

**HINDS COUNTY  
HUMAN RESOURCE AGENCY  
JACKSON, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

# HINDS COUNTY HUMAN RESOURCE AGENCY

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## Independent Auditors' Report

To the Board of Directors of  
Hinds County Human Resource Agency  
Jackson, Mississippi

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Hinds County Human Resource Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hinds County Human Resource Agency as of September 30, 2023, and the changes in its net assets and its cash flows 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 Hinds County Human Resource Agency 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 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.

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 Hinds County Human Resource Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***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 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 Hinds County Human Resource Agency'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hinds County Human Resource Agency's ability to continue as a going concern for a reasonable period of time.

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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of Hinds County Human Resource Agency’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 Hinds County Human Resource Agency’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 Hinds County Human Resource Agency’s internal control over financial reporting and compliance.

Houston, MS  
May 13, 2024

*Watkins Ward and Stafford, P.C.*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Financial Position  
September 30, 2023

**Assets**

**Current Assets:**

Cash	\$	642,129
Investments		238,416
Grant/contract funds receivable		981,623
Prepaid expenses		<u>7,257</u>
Total Current Assets		<u>1,869,425</u>

**Capital Assets:**

Property and equipment, net of accumulated depreciation of \$241,915		<u>8,513</u>
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**Lease Assets:**

Right-of-use lease assets - finance leases, net of accumulated amortization of \$13,587		16,983
Right-of-use lease assets - operating leases, net of accumulated amortization of \$157,302		<u>525,638</u>
Total Lease Assets		<u>542,621</u>

<b>Total Assets</b>	<b>\$</b>	<b><u>2,420,559</u></b>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$	210,128
Accrued liabilities		528,230
Deferred revenue		176,160
Due to grantor		75,510
Current portion of lease liability - finance leases		13,887
Current portion of lease liability - operating leases		<u>192,919</u>
Total Current Liabilities		<u>1,196,834</u>

**Long-Term Liabilities:**

Lease liability - finance leases, net of current portion		3,603
Lease liability - operating leases, net of current portion		<u>358,215</u>
Total Long-Term Liabilities		<u>361,818</u>

<b>Total Liabilities</b>		<u>1,558,652</u>
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**Net Assets:**

Without donor restrictions		695,311
With donor restrictions		<u>166,596</u>

<b>Total Net Assets</b>		<u>861,907</u>
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<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>2,420,559</u></b>
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The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2023

**Changes in Net Assets Without Donor Restrictions:**

Revenues and Gains:	
Interest income	\$ 14,808
Investment income	13,523
Donations	73,906
Total Revenues and Gains	102,237
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	18,365,374
Total Revenues, Gains and Other Support	18,467,611
Expenses:	
Programs:	
Head Start	11,322,356
Child and Adult Care Food Program	170,113
Special Programs for the Aging, Title III, Part C, Nutrition Services	131,802
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	7,944
Low-Income Home Energy Assistance Program	1,902,091
Low-Income Home Water Assistance Program	1,077,211
Community Services Block Grant	830,673
Formula Grants for Other Than Urbanized Areas	831,263
Other services	140,808
General and administrative	2,372,764
Fund Raising Activities	3,702
Total Expenses	18,790,727
<b>Decrease in Net Assets Without Donor Restrictions</b>	<b>\$ ( 323,116)</b>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2023

<b>Changes in Net Assets With Donor Restrictions:</b>	
Federal grants/contracts	\$ 17,306,260
Other grants/contracts	237,370
Program income	16,881
In-kind contributions	794,338
Other	11,288
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	( 18,365,374)
<b>Increase in Net Assets With Donor Restrictions</b>	<u>763</u>
<b>Decrease in Net Assets</b>	( 322,353)
<b>Net Assets Beginning of Year</b>	<u>1,184,260</u>
<b>Net Assets End of Year</b>	<u><u>\$ 861,907</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2023

