

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

**AUDITED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
SEPTEMBER 30, 2013**



HINDS COUNTY HUMAN RESOURCE AGENCY  
Audited Financial Statements and Additional Information  
September 30, 2013

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**Independent Auditors' Report**

Board of Directors  
Hinds County Human Resource Agency  
Jackson, Mississippi

***Report on the Financial Statements***

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, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hinds County Human Resource Agency as of September 30, 2013, 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.

### **Other Matters**

#### *Other 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 information 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 March 17, 2014, 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 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 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.

Eupora, Mississippi  
March 17, 2014

*Watkins, Ward and Stafford, PLLC*



HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Financial Position  
September 30, 2013

**Assets**

**Current Assets:**

Cash	\$	864,250
Investments		140,420
Grant/contract funds receivable		1,209,511
Other receivables		1,830
Prepaid expenses		53,125
Security deposits		1,400
Total Current Assets		2,270,536

**Capital Assets:**

Property and equipment, net of accumulated depreciation of \$213,162		118,987
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<b>Total Assets</b>	<b>\$</b>	<b>2,389,523</b>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$	529,087
Deferred revenue		34,350
Accrued liabilities		574,176
Total Current Liabilities		1,137,613

**Net Assets:**

Unrestricted		1,037,997
Temporarily restricted		213,913

<b>Total Net Assets</b>		<b>1,251,910</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>2,389,523</b>
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See accompanying notes to financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2013

**Changes in Unrestricted Net Assets:**

Unrestricted Revenues and Gains:

Local government financial assistance	\$	90,000
Fund raising activities		78,253
Interest income		3,028
Investment income		16,269
Donations		6,000
Other revenue		23,655
Total Unrestricted Revenues and Gains		217,205

Net Assets Released From Restrictions:

Satisfaction of program restrictions		20,932,954
Total Unrestricted Revenues, Gains and Other Support		21,150,159

Expenses:

Programs:

Head Start		13,557,646
Child and Adult Care Food Program		1,332,154
Special Programs for the Aging, Title III, Part C, Nutrition Services		223,179
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		38,031
Low-Income Home Energy Assistance Program		2,413,852
Community Services Block Grant		842,049
Retired and Senior Volunteer Program		40,357
Formula Grants for Other Than Urbanized Areas		526,101
Fund raising activities		40,075
Other services		60,323
General and administrative		2,050,173
Total Expenses		21,123,940

<b>Increase in Unrestricted Net Assets</b>	<b>\$</b>	<b>26,219</b>
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See accompanying notes to financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities (Continued)  
Year Ended September 30, 2013

<b>Changes in Temporarily Restricted Net Assets:</b>	
Federal grants/contracts	\$ 19,303,321
State grants/contracts	11,149
Other grants/contracts	122,646
Program income	15,331
In-kind contributions	1,450,209
Other	31,189
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	<u>( 20,932,954)</u>
<b>Increase in Temporarily Restricted Net Assets</b>	<u>891</u>
<b>Increase in Net Assets</b>	27,110
<b>Net Assets Beginning of Year</b>	<u>1,224,800</u>
<b>Net Assets End of Year</b>	<u><u>\$ 1,251,910</u></u>

See accompanying notes to financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2013

	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 Services and Senior Centers	Low-Income Home Energy Assistance Program	Community Services Block Grant
Personnel	\$ 6,741,440	354,160	25,585	-	94,502	256,083
Fringe benefits	2,069,925	127,458	8,730	-	29,134	78,613
Travel	55,392	143	1,783	-	1,325	3,825
Contractual	596,089	24,360	-	-	-	3,114
Equipment rental	40,151	20,709	-	-	-	6,798
Repairs and maintenance	620,712	17,282	713	-	-	3,846
Vehicle expenses	202,532	-	-	-	-	-
Insurance	121,641	-	-	-	-	4,782
Supplies	366,859	65,930	1,855	-	3,440	7,424
Telephone	111,555	-	-	-	-	22,319
Space/utilities	437,734	-	-	-	-	55,545
Client Assistance	2,340	-	14,150	38,031	2,285,451	286,763
Food & Delivery	11,118	719,995	136,010	-	-	-
In-kind expenses	1,363,809	-	-	-	-	86,400
Equip. & Bldg purchases	246,696	-	-	-	-	702
Depreciation	-	-	-	-	-	-
Other	569,653	2,117	34,353	-	-	25,835
<b>Total Expenses Before Indirect Expenses</b>	<b>13,557,646</b>	<b>1,332,154</b>	<b>223,179</b>	<b>38,031</b>	<b>2,413,852</b>	<b>842,049</b>
Indirect expenses	1,804,940	94,285	6,717	-	25,319	66,717
<b>Total Functional Expenses</b>	<b>\$ 15,362,586</b>	<b>1,426,439</b>	<b>229,896</b>	<b>38,031</b>	<b>2,439,171</b>	<b>908,766</b>

See accompanying notes to financial statements.

