

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

**AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**



HINDS COUNTY HUMAN RESOURCE AGENCY  
Audited Financial Statements  
September 30, 2014

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## Independent Auditors' Report

To the Board of Directors of  
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, 2014, 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, 2014, 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 May 1, 2015, 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.

Houston, Mississippi  
May 1, 2015

*Watkins Ward and Stafford, PLLC*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Financial Position  
September 30, 2014

**Assets**

**Current Assets:**

Cash	\$	442,344
Investments		154,687
Grant/contract funds receivable		1,552,333
Other receivables		33,266
Prepaid expenses		54,909
Security deposits		1,400
Total Current Assets		2,238,939

**Capital Assets:**

Property and equipment, net of accumulated depreciation of \$231,418		107,590
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<b>Total Assets</b>	<b>\$</b>	<b>2,346,529</b>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$	345,474
Deferred revenue		7,904
Accrued liabilities		743,085
Total Current Liabilities		1,096,463

**Net Assets:**

Unrestricted		1,031,026
Temporarily restricted		219,040

<b>Total Net Assets</b>		<b>1,250,066</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>2,346,529</b>
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The accompanying notes are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2014

**Changes in Unrestricted Net Assets:**

Unrestricted Revenues and Gains:

Local government financial assistance	\$	85,500
Fund raising activities		102,488
Interest income		5,064
Investment income		10,790
Donations		2,500
Other revenue		40,518
Total Unrestricted Revenues and Gains		246,860

Net Assets Released From Restrictions:

Satisfaction of program restrictions		19,674,302
Total Unrestricted Revenues, Gains and Other Support		19,921,162

Expenses:

Programs:

Head Start		13,043,564
Child and Adult Care Food Program		1,273,866
Special Programs for the Aging, Title III, Part C, Nutrition Services		185,320
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		36,135
Low-Income Home Energy Assistance Program		1,768,652
Community Services Block Grant		796,173
Retired and Senior Volunteer Program		25,461
Formula Grants for Other Than Urbanized Areas		370,202
Fund raising activities		30,259
Other services		298,177
General and administrative		2,100,324
Total Expenses		19,928,133

**Decrease in Unrestricted Net Assets** \$ ( 6,971)

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities (Continued)  
Year Ended September 30, 2014

<b>Changes in Temporarily Restricted Net Assets:</b>	
Federal grants/contracts	\$ 18,263,706
State grants/contracts	17,703
Other grants/contracts	295,190
Program income	14,387
In-kind contributions	1,074,100
Other	14,343
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	( 19,674,302)
<b>Increase in Temporarily Restricted Net Assets</b>	<u>5,127</u>
<b>Decrease in Net Assets</b>	( 1,844)
<b>Net Assets Beginning of Year</b>	<u>1,251,910</u>
<b>Net Assets End of Year</b>	<u><u>\$ 1,250,066</u></u>

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2014

	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	Community Services Block Grant
Personnel	\$ 6,701,190	335,037	27,106	-	78,903	253,152
Fringe benefits	2,076,962	127,493	9,866	-	24,440	78,447
Travel	72,690	194	1,372	-	2,212	2,326
Contractual	642,804	37,852	-	-	-	3,224
Equipment rental	48,144	21,250	-	-	-	7,102
Repairs and maintenance	494,889	21,159	-	-	-	7,562
Vehicle expenses	172,267	-	2,648	-	-	647
Insurance	107,411	-	-	-	-	3,604
Supplies	493,956	46,270	36	-	2,627	7,653
Telephone	108,380	-	-	-	-	18,069
Space/utilities	482,144	-	-	-	-	56,529
Client Assistance	2,640	-	14,575	36,135	1,660,338	259,567
Food & Delivery	26,896	684,611	106,817	-	-	-
In-kind expenses	987,700	-	-	-	-	86,400
Equip. & Bldg purchases	144,196	-	-	-	132	-
Depreciation	-	-	-	-	-	-
Other	481,295	-	22,900	-	-	11,891
<b>Total Expenses Before Indirect Expenses</b>	<b>13,043,564</b>	<b>1,273,866</b>	<b>185,320</b>	<b>36,135</b>	<b>1,768,652</b>	<b>796,173</b>
Indirect expenses	1,855,354	94,196	7,981	-	21,467	68,270
<b>Total Functional Expenses</b>	<b>\$ 14,898,918</b>	<b>1,368,062</b>	<b>193,301</b>	<b>36,135</b>	<b>1,790,119</b>	<b>864,443</b>

