

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

**AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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 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, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 auditors' 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 auditors consider 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, 2016, 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 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 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 12, 2017, 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 12, 2017

Watkins Ward and Stafford, P.C.

HINDS COUNTY HUMAN RESOURCE AGENCY
Statement of Financial Position
September 30, 2016

Assets

Current Assets:

Cash	\$	355,662
Investments		165,868
Grant/contract funds receivable		1,375,450
Other receivables		151,457
Prepaid expenses		18,806
Other		7,012
Total Current Assets		2,074,255

Capital Assets:

Property and equipment, net of accumulated depreciation of \$269,536		74,526
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Total Assets	\$	2,148,781
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Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$	499,156
Deferred revenue		4,694
Accrued liabilities		311,590
Due to grantor		943
Total Current Liabilities		816,383

Net Assets:

Unrestricted		1,115,375
Temporarily restricted		217,023

Total Net Assets		1,332,398
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Total Liabilities and Net Assets	\$	2,148,781
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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, 2016

Changes in Unrestricted Net Assets:

Unrestricted Revenues and Gains:	
Local government financial assistance	\$ 77,164
Fund raising activities	104,700
Interest income	6,507
Donations	5,941
Other revenue	9,121
Total Unrestricted Revenues and Gains	203,433
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	19,830,377
Total Unrestricted Revenues, Gains and Other Support	20,033,810
Expenses:	
Programs:	
Head Start	13,210,380
Child and Adult Care Food Program	1,367,181
Special Programs for the Aging, Title III, Part C, Nutrition Services	170,185
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	28,255
Low-Income Home Energy Assistance Program	1,617,521
Community Services Block Grant	751,193
Formula Grants for Other Than Urbanized Areas	471,280
Fund raising activities	45,209
Other services	241,518
General and administrative	2,071,151
Total Expenses	19,973,873
Increase in Unrestricted Net Assets	\$ 59,937

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, 2016

Changes in Temporarily Restricted Net Assets:	
Federal grants/contracts	\$ 18,536,326
State grants/contracts	67,533
Other grants/contracts	267,830
Program income	30,140
In-kind contributions	876,869
Other	48,363
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	<u>(19,830,377)</u>
Decrease in Temporarily Restricted Net Assets	<u>(3,316)</u>
Increase in Net Assets	56,621
Net Assets Beginning of Year	<u>1,275,777</u>
Net Assets End of Year	<u><u>\$ 1,332,398</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, 2016

	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	\$ 6,702,010	273,800	21,153	-	77,418	242,519
Fringe benefits	2,086,534	104,112	7,149	-	24,710	78,004
Travel	46,754	391	590	-	1,670	1,372
Contractual	759,813	95,082	-	-	-	3,944
Equipment rental	45,999	22,762	-	-	-	7,188
Repairs and maintenance	507,350	32,925	-	-	-	6,400
Vehicle expenses	213,658	-	1,406	-	-	202
Insurance	131,995	-	-	-	-	5,986
Supplies	480,328	69,965	-	-	4,208	9,303
Telephone	128,116	-	916	-	-	25,283
Space/utilities	427,520	-	-	-	-	39,128
Client Assistance	34,440	-	16,925	28,255	1,507,944	222,171
Food & Delivery	35,203	766,593	98,154	-	-	-
In-kind expenses	790,469	-	-	-	-	86,400
Equip. & Bldg purchases	316,309	-	-	-	1,571	4,904
Depreciation	-	-	-	-	-	-
Other	503,882	1,551	23,892	-	-	18,389
Total Expenses Before Indirect Expenses	13,210,380	1,367,181	170,185	28,255	1,617,521	751,193
Indirect expenses	1,838,972	90,484	5,747	-	21,034	65,891
Total Functional Expenses	\$ 15,049,352	1,457,665	175,932	28,255	1,638,555	817,084

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

Formula Grants for Other Than Urbanized Areas	Fund Raising Activities	Other Services	Total Program Expenses	General and Admini- strative	Total Expenses
174,828	3,254	2,347	7,497,329	1,074,308	\$ 8,571,637
70,350	970	699	2,372,528	265,667	2,638,195
-	16	309	51,102	21,013	72,115
-	6,924	29,371	895,134	258,562	1,153,696
-	-	4,047	79,996	80,100	160,096
-	-	450	547,125	18,848	565,973
85,953	-	3	301,222	-	301,222
35,151	-	2,438	175,570	18,879	194,449
1,981	1,386	1,795	568,966	74,478	643,444
659	-	-	154,974	39,102	194,076
1,602	-	-	468,250	115,983	584,233
-	-	157,688	1,967,423	5,088	1,972,511
-	-	-	899,950	-	899,950
-	-	-	876,869	-	876,869
89,754	-	-	412,538	-	412,538
-	-	-	-	20,909	20,909
11,002	32,659	42,371	633,746	78,214	711,960
471,280	45,209	241,518	17,902,722	2,071,151	19,973,873
47,502	884	637	2,071,151	(2,071,151)	-
518,782	46,093	242,155	19,973,873	-	\$ 19,973,873

HINDS COUNTY HUMAN RESOURCE AGENCY
Statement of Cash Flows
Year Ended September 30, 2016

Cash Flows From Operating Activities:	
Increase in net assets	\$ <u>56,621</u>
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	20,909
Loss on fixed asset disposal	79
Increase in investments	(14,692)
Decrease in grant/contract funds receivable	384,708
Increase in other receivables	(150,382)
Decrease in prepaid expenses	15,765
Increase in utility and security deposits	(5,152)
Increase in accounts payable	133,137
Decrease in deferred revenue	(74,007)
Decrease in accrued liabilities	<u>(363,152)</u>
 Total Adjustments to Reconcile Change in Net Assets	 <u>(52,787)</u>
 Net Cash Provided by Operating Activities	 3,834
Cash Flows From Investing Activities:	
Purchase of capital assets	<u>(3,049)</u>
 Net Increase in Cash	 785
 Cash at Beginning of Year	 <u>354,877</u>
 Cash at End of Year	 <u>\$ <u>355,662</u></u>

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:

Unrestricted net assets – Net assets that are not subject to donor restrictions. Unrestricted net assets may also include discretionary designations made by the board of directors.