Retired and Senior Volunteer Program	Formula Grants for Other Than Urbanized Areas	Fund Raising Activities	Other Services	Total Program Expenses	General and Admini- strative	Total Expenses
28,210	168,386	2,238	-	7,670,604	1,112,805	\$ 8,783,409
9,061	53,624	666	-	2,377,211	280,107	2,657,318
2,436	306	213	24	65,447	11,857	77,304
-	-	11,555	3,895	639,013	221,844	860,857
-	-	-	-	67,658	31,588	99,246
-	-	-	-	642,553	28,074	670,627
-	103,598	-	-	306,130	-	306,130
650	26,479	-	1,786	155,338	11,256	166,594
-	1,184	1,752	-	448,444	101,439	549,883
-	106	-	-	133,980	17,175	151,155
-	1,533	-	-	494,812	102,274	597,086
-	-	-	13,174	2,639,909	-	2,639,909
-	-	-	-	867,123	-	867,123
-	-	-	-	1,450,209	-	1,450,209
-	165,457	-	-	412,855	-	412,855
-	-	-	-	-	21,737	21,737
-	5,428	23,651	41,444	702,481	110,017	812,498
40,357	526,101	40,075	60,323	19,073,767	2,050,173	21,123,940
7,405	44,205	585	-	2,050,173	( 2,050,173)	-
47,762	570,306	40,660	60,323	21,123,940	-	\$ 21,123,940

See accompanying notes to financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Cash Flows  
Year Ended September 30, 2013

<b>Cash Flows From Operating Activities:</b>	
Change in net assets	\$ <u>27,110</u>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>	
Depreciation	21,737
Decrease in grant/contract funds receivable	335,767
Increase in accounts receivable-other	( 703)
Decrease in prepaid expenses	143,594
Increase in accounts payable	88,373
Increase in deferred revenue	3,958
Decrease in accrued liabilities	<u>( 24,347)</u>
Total Adjustments to Reconcile Change in Net Assets	<u>568,379</u>
<b>Net Cash Provided from Operating Activities</b>	595,489
<b>Cash Flows From Investing Activities:</b>	
Purchase of capital assets	<u>( 68,289)</u>
<b>Net Increase in Cash</b>	527,200
<b>Cash at Beginning of Year</b>	<u>477,470</u>
<b>Cash at End of Year</b>	<u>\$ 1,004,670</u>

See accompanying notes to financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements  
September 30, 2013

**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 of 1986. 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**

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

**Basis for Presentation** - Financial statement presentation follows FASB ASC 958 (formerly SFAS No. 117). Under FASB ASC 958, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

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

**Investments in Equity Securities** – Investment in equity securities are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investment in equity securities are included in revenues and gains when earned.

**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 title is held by grantor.

**Grant and Contract Revenue** - Grant and contract funds are recognized as revenue when expenses are incurred. Any excess receipts over allowable expenses are recognized as unexpended grant funds (liabilities) or deferred revenue, and any expenses in excess of receipts are recognized as funds receivable.

**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.

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

**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.

**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.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note 3: 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:

Mutual funds	\$ 123,848
Face amount certificate	13,423
	<u>137,271</u>
Unrealized gain on investments	3,149
	<u>\$ 140,420</u>

**Note 4: Grant/Contract Funds Receivable**

Grant/Contract funds receivable represent amounts due from various grants and contracts at September 30, 2013, as follows:

RSVP	\$ 1,535
Section 5311 Transportation	43,954
Special Programs for the Aging, Title III, Part C, Nutrition Services	9,531
Special Programs for the Aging, Title III, Part B	5,551
LIHEAP	114,160
CSBG	16,334
Head Start	845,626
Child and Adult Care Food Program	172,820
	<u>\$ 1,209,511</u>

