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**STATE OF MISSISSIPPI  
DEPARTMENT OF TRANSPORTATION**

Financial Statements of Selected Funds and  
Supplementary Information and  
Independent Auditor's Report

June 30, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Mississippi Department of Transportation and  
Mississippi Transportation Commission  
401 North West Street  
Jackson, MS 39201

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the general funds of the State of Mississippi Department of Transportation (MDOT) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general funds of the State of Mississippi Department of Transportation as of June 30, 2023, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Mississippi Department of Transportation 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 opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the general funds of the State of Mississippi Department of Transportation and do not purport to, and do not, present fairly the financial position of the State of Mississippi as of June 30, 2023, or its changes in financial position for the then year 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 MDOT'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 Supplemental Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of MDOT'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 MDOT'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 MDOT's internal control over financial reporting and compliance.

BMSS, LLC

Ridgeland, Mississippi  
June 28, 2024

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Balance Sheet  
General Funds  
As of June 30, 2023

**Assets**

Cash and cash equivalents	\$ 428,513,618
Restricted cash	39,739,137
Receivables, net	18,168,008
Due from other governments, net	65,313,694
Due from other funds	497,853,617
Due from component units	3,253
Inventories	17,934,507
Total assets	<u>\$ 1,067,525,834</u>

**Liabilities, Deferred Inflows of Resources,  
and Fund Balances**

Liabilities:

Warrants payable	\$ 1,610,005
Accounts payable and accruals	36,344,743
Contracts payable	86,748,723
Due to other governments	7,159,228
Due to other funds	5,155,512
Due to component units	261,976
Total liabilities	<u>137,280,187</u>

Deferred inflows of resources:

Unavailable revenues	<u>14,946,194</u>
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Fund balances:

Nonspendable:

Inventories	17,934,507
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Restricted:

Transportation	<u>897,364,946</u>
Total fund balances	<u>915,299,453</u>

Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,067,525,834</u>
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See notes to financial statements of selected funds.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
General Funds  
For the year ended June 30, 2023

**Revenues**

Taxes:	
Sales and use	\$ 19,753,488
Gasoline and other motor fuel	315,678,579
Other	94,922,844
Licenses, fees and permits	25,686,329
Federal government	751,810,917
Investment income	13,729,824
Charges for sales and services	6,295,666
Other	1,495,884
Total revenues	<u>1,229,373,531</u>

**Expenditures**

Transportation:	
Salaries and fringe benefits	163,680,794
Travel	1,302,519
Contractual services	132,013,811
Commodities	42,781,449
Capital outlay	896,723,505
Subsidies, loans, and grants	64,845,881
Total transportation	<u>1,301,347,959</u>
Debt service:	
Principal	44,474,079
Interest and other fiscal charges	26,669,003
Total expenditures	<u>1,372,491,041</u>

Deficiency of revenues over expenditures	(143,117,510)
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**Other Financing Sources (Uses)**

Proceeds from capital leases	3,200,000
Transfers in	855,519,797
Transfers out	(65,044,627)
Net other financing sources	<u>793,675,170</u>
Net change in fund balances	650,557,660
Fund balances - beginning	264,741,793
Fund balances - ending	<u><u>\$ 915,299,453</u></u>

See notes to financial statements of selected funds.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Background Information**

The Mississippi Department of Transportation (MDOT) is responsible for providing a safe intermodal network that is planned, designed, constructed, and maintained in an effective, cost-efficient, and environmentally sensitive manner. The State of Mississippi vests oversight of its transportation resources and operations in a three-member elected commission representing three geographic areas in the state as defined by the Supreme Court Districts: Central (Supreme Court District 1), Southern (Supreme Court District 2) and Northern (Supreme Court District 3). The Commissioners have the authority and responsibility for the supervision of all modes of transportation in the state dealing with aeronautics, highways, public transit, ports, and railroads. In accordance with state law, the Commission is responsible for planning, developing, and coordinating a comprehensive balanced intermodal transportation policy for the state. The Commission membership appoints its Chairman. The Commission appoints an Executive Director of MDOT to carry out the day-to-day policies and procedures of the agency.