	Head Start	Child and Adult Care Food Program	Special Program for the Aging, Title III, Part C Nutrition Services	Special Program for the Aging, Title III, Part B Grants for Supportive Senior Centers	Low-Income Home Energy Assistance Program
Personnel	\$ 3,123,995	-	12,188	-	124,269
Fringe benefits	851,326	-	3,355	-	34,140
Travel	2,194	-	-	-	-
Contractual	774,719	-	-	-	-
Equipment rental	67,805	20,817	-	-	-
Repairs and maintenance	439,390	27,326	-	-	-
Vehicle expenses	71,598	-	-	-	-
Insurance	213,192	-	-	-	-
Supplies	1,255,770	23,361	-	-	3,395
Telephone	173,627	-	242	-	-
Space/utilities	297,850	-	-	-	-
Client assistance	-	-	5,208	7,944	1,740,287
Food and delivery	289,428	96,398	110,573	-	-
In-kind expenses	794,338	-	-	-	-
Equip. and bldg. purchases	1,293,619	-	-	-	-
Lease expense - operating leases	182,798	-	-	-	-
Amortization - finance leases	13,587	-	-	-	-
Interest - finance leases	1,478	-	-	-	-
Depreciation	-	-	-	-	-
Other	1,475,642	2,211	236	-	-
<b>Total Expenses Before Indirect Expenses</b>	<b>11,322,356</b>	<b>170,113</b>	<b>131,802</b>	<b>7,944</b>	<b>1,902,091</b>
Indirect expenses	1,873,223	110,149	7,717	-	78,749
<b>Total Functional Expenses</b>	<b>\$ 13,195,579</b>	<b>280,262</b>	<b>139,519</b>	<b>7,944</b>	<b>1,980,840</b>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2023

	Low-Income Home Water Assistance Program	Community Services Block Grant	Formula Grants for Other Than Urbanized Areas	Other Services	Total Program Expenses
Personnel	-	132,938	344,048	-	3,737,438
Fringe benefits	-	36,631	94,602	-	1,020,054
Travel	-	-	-	-	2,194
Contractual	28,899	46,882	-	44,597	895,097
Equipment rental	-	15,814	-	-	104,436
Repairs and maintenance	-	4,480	-	3,050	474,246
Vehicle expenses	-	-	170,898	-	242,496
Insurance	-	5,530	73,199	-	291,921
Supplies	10,698	14,097	4,837	622	1,312,780
Telephone	-	42,976	1,457	-	218,302
Space/utilities	-	48,811	13,227	-	359,888
Client assistance	1,037,614	417,268	-	897	3,209,218
Food and delivery	-	-	-	-	496,399
In-kind expenses	-	-	-	-	794,338
Equip. and bldg. purchases	-	-	109,228	-	1,402,847
Lease expense - operating leases	-	-	-	-	182,798
Amortization - finance leases	-	-	-	-	13,587
Interest - finance leases	-	-	-	-	1,478
Depreciation	-	-	-	-	-
Other	-	65,246	19,767	91,642	1,654,744
<b>Total Expenses Before Indirect Expenses</b>	<b>1,077,211</b>	<b>830,673</b>	<b>831,263</b>	<b>140,808</b>	<b>16,414,261</b>
Indirect expenses	-	84,255	218,671	-	2,372,764
<b>Total Functional Expenses</b>	<b>\$ 1,077,211</b>	<b>914,928</b>	<b>1,049,934</b>	<b>140,808</b>	<b>18,787,025</b>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2023