**Note 5: Capital Assets**

The following is a summary of changes in capital assets:

	Balance 9/30/2012	Additions	Retirements	Balance 9/30/2013
Buildings and equipment	\$ 284,392	68,289	( 20,532)	\$ 332,149
Less: Accumulated Depreciation	<u>( 211,957)</u>	<u>( 21,737)</u>	<u>20,532</u>	<u>( 213,162)</u>
Net Unrestricted Capital Assets	<u>\$ 72,435</u>	<u>46,552</u>	<u>-</u>	<u>\$ 118,987</u>

Depreciation of capital assets for the year ended September 30, 2013, totaled \$21,737.

The Agency has property and equipment with a cost totaling \$8,531,755 that is used in operations but not recorded on the statement of financial position because title is held by grantors.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note 6: Deferred Revenue**

Deferred revenue represents grant funds received that are not expended in the current year and may be expended in the subsequent year. These funds are as follows:

Atmos Share the Warmth	\$ 26,027
Citgo-Veel Program	6,189
Special projects	1,035
EHS Model Classroom	1,099
	\$ 34,350

**Note 7: Unobligated Head Start Funds**

Head Start utilizes Payment Management System (PMS), an online based grants payment and cash management system that is fully automated to receive payment requests, edit them for accuracy and content, and transmit the payment to either the Federal Reserve Bank or the U.S. Treasury for deposit into the grantee's bank account. PMS has on deposit unexpended (unobligated) Head Start funds from previous and current Head Start grants which have not been reprogrammed by the funding source. Grantees do not have authority to spend unobligated Head Start funds associated with prior year contracts, nevertheless these funds remain in the PMS system as cash available for drawdown until the grant is either closed or reprogrammed. Hinds County Human Resource Agency does not record the unobligated funds or the cash balance in PMS on its financial statements but reconciles its financial records to PMS to ensure only funds from current year contracts are expended. As of September 30, 2013, unobligated Head Start funds are as follows:

<u>Contract Number</u>		
04CH3194/36	\$	74
04CH3194/42		104,955
04CH3194/44	(	6,717)
04CH3194/45		297,701
04CH3194/46		668,025
04CH3194/47		4,303,171
04SA3194/01		99,268
04SA3194/02		31,431
	\$	5,497,908

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note 8: Temporarily Restricted Net Assets**

Temporarily restricted net assets are assets of the Agency which are restricted by the funding source and the restrictions either expire by passage of time or can be fulfilled and removed by actions of the Agency. As of September 30, 2013, temporarily restricted net assets consisted of the following:

Section 5311 Rural Transportation Program	\$ 18,547
LIHEAP Refunds	100,665
Economic Development	41,204
HCPHS Program Support	15,285
Whiterock	<u>38,212</u>
	<u>\$ 213,913</u>

**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, 2013; therefore, no liability has been accrued at this time.

**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 and face amount certificates which are not collateralized.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note 11: 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. As of September 30, 2013, Hinds County Human Resource Agency received contributions of services requiring non-specialized skills totaling \$5,393,485. 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 12: Operating Leases**

Hinds County Human Resource Agency leases real property and equipment from various sources with non-cancelable lease terms in excess of one year. A description of operating leases is as follows:

**Head Start Facilities** - The Agency leases two facilities used for educational purposes. Both leases commenced on September 1, 2003, and will end on December 31, 2013. The Agency also leases a warehouse with a lease term commencing on August 1, 2009 and ending on August 31, 2019.

**Office Building** - The Agency leases an office building for a term of thirty-six (36) months beginning on February 1, 2011, and ending on January 31, 2014.

**Office Equipment** - The Agency leases numerous copiers with lease terms of thirty-six (36) to sixty (60) months.

A schedule of future minimum rental payments are as follows:

2014	\$	95,088
2015		87,682
2016		58,195
2017		26,373
2018		17,700
Thereafter		16,625
	\$	301,663

For the fiscal year ended September 30, 2013, the Agency incurred rental expenses totaling \$284,513.