MDOT is funded through appropriations by the U.S. Congress and the Mississippi Legislature. The U.S. Congress provides funding through the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the Federal Railroad Administration (FRA), and the Federal Aviation Administration (FAA). The Mississippi Legislature provides state funding through motor fuel taxes and other fees. MDOT is also funded through receipts derived from other dedicated state taxes such as truck and bus fees, the privilege tax, weight and size permits, trip permits, a contractor's tax of 3.5% assessed on certain highway construction contracts, a \$5 per vehicle tag registration fee, and a lubricating oil tax. MDOT also receives a portion of Lottery proceeds, investment income and interest income.

**B. Financial Reporting Entity**

MDOT is a state agency included in the State of Mississippi's Annual Comprehensive Financial Report. The selected general funds presented in these financial statements are part of the larger entity that in whole comprises the financial reporting entity of the State of Mississippi.

**C. Basis of Presentation**

The accompanying financial statements 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.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the balance sheet as applicable. 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. MDOT considers revenues received within 60 days after fiscal year end as available. Significant revenue sources that are susceptible to accrual include sales taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures are recognized upon receipt of goods and services.

**E. Use of Estimates**

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents include equity in State Treasury Funds, bank accounts, petty cash, and money market mutual funds. MDOT considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**G. Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB establishes a fair value reporting hierarchy to maximize the use of observable inputs when measuring fair value and defines the three levels of inputs as noted below:

Level 1 - Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**G. Fair Value Measurements - Continued**

Level 2 - Assets and liabilities valued based on observable market data for similar instruments. Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, either directly or indirectly.

Level 3 - Assets or liabilities for which significant valuation assumptions are not readily observable in the market and instruments, which are valued based on the best available data. Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets may include instruments for which the determination of fair value requires significant management judgment or estimation.

**H. Receivables**

Receivables are reported net of an allowance for uncollectible accounts, where applicable. The details of the receivables and uncollectible amounts as of June 30, 2023 are reported in Note 4.

**I. Inventories**

Cost of inventories held for use by MDOT is determined by the weighted average method. Inventories of supplies and materials are recorded as expenditures when consumed rather than when purchased.

**J. Deferred Inflows of Resources**

Unavailable revenues are reported in the governmental fund financial statements as deferred inflows of resources until such time as the revenues become available.

**K. Fund Balance**

Fund balance is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources on governmental funds financial statements. Fund balances of governmental funds are classified as:

Nonspendable - amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) such as inventories.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Fund Balance - Continued**

Restricted - amounts where legally enforceable constraints are imposed by an external party such as a grantor, or by the constitution, or by the State Legislature at the same time the revenue is created.

**L. Federal Grants**

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues 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.

**M. Bonds and Notes**

Bond and note proceeds, premiums and discounts are reported as other financing sources or uses in the governmental fund financial statements. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.

**NOTE 2 - DUE FROM OTHER STATE AGENCIES**

All amounts due to MDOT are expected to be collected in fiscal year 2024, except for the \$6,794,486 due from the Department of Finance and Administration (DFA). In 1992, Senate Bill 2702 directed MDOT to make a \$12,000,000 loan to the DFA State General Fund 2999000000, which was due to be repaid by June 30, 1993. However, only \$5,205,514 was repaid to MDOT, with the last payment made approximately twenty years ago. The remaining balance of the loan is not expected to be repaid by the State General Fund at the present time. In accordance with the Mississippi Constitution, Article 4, Section 100, the remaining balance due is not permitted to be "extinguished except by payment," nor is the balance due permitted to be "exchanged or transferred except upon payment of its face value." Therefore, the balance remains a due-from balance on MDOT's General Fund 3394100000 and a due-to balance on the State General Fund. Because both of these funds are general funds, the due-to and due-from amounts eliminate in the consolidated State of Mississippi Annual Comprehensive Financial Report.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at June 30, 2023:

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Equity in State Treasury Funds	\$ 427,450,438	\$ -	\$ 427,450,438
Cash with fiscal agent	-	10,726,516	10,726,516
Money market mutual funds with fiscal agent	-	29,012,621	29,012,621
Deposits at financial institutions	863,124	-	863,124
Petty cash	200,056	-	200,056
	<u>\$ 428,513,618</u>	<u>\$ 39,739,137</u>	<u>\$ 468,252,755</u>

**Custodial Credit Risk - Deposits**

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, MDOT will not be able to recover deposits or collateral securities that are in the possession of an outside party. MDOT does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of MDOT. The collateral is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Miss. Code Ann. (1972), §27-105-5.