	General and Admini- strative	Fund Raising Activities	Total Expenses
Personnel	\$ 1,142,376	-	\$ 4,879,814
Fringe benefits	304,254	-	1,324,308
Travel	946	-	3,140
Contractual	234,784	-	1,129,881
Equipment rental	64,725	-	169,161
Repairs and maintenance	40,367	-	514,613
Vehicle expenses	-	-	242,496
Insurance	21,292	-	313,213
Supplies	72,820	-	1,385,600
Telephone	33,644	-	251,946
Space/utilities	146,633	-	506,521
Client assistance	-	-	3,209,218
Food and delivery	-	-	496,399
In-kind expenses	-	-	794,338
Equip. and bldg. purchases	-	-	1,402,847
Lease expense - operating leases	-	-	182,798
Amortization - finance leases	-	-	13,587
Interest - finance leases	-	-	1,478
Depreciation	8,580	-	8,580
Other	<u>302,343</u>	<u>3,702</u>	<u>1,960,789</u>
 Total Expenses Before Indirect Expenses	 2,372,764	 3,702	 18,790,727
 Indirect expenses	 <u>( 2,372,764)</u>	 <u>-</u>	 <u>-</u>
 <b>Total Functional Expenses</b>	 \$ <u><u>-</u></u>	 <u><u>3,702</u></u>	 \$ <u><u>18,790,727</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Cash Flows  
Year Ended September 30, 2023

<b>Cash Flows From Operating Activities:</b>	
Decrease in net assets	<u>\$ ( 322,353)</u>
Adjustments to Reconcile Decrease in Net Assets to Net Cash and Cash	
Equivalents Provided by Operating Activities:	
Amortization - finance leases	13,587
Noncash portion of lease expense for operating leases	157,302
Depreciation	8,580
Unrealized gain on investments	( 13,523)
Gain on fixed asset disposal	3,172
Decrease in grant/contract funds receivable	498,199
Decrease in other receivables	1,442
Increase in prepaid expenses	( 91)
Decrease in accounts payable	( 225,941)
Increase in due to grantor	75,510
Increase in accrued liabilities	<u>229,496</u>
Total Adjustments to Reconcile Change in Net Assets	<u>747,733</u>
Repayments of operating lease obligations	<u>( 131,806)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>293,574</u>
<b>Cash Flows From Financing Activities:</b>	
Principal payments on finance lease obligations	( 13,079)
<b>Cash Flows From Investing Activities:</b>	
Purchase of capital assets	( 3,096)
Realized income on investments	( 14,441)
Sale of certificate	<u>15,005</u>
<b>Net Cash Used by Investing Activities</b>	<u>( 2,532)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	277,963
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>364,166</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 642,129</u></u>
<b>Supplemental Information:</b>	
Interest paid - finance leases	\$ 1,478

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 1: Agency's History and Operating Structure**

Hinds County Human Resource Agency was designated as a Community Action Agency of Hinds County, Mississippi, on November 10, 1975, as a nonprofit, no-share organization. The Agency was formed for the purpose of civic improvement and economic development of Hinds County. Hinds County Human Resource Agency is funded by contributions from local government entities within its service area, federal and state funded grant awards, contractual services rendered on a cost reimbursement basis to local government entities, and other contractual services which comply with the Agency's purpose.

The Board of Directors consists of fifteen (15) members. Membership consists of five (5) public sector, five (5) poor sector, and five (5) private sector directors. The public sector directors are appointed by the Supervisors of Hinds County Districts. Directors of the poor sector consist of one (1) elected individual from each of the five Supervisory Districts of Hinds County. The Board of Directors selects organizations to represent the private sector that are concerned with business, industry, labor, religion, welfare, education, civic, professional, significant minority groups or other community interests which do not receive tax dollars to defer the cost of their operations. The organization selected chooses the person to represent it on the Board of Directors. There shall always be allocated to the Hinds County Project Head Start Policy Council one (1) seat on the Board of Directors representing the private sector that will serve as the Board's liaison to the Public Council.

The Agency is exempt from corporate income taxes granted by the Internal Revenue Service (IRS) under Section 501(c) (3) of the Internal Revenue Code. The State of Mississippi income tax laws recognize Hinds County Human Resource Agency as a tax-exempt organization for Mississippi income tax purposes.

**Note 2: Summary of Significant Accounting Policies**

**a. Basis of Accounting** - The financial statements of Hinds County Human Resource Agency are presented on the accrual basis of accounting.