**Note 13: Date of Management Review**

Subsequent events were evaluated through March 17, 2014, which is the date the financial statements were available to be issued.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements (Continued)  
September 30, 2013

**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 \$450,090 during the fiscal year ended September 30, 2013.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture:</b>			
Passed Through State of Mississippi: Child and Adult Care Food Program	10.558	V0000324790	\$ <u>1,423,888</u>
Passed Through Central Mississippi Planning and Development District:			
Commodity Supplement Food Program	10.565	379N88	21,653
Commodity Supplement Food Program	10.565	378N88	<u>4,959</u>
Total Commodity Supplement Food Program			<u>26,612</u>
<b>Total Department of Agriculture</b>			<u>1,450,500</u>
<b>Department of Transportation:</b>			
Passed Through State of Mississippi:			
Federal Transit Capital Investment Grants	20.500	N/A	164,970
Formula Grants for Other Than Urbanized Areas	20.509	502613	<u>221,644</u>
<b>Total Department of Transportation</b>			<u>386,614</u>
<b>Department of Health and Human Services:</b>			
Passed Through Central Mississippi Planning and Development District:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	377N88	<u>32,353</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	379N88	114,846
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	378N88	<u>42,332</u>
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			<u>157,178</u>
Low-Income Home Energy Assistance	93.568	330L121L	685,152
Low-Income Home Energy Assistance	93.568	660L131L	<u>1,754,160</u>
Total Low-Income Home Energy Assistance			<u>2,439,312</u>
Community Services Block Grant	* 93.569	660N121N	193,301
Community Services Block Grant	* 93.569	660N131N	<u>621,334</u>
Total Community Services Block Grant			<u>814,635</u>

\* Denotes major program.

See accompanying note to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards (Continued)  
Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>Department of Health and Human Services (Continued):</b>			
Direct Program:			
Head Start	* 93.600	04CH3194/46	4,566,295
Head Start	* 93.600	04CH3194/47	9,409,298
Total Head Start			13,975,593
<b>Total Department of Health and Human Services</b>			17,419,071
<b>Corporation for National and Community Service:</b>			
Direct Program:			
Retired and Senior Volunteer Program	94.002	12SRSM001	47,136
<b>Total Federal Expenditures</b>			\$ 19,303,321

\* Denotes major program.

See accompanying note to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Note to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2013

**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, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Pass-through grantor identifying numbers are presented where available.



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

James L. Stafford, CPA	Robin Y. McCormick, CPA/PFS
Harry W. Stevens, CPA	J. Randy Scrivner, CPA
S. Keith Winfield, CPA	Kimberly S. Caskey, CPA
William B. Staggers, CPA	Susan M. Lummus, CPA
Aubrey R. Holder, CPA	Thomas J. Browder, CPA
Michael W. McCully, CPA	Stephen D. Flake, CPA
Mort Stroud, CPA	John N. Russell, CPA
R. Steve Sinclair, CPA	Thomas A. Davis, CPA
Michael L. Pierce, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Rick D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
	Robert E. Cordle, Jr., 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***

Board of Directors  
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, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2014.

**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) to determine the 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 the Organization’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 may exist that have not been identified.

## 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Eupora, Mississippi  
March 17, 2014

*Watkins, Ward and Stafford, PLLC*



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**Independent Auditors’ Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Directors  
Hinds County Human Resource Agency  
Jackson, Mississippi

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

We have audited Hinds County Human Resource Agency’s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. Hinds County Human Resource Agency’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors’ Responsibility***

Our responsibility is to express an opinion on compliance for each of Hinds County Human Resource Agency’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hinds County Human Resource Agency’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hinds County Human Resource Agency’s compliance.

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

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, 2013.

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

Management of Hinds County Human Resource Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hinds County Human Resource Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hinds County Human Resource Agency's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eupora, Mississippi  
March 17, 2014

*Watkins, Ward and Stafford, PLLC*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2013

In connection with our audit of the financial statements of Hinds County Human Resource Agency, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, the status of all prior year audit findings must be reported. Hinds County Human Resource Agency's had no prior year audit findings.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Findings and Questioned Costs  
September 30, 2013

**Section 1: Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Hinds County Human Resource Agency.
2. No deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Hinds County Human Resource Agency were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. An unqualified opinion was issued on compliance for major programs.
6. No findings that are required to be reported under Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The major programs were Head Start (CFDA #93.600) and Community Services Block Grant (CFDA #93.569).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$579,100.
9. Hinds County Human Resource Agency qualified as a low-risk auditee.

**Section 2: Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with GAGAS**

None

**Section 3: Findings for Federal Awards**

None