Under this program, MDOT's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). 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 MDOT. At June 30, 2023, \$362,824 of MDOT's deposits were covered through FDIC.

At June 30, 2023, deposits (including restricted deposits) are as follows:

	<b>Bank Balance</b>	<b>Carrying Amount</b>
Cash with agent - restricted	\$ 10,726,516	\$ 10,726,516
Deposits at financial institutions - unrestricted	863,124	863,124
Total	<u>\$ 11,589,640</u>	<u>\$ 11,589,640</u>

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 4 - RECEIVABLES**

At June 30, 2023, receivables consisted of:

Accounts	\$ 21,063,067
Interest	672,953
Other	70,000
Gross receivables	<u>21,806,020</u>
Allowance for uncollectibles	<u>(3,638,012)</u>
Receivables, net	<u><u>\$ 18,168,008</u></u>

**NOTE 5 - DUE FROM OTHER GOVERNMENTS**

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

Due from other governments	\$ 65,394,829
Allowance for uncollectibles	<u>(81,135)</u>
Due from other governments, net	<u><u>\$ 65,313,694</u></u>

**NOTE 6 - RETIREMENT PLANS**

MDOT 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. For the year ended June 30, 2023, MDOT contributed \$20,429,631 to PERS for the general funds included in these financial statements.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 7 - COMMITMENTS**

At June 30, 2023, MDOT had contracts outstanding of approximately \$1,271,448,000 with performance continuing during fiscal year 2024. Of this amount, \$76,114,000 is related to local public agencies, such as planning and development districts, counties, and municipalities. These contracts were primarily for construction, repair, and maintenance and will be paid through the selected general funds. Approximately 67% of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline taxes.

**NOTE 8 - RISK MANAGEMENT**

MDOT is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The State has elected to finance most exposures to risk through the retention of risk. The State utilizes the Risk Management Fund to account for these activities with the noted exception in workers' compensation benefits.

Health and Life Benefits - State law mandates that all employees of state, public education, library, junior and community college, and retiring employees be offered health and life benefit coverage. The State has elected to manage the cost of all required health benefits through the retention of all exposure. The life benefit is insured through the purchase of commercial insurance for death benefit distribution under tax law, but management of the risk is accomplished by self insuring within an insured shell.

Tort Liability - The State manages tort claims through the retention of all liability exposure. The State Legislature created the Tort Claims Board to administer these claims beginning in fiscal year 1994. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. Claim payments are financed by the State through an annual assessment to all state agencies based on amount of payroll and past loss history.

Unemployment Benefits - Unemployment benefits are established in statute and administered by the Mississippi Department of Employment Security. The State elects to manage the financial risk for state agencies through retention of all liability exposure. Benefits are financed by the State through collection of premiums from agencies, which provides a stable cash flow for payment of claims.

Workers' Compensation Benefits - Workers' compensation benefits are established in statute and the rules and regulations are established by the Mississippi Workers' Compensation Commission and the Mississippi State Agencies Self-Insured Workers' Compensation Trust Board of Trustees. The exposure of risk in the Risk Management Fund is financed by the State mostly through retention of all exposure, with limited purchase of commercial excess insurance. The benefits are financed through collection of premiums based on an actuarial estimate from agencies which provides a stable cash flow for claims payments.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 9 - CONTINGENCIES**

Federal Grants - MDOT 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 expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of MDOT. MDOT estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

Litigation - MDOT 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, MDOT will record a liability to reflect the estimated outcome of the litigation. All litigation is handled through the State's Attorney General's Office (AGO). The AGO believes that they will be successful in defending MDOT in a majority of these cases, and the ultimate disposition of these matters will not have a material adverse effect on the financial position of MDOT. Future results of these cases will have no effect on MDOT's general funds financial statements at June 30, 2023.

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS**

**Recently Adopted Accounting Pronouncements**

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for periods beginning after December 15, 2020. However, the effective date of this pronouncement was postponed by Statement No. 95 in May 2020 until reporting periods beginning after December 15, 2021. The requirements of this standard had no impact on MDOT's financial statement.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. However, the effective date of this pronouncement was postponed by Statement No. 95 in May 2020 until reporting periods beginning after June 15, 2022. The requirements of this standard had no impact on MDOT's financial statement.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS - Continued**

**Recently Adopted Accounting Pronouncements - Continued**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for periods beginning after June 15, 2022. The requirements of this standard had no impact on MDOT's financial statements.