**b. Basis for Presentation** – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified in three categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor restrictions. Net assets without donor restrictions may also include discretionary designations made by the board of directors.

Net assets with donor restrictions – Net assets subject to donor imposed restrictions that may or will be met, either by actions of the board of directors and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 2: Summary of Significant Accounting Policies (Continued)**

**c. Cash and Cash Equivalents** - For purposes of the statements of cash flows, Hinds County Human Resource Agency considers all cash and highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

**d. Investments in Equity Securities** – Investment in equity securities are carried at fair value. Fair value is based on quoted market prices with interest, dividends, and gains and losses, both realized and unrealized, on investment in equity securities included in revenues and gains when earned.

**e. Capital Assets** - Capital assets purchased with unrestricted funds are recorded at cost when purchased and depreciated over their estimated useful lives.

In accordance with FASB ASC 958-360-50-3 and 50-4, property and equipment purchased with grant funds are expensed when purchased and not recorded on the statement of financial position because reversionary title is held by grantor.

**f. New Accounting Pronouncement** – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases. The purpose of the standard is to improve transparency and comparability related to the accounting and reporting of leasing arrangements. The new standard establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income.

The Agency elected a modified retrospective transition approach, applying the new standard to all leases existing at the date of initial application. The beginning of the fiscal year presented in the financial statements, October 1, 2022, was chosen as the date of initial application.

The new standard provides a number of optional practical expedients in transition. The Agency elected practical expedients which permit us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs.

The new standard provides practical expedients for an entity's initial and ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. For the leases that qualify, we do not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We also elected the practical expedient to not separate lease and non-lease components for all of our leases, and all classes of assets.

**g. Revenue Recognition** – Hinds County Human Resource Agency recognizes revenue using guidance by FASB in ASU 2018-08 in which contracts or agreements are accounted for as a contribution or as an exchange transaction. Contributions are evaluated to determine whether it is conditional or unconditional. Unconditional contributions are recognized immediately, whereas conditional contributions are recorded once all conditions have been met. Exchange transactions are recognized using ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Hinds County Human Resource Agency has determined that no exchange transactions occurred during the year.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 2: Summary of Significant Accounting Policies (Continued)**

**h. In-Kind Contributions** - The Agency uses in-kind contributions to satisfy the cost sharing requirements of contracts, including the Department of Health and Human Services. The revenues and expenses resulting from these contributions are recorded in accordance with FASB ASC 958-605-25-16.

**i. Other Income** - Revenues from these sources are recognized in the accounting period in which they are received.

**j. Expense Allocation** - Expenses are classified in two categories – direct and indirect. Direct expenses are charged to the grant or fund service incurring the expense. Indirect expenses consist of released time and fringe benefits and indirect costs that cannot be identified as directly benefiting a grant or fund source. These costs are pooled and allocated to the various grants and fund sources based on direct personnel compensation.

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

**Note 3: Liquidity and Availability of Financial Assets**

Hinds County Human Resource Agency is funded primarily by Federal and State grants. The Agency must maintain adequate resources and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Agency has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

Below reflects the Agency’s financial assets as of September 30, 2023, reduced by the amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2023
Financial Assets at year-end	\$ 1,862,168
Less those unavailable for general expenditures within one year	-
Financial Assets available to meet cash needs for general expenditures within one year	\$ 1,862,168

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 4: Investments**

Hinds County Human Resource Agency has funds invested in various mutual funds and face amount certificates with Ameriprise Financial Services, Inc. These investments are summarized below:

	Cost	Market
Mutual funds	\$ 215,635	\$ 238,416

**Note 5: Fair Value of Investments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. In the absence of actively quoted prices and observable inputs, estimated prices are based on available historical data and near term pricing information that reflects its market assumptions. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Observable market based inputs or unobservable inputs corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data.

