforcement Division. 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.

Fund 8839000000 DPS Weight Enforcement M97, M98 – Commercial Bank account for DPS – Commercial Transportation Enforcement Division. 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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$3,870,197 on June 30, 2022. Cash on hand totaled \$172,350 on June 30, 2022.

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 \$46,436 at June 30, 2022.

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, 2022, inventory consisted of the following:

Supply Inventory	\$ 521,108
Automotive Parts	53,539
Communications	8,195
Total Inventory	<u>\$ 582,842</u>

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022

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, 2022, Fund transfers in consisted of:

Transfers In	
Grant Funds from Other State Agencies	\$ 5,341,068
Mississippi Emergency Management Agency	7,969,238
Office of State Treasurer	119,182,240
Mississippi Department of Transportation	17,663,194
MLEOTA	1,500,000
Total Transfers In	<u>\$ 151,655,740</u>

As of June 30, 2022, Fund transfers out consisted of:

Transfers Out	
GAAP	\$ 804,365
Department of Finance and Administration	19,683,952
Information Technology Services	4,797,291
Department of Mental Health	711,319
Department of Finance and Administration -	
Capital Expense	397,837
MLEOTA	1,300,000
Total Transfers Out	<u>\$ 27,694,764</u>

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, due from consisted of the following:

	<u>Due From</u>
Other State Agencies:	
Mississippi Office of Homeland Security	\$ 135,785
Mississippi State and Local Governments for Fingerprint Services	167,092
Mississippi State and Local Governments for Crime Lab Services	105,976
Mississippi State and Local Governments for Law Enforcement Training	43,050
Mississippi State and Local Governments for Specialty Support Services	201,116
Mississippi Department of Public Safety	66,376
Total Due From Other State Agencies	<u>719,395</u>
Due from Federal Government	
U.S. Department of Justice	2,779,530
Component Units	
State of Mississippi Component Units	<u>74,626</u>
Total Due From	<u><u>\$ 3,573,551</u></u>

As of June 30, 2022, due to consisted of the following:

	<u>Due To</u>
Other State Agencies:	
Department of Finance and Administration	\$ 2,657,628
Department of Public Safety & Office of the Attorney General	104,918
Information Technology Service	159,167
Department of Correction	25,113
Highway Safety Patrol	312,212
Total Due To Other State Agencies	<u>3,259,038</u>
Component Units of the State of Mississippi	
State of Mississippi Component Units	<u>119,640</u>
Total Due To	<u><u>\$ 3,378,678</u></u>

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.

**STATE OF MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CONTINGENCIES AND COMMITMENTS (CONTINUED)

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, 2022, MDPS contributed \$23,617,722 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 Funds' contribution rate is 17.40% as of June 30, 2022. 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, 2022, MDPS contributed \$3,182,017 to MHSPRS.

NOTE 6 SUBSEQUENT EVENTS

MDPS has evaluated subsequent events through February 23, 2023, 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, 2022 and the related notes to the financial statements and have issued our report thereon dated February 23, 2023, 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 2022-001, 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 23, 2023

**STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

2022-001 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 and due from balances should be assessed for collectability to ensure balances are stated at the net realizable value.

Criteria:

Management is responsible for establishing and maintaining internal controls to ensure due to and from balances between MDPS funds reconcile, offset and due from balance from balances are stated at the net realizable value.

Context:

Material audit adjustments were identified. Multiple audit adjustments are an indication of a material weakness in the internal controls over financial reporting.

Effect:

MDPS due from and due to balances were overstated by approximately \$1,203,568 and \$936,914, respectively, because due to and from balances within MDPS did not eliminate. In addition, audit procedures identified approximately \$1,998,298 of significantly aged due from other governments. Per discussion with MDPS, the due from balances were likely uncollectible and a reserve of \$1,998,298 was established.

Cause:

MDPS internal controls were not designed to reconcile due to and from balances within MDPS. In addition, internal controls are not designed to analyze due from balances for collectibility.

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

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

March 20, 2023

Dear Mr. White:

This letter is in response to the audit for fiscal year 2022 prepared by CliftonLarsonAllen LLP.

AUDIT FINDINGS:

2022-001 Material Weakness in Internal Control over Financial Reporting

Response: The Department of Public Safety acknowledges this finding.

Corrective Action Plan:

- A: DPS is the process of implementing 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 the Comptroller
- C: July 1, 2023

Respectfully,

A blue ink signature of Sean J. Tindell, consisting of stylized initials and a surname.

Sean J. Tindell
Commissioner