**Recently Issued Accounting Pronouncements**

GASB Statement No. 99, *Omibus 2022*, issued April 2022, was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, private-public and public-public partnerships, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this statement on MDOT's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS - Continued**

**Recently Issued Accounting Pronouncements - Continued**

of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosure in the notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this statement on MDOT's financial statements.

GASB Statement No. 101, *Compensated Absence*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this statement on MDOT's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, recognizes that state and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Financial Statements of Selected Funds  
June 30, 2023  
(Continued)

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS - Continued**

**Recently Issued Accounting Pronouncements - Continued**

defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this statement on MDOT's financial statements.

**NOTE 11 - SUBSEQUENT EVENTS**

MDOT has evaluated subsequent events through June 28, 2024, the date the selected general fund financial statements were approved by MDOT's management and thereby available to be issued, and has determined that there are no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying selected general fund financial statements.

**INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF CHANGES  
IN CAPITAL ASSETS AND SCHEDULE OF CHANGES IN NOTES PAYABLE**

To the Mississippi Department of Transportation and  
Mississippi Transportation Commission  
401 North West Street  
Jackson, MS 39201

**Report on the Audit of the Schedules**

***Opinions***

We have audited the accompanying schedule of changes in capital assets and the schedule of changes in notes payable (the schedules) that are the direct result of the cumulative activity of the general funds of the Mississippi Department of Transportation (MDOT), as of and for the year ended June 30, 2023, and the related notes to the schedules.

In our opinion, the schedules referred to above present fairly, in all material respects, the respective carrying amounts of capital assets and notes payable of the Mississippi Department of Transportation, as of June 30, 2023, and the respective changes in the carrying amounts of capital assets and notes payable 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 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 Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Mississippi Department of Transportation 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 opinions.

### ***Responsibilities of Management for the Schedules***

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

### ***Auditor's Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 schedules.

In performing an audit in accordance with generally accepted auditing standards 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 schedules, 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 schedules.
- 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 MDOT'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 schedules.

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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of MDOT'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 MDOT'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 MDOT's internal control over financial reporting and compliance.

BMSS, LLC

Ridgeland, Mississippi  
June 28, 2024

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Schedule of Changes in Capital Assets  
General Funds  
As of and for the year ended June 30, 2023

	<b>Balance at July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance at June 30, 2022</b>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 2,257,156,839	\$ 11,470,418	\$ (2,244,339)	\$ -	\$ 2,266,382,918
Construction in progress	2,612,714,113	974,693,563	(14,838,392)	(556,760,174)	3,015,809,110
Total capital assets not being depreciated	4,869,870,952	986,163,981	(17,082,731)	(556,760,174)	5,282,192,028
Capital assets being depreciated:					
Buildings	202,073,954	154,495	(71,549)	-	202,156,900
Land improvements	81,275,556	-	(18,356,038)	-	62,919,518
Machinery and equipment	216,258,465	19,661,571	(10,239,626)	-	225,680,410
Infrastructure	14,967,518,296	-	(262,832,638)	556,760,174	15,261,445,832
Total capital assets being depreciated	15,467,126,271	19,816,066	(291,499,851)	556,760,174	15,752,202,660
Less accumulated depreciation for:					
Buildings	66,154,392	3,899,225	(57,239)	-	69,996,378
Land improvements	45,066,656	2,330,415	(10,860,479)	-	36,536,592
Machinery and equipment	156,542,636	12,265,283	(9,308,576)	-	159,499,343
Infrastructure	4,992,911,869	586,549,267	(262,832,638)	-	5,316,628,498
Total accumulated depreciation	5,260,675,553	605,044,190	(283,058,932)	-	5,582,660,811
Total capital assets being depreciated, net	10,206,450,718	(585,228,124)	(8,440,919)	556,760,174	10,169,541,849
Governmental activities capital assets, net	\$ 15,076,321,670	\$ 400,935,857	\$ (25,523,650)	\$ -	\$ 15,451,733,877