Fair value of assets measured on a recurring basis at December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 238,416	\$ -	\$ -	\$ 238,416

Mutual funds – fair value of mutual funds is determined by reference to quoted market prices and other relevant information generated by market transactions.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 6: Grant/Contract Funds Receivable**

Grant/Contract funds receivable represent amounts due from various grants and contracts at September 30, 2023, as follows:

Section 5311 Transportation	\$	107,002
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		3,276
Special Programs for the Aging, Title III, Part C, Nutrition Services		4,150
Low-Income Home Energy Assistance		109,434
Low-Income Household Water Assistance		10,345
Community Services Block Grant		115,209
Head Start		632,207
		981,623
	\$	981,623

**Note 7: Capital Assets**

The following is a summary of changes in capital assets:

		<u>Balance</u> <u>09/30/2022</u>	<u>Additions</u>	<u>Retirements</u>		<u>Balance</u> <u>09/30/2023</u>
Buildings and equipment	\$	262,105	3,096	( 14,773)	\$	250,428
Less: Accumulated Depreciation		( 244,936)	( 8,580)	11,601		( 241,915)
Net Unrestricted Capital Assets	\$	17,169	( 5,484)	( 3,172)	\$	8,513

Depreciation of capital assets recorded for the year ended September 30, 2023 was \$8,580.

The Agency has property and equipment with a cost totaling \$11,501,371 that is used in operations but not recorded on the statement of financial position because reversionary title is held by grantors.

**Note 8: Deferred Revenue**

Deferred revenue represents grant funds received that were not expended in the current year and may be expended in the subsequent year. As of September 30, 2023, the Agency had deferred revenue as follows:

City of Jackson Emergency Services	\$	176,160
------------------------------------	----	---------

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 9: Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases coverage of risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters from various commercial insurance carriers. During the year, the Agency purchased coverage of risks of loss related to workers' compensation claims from CHARTIS.

Under Governmental Accounting Standards Board Statement Number 10: *Accounting and Financial Reporting for Risks Financial and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report; there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2023; therefore, no liability was accrued at year end.

**Note 10: Concentrations of Credit Risk**

Hinds County Human Resource Agency is a nonprofit agency that administers grants. A substantial portion of the Agency's revenues is dependent upon funding from federal and state agencies.

The Agency has funds invested in various mutual funds which are not collateralized. The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss Code Ann.(1972). Under this program, the entity'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 a 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. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the agency. As of September 30, 2023, all of the funds available to be included in the state's collateral pool program were properly included and were fully collateralized.

**Note 11: Leases**

The Agency is a lessee for various noncancellable leases of equipment and facilities. For short term leases that have a maximum possible term of 12 months or less at commencement, the Agency recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the Agency recognized a lease and an intangible right-of-use lease asset.

At lease commencement, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 11: Leases (Continued)**

The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs' ancillary to placing the underlying asset into service, less any lease incentives received in amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The Agency uses its incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the leases is not known.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either an Agency or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the Agency and the lessor have a unilateral option to terminate (or both parties have agreed to extend) are excluded from the lease term.

Variable payments based upon the use of the underlying assets are not included in the lease liabilities because they are not fixed in substance. None of the Agency's lease agreements contain any material residual value guarantees or material restrictive covenants.

A summary of total lease cost, by component, and other lease information for the year ended September 30, 2023, is as follows:

Total lease cost:

Finance lease cost:	
Amortization of right-of-use assets	\$ 13,587
Interest on lease obligations	1,478
Operating lease cost	182,798
Total lease cost	<u>\$ 231,680</u>

Other lease information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	( 157,302)
Financing cash flows from finance leases	( 14,558)
Right-of-use assets obtained in exchange for new finance lease liabilities	-
Right-of-use assets obtained in exchange for new operating lease liabilities	682,940

Weighted-average remaining lease term:

Finance leases	1.25 years
Operating leases	4.02 years

Weighted-average discount rate:

Finance leases	6.00%
Operating leases	6.00%

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 11: Leases (Continued)**

The following is a schedule by year of payments for leases as of September 30, 2023:

Finance Leases

Year ended September 30:	Total to be		
	Paid	Principal	Interest
2024	\$ 14,559	\$ 13,887	\$ 672
2025	3,639	3,603	36
	\$ 18,198	\$ 17,490	\$ 708

Operating Leases

Year ended September 30:	Total to be		
	Paid	Principal	Interest
2024	\$ 220,954	\$ 192,919	\$ 28,035
2025	209,704	193,327	16,377
2026	78,651	71,741	6,910
2027	15,000	9,411	5,589
2028	15,000	9,976	5,024
Thereafter	90,000	73,760	16,240
	\$ 629,309	\$ 551,134	\$ 78,175

**Note 12: In-kind**

FASB ASC 958-605-25-16 (formerly SFAS No. 116, paragraph 9) states that contributions of services are recognized only if the services received require specialized skills. For the year ended September 30, 2023, Hinds County Human Resource Agency received contributions of services requiring non-specialized skills totaling 1,981,317. Contributions of non-specialized services were used for Head Start and consisted of volunteer personnel to help carry out program objectives. In accordance with FASB ASC 958-605-25-16, contributions of non-specialized skills are not recorded on the Agency's financial statements.

**Note 13: Fundraising**

The Agency hosts an annual banquet and conducts other occasional fundraising activities, usually for specific purposes. During this fiscal year the Agency received \$71,806 from those activities and expended \$3,702 from those activities.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 14: Pension Plan**

Hinds County Human Resource Agency employees are covered by a defined contribution money purchase plan. All employees who work thirty (30) hours or more each week are eligible to participate. The Agency contributes 10% of compensation for employees who were employed prior to January 1, 2000. For employees employed after January 1, 2000, the Agency contributes according to the following schedule:

<u>Years of Service</u>	<u>Contribution Percentage</u>
1 - 5	3%
6 - 10	5%
11 - Thereafter	10%

The cost of contributions incurred by the Agency totaled \$264,950 during the fiscal year ended September 30, 2023.

**Note 15: Compensated Absences**

Employees of the Agency earn leave that accrues according to years of service and results in a liability which is recorded on the Statement of Financial Position. The liability accrued at September 30, 2023, totals \$42,997.

**Note 16: Subsequent Events**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of the Agency evaluated the activity of the Agency through May 13, 2024, the date the financial statements were available to be issued, and determined that there were no subsequent events that should be noted in the financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed to Sub-Recipients</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture:</b>				
Passed Through State of Mississippi:				
Child and Adult Care Food Program	10.558	V0000324790	\$ -	\$ 72,067
Child and Adult Care Food Program	10.558	V0000324790	-	129,308
Total Child and Adult Care Food Program			-	201,375
Passed Through Central Mississippi Planning and Development District:				
Commodity Supplement Food Program	10.565	N/A	-	2,262
Commodity Supplement Food Program	10.565	N/A	-	16,800
Total Commodity Supplement Food Program			-	19,062
<b>Total Department of Agriculture</b>			-	220,437
<b>Department of Transportation:</b>				
Passed Through State of Mississippi:				
Formula Grants for Other Than Urbanized Areas	20.509	N/A	-	109,228
Formula Grants for Other Than Urbanized Areas	20.509	503550	-	476,873
<b>Total Department of Transportation</b>			-	586,101
<b>Department of Health and Human Services:</b>				
Passed Through Central Mississippi Planning and Development District:				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1073-93	-	30,874
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1223-93	-	14,407
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1123-93	-	110,650
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			-	125,057
Total Aging Cluster			-	155,931