The accompanying notes are an integral part of these 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
18,257	173,036	773	2,940	7,590,394	1,158,392	\$ 8,748,786
5,924	64,925	230	877	2,389,164	293,113	2,682,277
630	19	28	1,106	80,577	17,362	97,939
-	-	700	33,475	718,055	193,818	911,873
-	-	100	-	76,596	53,732	130,328
-	-	-	-	523,610	26,839	550,449
-	94,546	-	3,325	273,433	-	273,433
650	21,334	-	1,270	134,269	16,450	150,719
-	511	2,735	1,403	555,191	85,346	640,537
-	107	-	-	126,556	18,820	145,376
-	1,603	-	-	540,276	107,319	647,595
-	-	-	196,731	2,169,986	-	2,169,986
-	-	-	-	818,324	-	818,324
-	-	-	-	1,074,100	-	1,074,100
-	7,922	-	-	152,250	-	152,250
-	-	-	-	-	22,617	22,617
-	6,199	25,693	57,050	605,028	106,516	711,544
25,461	370,202	30,259	298,177	17,827,809	2,100,324	19,928,133
4,967	47,079	210	800	2,100,324	( 2,100,324)	-
30,428	417,281	30,469	298,977	19,928,133	-	\$ 19,928,133

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Cash Flows  
Year Ended September 30, 2014

<b>Cash Flows From Operating Activities:</b>	
Change in net assets	\$ ( <u>1,844</u> )
<b>Adjustments to Reconcile Change in Net Assets to Net Cash  Provided by Operating Activities:</b>	
Depreciation	22,617
Loss on fixed asset disposal	1,091
Increase in grant/contract funds receivable	( 342,822)
Increase in accounts receivable-other	( 31,436)
Increase in prepaid expenses	( 1,784)
Decrease in accounts payable	( 183,613)
Decrease in deferred revenue	( 26,446)
Increase in accrued liabilities	<u>168,909</u>
Total Adjustments to Reconcile Change in Net Assets	<u>( 393,484)</u>
<b>Net Cash Used from Operating Activities</b>	( 395,328)
<b>Cash Flows From Investing Activities:</b>	
Purchase of capital assets	<u>( 12,311)</u>
<b>Net Decrease in Cash</b>	( 407,639)
<b>Cash at Beginning of Year</b>	<u>1,004,670</u>
<b>Cash at End of Year</b>	<u><u>\$ 597,031</u></u>

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements  
September 30, 2014

**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**

**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  
September 30, 2014

**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 reversionary 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  
September 30, 2014

**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	\$ 127,166
Face amount certificate	13,583
	140,749
Unrealized gain on investments	13,938
	\$ 154,687

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

Grant/Contract funds receivable represent amounts due from various grants and contracts at September 30, 2014, as follows:

Retired and Senior Volunteer Program	\$ 1,149
Section 5311 Transportation	36,297
Special Programs for the Aging, Title III, Part C, Nutrition Services	11,326
Special Programs for the Aging, Title III, Part B	4,885
Low-Income Home Energy Assistance	96,374
Community Services Block Grant	115,439
Head Start	1,108,661
Child and Adult Care Food Program	178,202
	\$ 1,552,333

**Note 5: Capital Assets**

The following is a summary of changes in capital assets:

	Balance 9/30/2013	Additions	Retirements	Balance 9/30/2014
Buildings and equipment	\$ 332,149	12,311	( 5,452)	\$ 339,008
Less: Accumulated Depreciation	( 213,162)	( 22,617)	4,361	( 231,418)
Net Unrestricted Capital Assets	\$ 118,987	( 10,306)	( 1,091)	\$ 107,590

Depreciation of capital assets for the year ended September 30, 2014, totaled \$22,617.

The Agency has property and equipment with a cost totaling \$8,493,518 that is used in operations but not recorded on the statement of financial position because reversionary title is held by grantors.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements  
September 30, 2014

**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	\$ 4,592
Citgo-Veel Program	2,369
Retired and Senior Volunteer Program	943
	\$ 7,904

**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, 2014, unobligated Head Start funds are as follows:

<u>Contract Number</u>	
04CH3194/36	\$ 74
04CH3194/46	18,025
04CH3194/47	326,898
04CH3194/48	4,665,392
04SA3194/01	99,268
04SA3194/02	31,431
	\$ 5,141,088

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements  
September 30, 2014

**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, 2014, temporarily restricted net assets consisted of the following:

Section 5311 Rural Transportation Program	\$ 18,547
LIHEAP Refunds	105,219
Economic Development	41,204
HCPHS Program Support	15,858
Whiterock	<u>38,212</u>
	<u>\$ 219,040</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, 2014; 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  
September 30, 2014

**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, 2014, Hinds County Human Resource Agency received contributions of services requiring non-specialized skills totaling 5,930,781. 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 a facility used for educational purposes with a lease term commencing on January 1, 2014, and will end on December 31, 2019. 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, 2014, and ending on January 31, 2017.