See notes to the schedule of changes in capital assets and schedule of changes in notes payable.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Schedule of Changes in Notes Payable  
General Funds  
As of and for the year ended June 30, 2023

	<b>Beginning Balance July 1, 2022</b>	<b>Additions/ Proceeds</b>	<b>Reductions/ Payments</b>	<b>Ending Balance June 30, 2023</b>	<b>Due Within One Year</b>
Desoto Series 2010B	\$ 136,780,000	\$ -	\$ -	\$ 136,780,000	\$ -
Desoto Series 2014	5,055,000	-	5,055,000	-	-
Desoto Series 2015A	19,845,000	-	1,135,000	18,710,000	1,200,000
Desoto Series 2017A	32,445,000	-	2,575,000	29,870,000	2,710,000
Desoto Series 2019	46,160,000	-	810,000	45,350,000	6,055,000
Harrison Series 2009B	63,295,000	-	-	63,295,000	-
Harrison Series 2013A	29,540,000	-	6,840,000	22,700,000	7,190,000
Laurel Series 2013B	9,410,000	-	2,185,000	7,225,000	2,290,000
Madison Series 2013C	49,955,000	-	9,020,000	40,935,000	9,480,000
Marshall Series 2012	11,015,000	-	4,100,000	6,915,000	-
Marshall Series 2015B	32,700,000	-	1,850,000	30,850,000	1,945,000
Marshall Series 2017	59,445,000	-	6,280,000	53,165,000	10,855,000
Tunica Series 2012	10,105,000	-	3,205,000	6,900,000	3,365,000
<b>Total</b>	<b>505,750,000</b>	<b>-</b>	<b>43,055,000</b>	<b>462,695,000</b>	<b>45,090,000</b>
<b>Bond Premium</b>	<b>36,337,134</b>	<b>-</b>	<b>6,443,654</b>	<b>29,893,480</b>	<b>6,443,654</b>
	<b>\$ 542,087,134</b>	<b>\$ -</b>	<b>\$ 49,498,654</b>	<b>\$ 492,588,480</b>	<b>\$ 51,533,654</b>

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Schedule of Changes in Capital Assets and  
Schedule of Changes in Notes Payable  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Measurement Focus, Basis of Accounting, and Schedule Presentation**

The Mississippi Department of Transportation (MDOT) is a state agency included in the State of Mississippi's Annual Comprehensive Financial Report. The accompanying schedule of changes in capital assets and schedule of changes in notes payable (the Schedules) are derived from the government-wide accounting records of MDOT's general funds. The Schedules are reported using the economic resources measurement focus and are on the accrual basis in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**B. Capital Assets**

Capital assets are reported, net of depreciation, in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their acquisition value on the date of donation. Classes of capital assets and their related capitalization thresholds are: land - cost or acquisition value on the date of donation, software - \$1,000,000, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$5,000, infrastructure - \$100,000, and construction in progress - based on the project's class. Infrastructure acquired prior to July 1, 1980, is not reported in the basic financial statements. The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures are not capitalized on capital assets. Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the estimated service lives of the respective assets. Estimated service lives include 5 to 20 years for software, 40 years for buildings, 20 years for land improvements, 5 to 15 years for machinery and equipment, 3 years for computer equipment, 5 to 15 years for heavy and outdoor equipment, and 3 to 10 years for vehicles. The estimated service life varies from 12 to 50 years for infrastructure, based on the individual asset.

**C. Notes Payable**

Notes payable are presented at the face amount of the bonds outstanding plus or minus unamortized premiums or discounts. Bond premiums or discounts are amortized on the straight-line basis over the life of the bonds.

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Schedule of Changes in Capital Assets and  
Schedule of Changes in Notes Payable  
June 30, 2023  
(Continued)

**NOTE 2 - CAPITAL ASSETS**

Construction in progress is as follows:

	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Outstanding Commitment</b>
Land and building	\$ 12,936,363	\$ 9,612,368	\$ 1,746,629
Infrastructure	4,566,045,425	3,006,196,742	1,560,212,215
Total	<u>\$ 4,578,981,788</u>	<u>\$ 3,015,809,110</u>	<u>\$ 1,561,958,844</u>