See accompanying notes to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed to Sub- Recipients	Federal Expenditures
<b>Department of Health and Human Services (Continued):</b>				
Low-Income Home Energy Assistance	93.568	6026532,33,34	-	67,841
Low-Income Home Energy Assistance	93.568	6023775/76/77	-	1,882,142
Total Low-Income Home Energy Assistance			-	1,949,983
Low-Income Household Water Assistance	93.568(B)	6023428/29	-	587,771
Low-Income Household Water Assistance	93.499	6025092/93	-	489,439
Community Services Block Grant	93.569	6026461,62,63	-	482,775
Community Services Block Grant	93.569	6023788/89/90	-	384,135
Total Community Services Block Grant			-	866,910
Direct Program:				
Head Start	93.600	04CH010425-04	-	5,008,949
Head Start	93.600	04HE001325	-	188,942
Head Start	93.600	04CH012142-02	-	7,251,797
Total Head Start			-	12,449,688
<b>Total Department of Health and Human Services</b>			-	16,499,722
<b>Total Federal Expenditures</b>			\$ -	\$ 17,306,260

See accompanying notes to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Schedule of Expenditures of Federal Awards

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hinds County Human Resource Agency under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hinds County Human Resource Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hinds County Human Resource Agency.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited to reimbursement.

Pass-through grantor identifying numbers are presented where available.

**Note 3: Indirect Cost**

Hinds County Human Resource Agency, Inc. utilizes a final indirect cost rate as defined by 2 CFR Part 200, Appendix IV.



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
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Michael C. Knox, CPA  
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Edward A. Maxwell, CPA  
Bradley L. Harrison, CPA  
Justin H. Keller, CPA  
Dana R. Estes, CPA  
April W. Posey, CPA

**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**

To the Board of Directors of  
Hinds County Human Resource Agency  
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 Hinds County Human Resource Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated May 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hinds County Human Resource Agency’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 Hinds County Human Resource Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of Hinds County Human Resource Agency’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. 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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hinds County Human Resource Agency'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*.

## 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houston, Mississippi  
May 13, 2024

Watkins Ward and Stafford, PLLC



**Independent Auditors’ Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
Hinds County Human Resource Agency  
Jackson, Mississippi

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Hinds County Human Resource Agency’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hinds County Human Resource Agency’s major federal programs for the year ended September 30, 2023. Hinds County Human Resource Agency’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hinds County Human Resource Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hinds County Human Resource Agency and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hinds County Human Resource Agency’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to each of Hinds County Human Resource Agency’s federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hinds County Human Resource Agency's compliance based on our audit. 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 standard, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Hinds County Human Resource Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hinds County Human Resource Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hinds County Human Resource Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hinds County Human Resource Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Houston, Mississippi  
May 13, 2024

*Watkins Ward and Stafford, P.C.*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2023

In connection with our audit of the financial statements of Hinds County Human Resource Agency, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the status of all prior year audit findings must be reported. Hinds County Human Resource Agency did not have any prior year audit findings.

HINDS COUNTY HUMAN RESOURCE AGENCY  
 Schedule of Findings and Questioned Cost  
 Year Ended September 30, 2023

Section I: Summary of Auditors' Results

Financial Statements:

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:                               | Unmodified    |
| 2. Internal control over financial reporting:                     |               |
| a. Material weakness(es) identified? (Yes/No)                     | No            |
| b. Significant deficiency(ies) identified? (Yes/None reported)    | None reported |
| 3. Noncompliance material to financial statements noted? (Yes/No) | No            |

Federal Awards:

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| a. Material weakness(es) identified? (Yes/No)   | No            |
| b. Significant deficiency(ies) identified? (Yes/None reported)  | None reported |
| 5. Type of auditor's report issued on compliance for major programs:  | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance<br>accordance with 2 CFR section 200.516(a) (Yes/No) | No            |

7. Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
20.509	Formula Grants for Rural Areas

- |   |            |
|---|------------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee? (Yes/No)                          | Yes        |

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Findings and Questioned Cost  
Year Ended September 30, 2023

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements.

Section III: Federal Award Findings and Questioned Cost

The results of our tests did not disclose any findings related to federal awards.