**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:

2015		\$	241,324
2016			216,775
2017			85,369
2018			26,911
2019			22,625
			22,625
		\$	593,004

For the fiscal year ended September 30, 2014, the Agency incurred rental expenses totaling \$350,540.

**Note 13: Fundraising**

The Agency conducts only occasional fundraising activities, usually for specific purposes. During this fiscal year the Agency received \$102,488 from those activities and expended \$30,469 from those activities.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements  
September 30, 2014

**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 \$452,643 during the fiscal year ended September 30, 2014.

**Note 15: Compensated Absences**

Employees of the District 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, 2014, totals \$36,454.

**Note 16: Uncertain Tax Position**

Income taxes are not provided for in the financial statements since the Agency is exempt from federal and state income taxes under 501(c)(3) of the Internal Revenue Code and similar state provisions. The Agency is not classified as a private foundation. The Agency files its Form 990 annually with the Internal Revenue Service. The Agency believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency's Form 990, for the years ended September 30, 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**Note 17: 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 Hinds County Human Resource Agency evaluated the activity of the commission through May 1, 2015, 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, 2014

<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>1,315,750</u>
Passed Through Central Mississippi Planning and Development District:			
Commodity Supplement Food Program	10.565	1214-93	16,202
Commodity Supplement Food Program	10.565	1194-93	<u>4,270</u>
Total Commodity Supplement Food Program			<u>20,472</u>
<b>Total Department of Agriculture</b>			<u>1,336,222</u>
<b>Department of Transportation:</b>			
Passed Through State of Mississippi: Formula Grants for Other Than Urbanized Areas	20.509	502743	<u>212,338</u>
<b>Total Department of Transportation</b>			<u>212,338</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	1074-93	<u>30,199</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1214-93	95,728
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1194-93	<u>40,364</u>
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			<u>136,092</u>
Total Aging Cluster			<u>166,291</u>
Low-Income Home Energy Assistance	* 93.568	660L131LL	297,759
Low-Income Home Energy Assistance	* 93.568	660L141LL	<u>1,492,374</u>
Total Low-Income Home Energy Assistance			<u>1,790,133</u>
Community Services Block Grant	93.569	660N131N	186,076
Community Services Block Grant	93.569	660N141NN	<u>582,439</u>
Total Community Services Block Grant			<u>768,515</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, 2014

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	04CH3194/47
Head Start	*	93.600	04CH3194/48
Total Head Start			<u>3,976,272</u> <u>9,984,806</u> <u>13,961,078</u>
<b>Total Department of Health and Human Services</b>			<u>16,686,017</u>
<b>Corporation for National and Community Service:</b>			
Direct Program:			
Retired and Senior Volunteer Program	94.002	12SRSM002	8,220
Retired and Senior Volunteer Program	94.002	12SRSM001	<u>20,909</u>
Total Retired and Senior Volunteer Program			<u>29,129</u>
<b>Total Federal Expenditures</b>			<b>\$ <u>18,263,706</u></b>

\* Denotes major program.

See accompanying notes to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Note to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014

**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, 2014. 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	J. Randy Scrivner, CPA
Harry W. Stevens, CPA	Kimberly S. Caskey, CPA
S. Keith Winfield, CPA	Susan M. Lummus, CPA
William B. Staggers, CPA	Thomas J. Browder, CPA
Aubrey R. Holder, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
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Robin Y. McCormick, CPA/PFS	Perry C. Rackley, 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, 2014, 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 May 1, 2015.

**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.

Houston, Mississippi  
May 1, 2015

*Watkins Ward and Stafford, PLLC*



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

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**Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by 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, 2014. 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, 2014.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

Hinds County Human Resource Agency's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Hinds County Human Resource Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.