**NOTE 3 - NOTES PAYABLE**

A. At June 30, 2023, MDOT's outstanding notes payable from direct borrowings were:

<b>Purpose</b>	<b>Outstanding Amount</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Original Amount</b>
Roads and bridges	\$ 462,695,000	2% - 6.589%	Jan. 2040	\$ 864,490,000
Premium on bonds	-			
Total notes payable, net	<u>\$ 462,695,000</u>			

**B. Refundings and Defeased Notes**

In a previous year, MDOT entered into a financing agreement for the advance refunding of a \$43,135,000 portion of the Desoto Series 2014 note payable. The net proceeds of the refunding debt were deposited into an irrevocable trust to be used solely for satisfying all future scheduled principal and interest payments on the refunded portion of the 2014 note payable. Accordingly, this resulted in an in-substance defeasance of the refunded portion of the 2014 note payable for financial reporting purposes, and the defeased portion of the 2014 note payable and the related trust account are not included in the accompanying schedule of changes in notes payable. At June 30, 2023, \$43,135,000 of the defeased bonds were still outstanding.

In a previous year, MDOT entered into a financing agreement for the advance refunding of a \$62,485,000 portion of the Marchall Series 2012 note payable. The net proceeds of the refunding debt were deposited into an irrevocable trust account to be used solely for satisfying all future scheduled principal and interest payments on the refunded portion of the 2012 note payable. Accordingly, this resulted in an in-substance defeasance of the refunded portion of the 2012 note payable for financial reporting purposes, and the

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Schedule of Changes in Capital Assets and  
Schedule of Changes in Notes Payable  
June 30, 2023  
(Continued)

**NOTE 3 - NOTES PAYABLE - Continued**

**B. Refundings and Defeased Notes - Continued**

defeased portion of the 2012 note payable and the related trust account are not included in the accompanying schedule of changes in notes payable. At June 30, 2023, \$62,485,000 of the defeased bonds were still outstanding.

At June 30, 2023, \$62,485,000 of the in-substance defeased 2012 note payable remained outstanding with a January 2022 call date, and \$43,135,000 of the in-substance defeased 2014 note payable remained outstanding with a January 2024, call date.

**C. At June 30, 2023, MDOT's future debt service requirements for notes payable are:**

Fiscal Year Ending June 30,	Notes Payable	
	Principal	Interest
2024	\$ 45,090,000	\$ 23,056,927
2025	47,215,000	20,919,502
2026	45,750,000	18,762,181
2027	36,895,000	17,137,546
2028	33,780,000	15,602,837
2029-2033	151,685,000	61,073,506
2034-2038	27,935,000	25,935,174
2039-2042	74,345,000	7,151,617
Total	<u>\$ 462,695,000</u>	<u>\$ 189,639,290</u>

**D. Debt Service**

A reconciliation of reductions/payments in the accompanying schedule of changes in notes payable to debt service included in MDOT's statement of revenues, expenditures, and changes in fund balances of the selected general funds is as follows:

Reductions/payments per schedule	\$ 43,055,000
Current amortization of premium	(6,443,654)
Principal payments on capital lease obligations	<u>1,419,079</u>
Total debt service - principal	<u>\$ 38,030,425</u>

**STATE OF MISSISSIPPI**  
**DEPARTMENT OF TRANSPORTATION**  
Notes to Schedule of Changes in Capital Assets and  
Schedule of Changes in Notes Payable  
June 30, 2023  
(Continued)

**NOTE 4 - SUBSEQUENT EVENTS**

MDOT has evaluated subsequent events through June 28, 2024, the date the schedules were approved by MDOT's management and thereby available to be issued, and has determined that there are no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying schedules.

**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 Mississippi Department of Transportation and  
Mississippi Transportation Commission  
401 North West Street  
Jackson, MS 39201

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 general funds of the Mississippi Department of Transportation (MDOT), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024. We have also audited the schedule of changes in capital assets and schedule of changes in notes payable (the schedules) as of and for the year ended June 30, 2023, and the related notes to the schedules and have issued our report thereon dated June 28, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements and the schedules, we considered MDOT's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and the schedules, but not for the purpose of expressing an opinion on the effectiveness of MDOT's internal control. Accordingly, we do not express an opinion on the effectiveness of MDOT'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 report and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements and schedules 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 and schedules. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BMSS, LLC**

Ridgeland, Mississippi  
June 28, 2024