Houston, Mississippi  
May 1, 2015

*Watkins Ward and Stafford, PLLC*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2014

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 Cost  
 Year Ended September 30, 2014

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 with Section 510(a) of OMB Circular A-133? (Yes/No) | Yes           |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
93.568	Low-Income Home Energy Assistance

- |   |            |
|---|------------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 547,911 |
| 9. Auditee qualified as low-risk auditee? (Yes/No)                          | Yes        |

Section II: Financial Statement Findings

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Findings and Questioned Cost (Continued)  
Year Ended September 30, 2014

Section III: Federal Award Findings and Questioned Cost

2014-001      Head Start CFDA #93.600 contracts 04CH3194/47 and 04CH3194/48

*Condition:* The Agency's Head Start enrollment did not consist of at least 10% of children with disabilities.

*Criteria:* 42 USC 9835(d) states not less than 10% of Head Start enrollees must be children with disabilities.

*Cause:* Undetermined

*Effect:* Failure to comply with earmarking requirements may result in a denial of refunding or termination of the program.

*Recommendation:* Procedures should be designed and implemented to ensure not less than 10% of the Agency's Head Start enrollment consist of children with disabilities.



Helping Families  
Strengthening Communities

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May 6, 2015

Mr. Jason Brooks, CPA  
Watkins, Ward & Stafford, PLLC  
P. O. Box 391  
Houston, MS 38851

Dear Mr. Brooks:

The following are efforts made to meet the 10% enrollment requirement to serve children with disabilities. According to Head Start Program Performance Standard 1308.4, Head Start has a responsibility to coordinate with the LEA and other groups to benefit children with disabilities and their families. While we submit referrals to three school districts, Jackson Public Schools (JPS) continues to be our most challenging district to set up evaluations for the children who attend our city centers. Communication, record keeping, and accountability are among the top concerns that we have with JPS. JPS requires rescreening if a child fails the initial speech screener.

The following documents are required to be available during the Multi-Disciplinary Evaluation Team (MET) meeting:

DOCUMENTS	WHO'S RESPONSIBLE	TIME LINE
MEDICAL SCREENING	HEALTH SPECIALIST AND ASSIGNED MEDICAL PROVIDER	WITHIN 45 DAYS OF CHILD'S ENROLLMENT
INITIAL SCREENING BATTELLE PLS-5	TEACHERS LICENSED SPEECH PATHOLOGIST	WITHIN 45 DAYS OF CHILD'S ENROLLMENT
RE-SCREENING (IF A CHILD FAILS INITIAL SCREENING) BATTELLE PLS-5	TEACHERS LICENSED SPEECH PATHOLOGIST	WITHIN 4 WEEKS OF THE INITIAL SCREENING
WRITTEN PRIOR NOTICE	DISABILITIES SERVICES SPECIALISTS	5 DAYS AFTER CHILD HAS FAILED THE RESCREENER

Clinton and Hinds County Public School District's referral process is different from Jackson Public School District. Once a child receives an initial screening (PLS-5) and fails, Clinton and Hinds County Public School District request that the Disabilities Services Specialists scan or fax them a copy of the developmental screening results along with the child's medical screening and parent consent. However, Jackson Public School District's referral process involves an additional process.

The JPS psychometrist contacted parents via mail and telephone. However, she stated that parents did not respond and/or follow up. Hinds County Human Resource Agency Disabilities Services Specialists were made aware of this in May 2014.

In the future, the Disabilities Services Specialists will contact parents and keep call logs after each Multi-Disciplinary Evaluation Team (MET) meeting. The call logs will assist Hinds

Mr. Jason Brooks  
May 6, 2015  
Page 2

County Human Resource Project Head Start with keeping track of the evaluation process with the LEAs and informing parents about the status of the process. Also, Disabilities Services Specialists will mail the HCHRA parental rights which will explain the evaluation process.

A self-addressed stamped envelope will be included for the parent to sign and return the parental rights document. This will help us monitor correspondences with parents with numerous attempts to contact families.

In addition to sending via mail the Hinds County Human Resource Project Head Start parental rights, we will communicate with the psychometrist according to the disability spreadsheet and send emails in order to receive updates of children that have met the Local Education Agency criteria.

Call logs will be submitted to the Director of Children's Services biweekly.

Finally, as mentioned, the efforts made to assess children who met the Local Education Agency (LEA) criteria will ensure that we are aggressively tracking evaluations and communicating effectively with the LEA to meet our goal of serving 10 percent of our funded enrollment of children with disabilities. Given these points, Hinds County Human Resource Agency Project Head Start will adhere to all performance standards, and compliances, make amendments in our work plans, and our policies and procedures to follow through with the process of ensuring our children are evaluated and receive the services they deserve.

Sincerely,



Kenn Cockrell  
President & CEO



Maurice Williams, Ed. D  
Vice President, Head Start & Early Childhood Programs