Temporarily restricted net assets – 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor restrictions that require the principal contribution be maintained by the Agency with the income earned on any related investments being distributed in accordance with donor imposed 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 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. 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.

g. 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.

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

i. 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.

j. 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

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:

	Cost	Market
Mutual funds	\$ 139,618	\$ 152,019
Face amount certificate	13,785	13,849
	\$ 153,403	\$ 165,868

Note 4: 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 September 30, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 152,019	\$ -	\$ -	\$ 152,019
Face amount certificate	13,849	-	-	13,849
	\$ 165,868	\$ -	\$ -	\$ 165,868

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

Face amount certificates – fair value of face amount certificates is estimated to be at face value of the certificate.

HINDS COUNTY HUMAN RESOURCE AGENCY
Notes to Financial Statements

Note 5: Grant/Contract Funds Receivable

Grant/Contract funds receivable represent amounts due from various grants and contracts at September 30, 2016, as follows:

Section 5311 Transportation	\$	80,155
Transportation Program		455
Special Programs for the Aging, Title III, Part C, Nutrition Services		12,790
Special Programs for the Aging, Title III, Part B		4,990
Low-Income Home Energy Assistance		90,148
Community Services Block Grant		10,463
Head Start		995,685
Child and Adult Care Food Program		<u>180,764</u>
	\$	<u><u>1,375,450</u></u>

Note 6: Capital Assets

The following is a summary of changes in capital assets:

	Balance <u>9/30/2015</u>	Additions	Retirements	Balance <u>9/30/2016</u>
Buildings and equipment	\$ 345,426	3,049	(4,413)	\$ 344,062
Less: Accumulated Depreciation	<u>(252,961)</u>	<u>(20,909)</u>	<u>4,334</u>	<u>(269,536)</u>
Net Unrestricted Capital Assets	<u>\$ 92,465</u>	<u>(17,860)</u>	<u>(79)</u>	<u>\$ 74,526</u>

Depreciation of capital assets for the year ended September 30, 2016, totaled \$20,909.

The Agency has property and equipment with a cost totaling \$9,269,752 that is used in operations but not recorded on the statement of financial position because reversionary title is held by grantors.

Note 7: 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	\$	4,175
City of Jackson Emergency Assistance		519
	\$	<u><u>4,694</u></u>

HINDS COUNTY HUMAN RESOURCE AGENCY
Notes to Financial Statements

Note 8: 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, 2016, unobligated Head Start funds are as follows:

Contract Number	
04CH3194/36	\$ 74
04CH3194/46	18,025
04CH3194/48	14,323
04CH3194/49	1,224,289
04CH01042501	4,402,915
04SA3194/01	99,268
04SA3194/02	31,431
	\$ 5,790,325

Note 9: 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, 2016, temporarily restricted net assets consisted of the following:

Section 5311 Rural Transportation Program	\$ 18,547
LIHEAP Refunds	103,568
Economic Development	41,204
HCPHS Program Support	15,492
Whiterock	38,212
	\$ 217,023

HINDS COUNTY HUMAN RESOURCE AGENCY
Notes to Financial Statements

Note 10: 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, 2016; therefore, no liability has been accrued at this time.

Note 11: 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.

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, 2016, Hinds County Human Resource Agency received contributions of services requiring non-specialized skills totaling \$8,830,791. 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: 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 with some buildings being extended until December 31, 2024. 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.

HINDS COUNTY HUMAN RESOURCE AGENCY
Notes to Financial Statements

Note 13 Operating Leases (continued)

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:

2017	\$	102,005
2018		100,322
2019		73,229
2020		3,535
2021		-
		-
	\$	279,091

For the fiscal year ended September 30, 2016, the Agency incurred rental expenses totaling \$369,485.

Note 14: Fundraising

The Agency conducts only occasional fundraising activities, usually for specific purposes. During this fiscal year the Agency received \$104,701 from those activities and expended \$46,093 from those activities.

Note 15: 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:

Years of Service	Contribution Percentage
1 - 5	3%
6 - 10	5%

The cost of contributions incurred by the Agency totaled \$440,203 during the fiscal year ended September 30, 2016.

Note 16: 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, 2016, totals \$43,528.

HINDS COUNTY HUMAN RESOURCE AGENCY
Notes to Financial Statements

Note 17: 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, 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Note 18: 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 12, 2017, 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, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed to Sub- Recipients	Federal Expenditures
Department of Agriculture:				
Passed Through State of Mississippi:				
Child and Adult Care Food Program	10.558	V0000324790	\$ -	\$ 1,457,665
Passed Through Central Mississippi Planning and Development District:				
Commodity Supplement Food Program	10.565	121-93	-	14,358
Commodity Supplement Food Program	10.565	119-93	-	3,839
Total Commodity Supplement Food Program			-	18,197
Total Department of Agriculture			-	1,475,862
Department of Transportation:				
Passed Through State of Mississippi:				
Formula Grants for Other Than Urbanized Areas	20.509	502857	-	260,222
Total Department of Transportation			-	260,222
Department of Health and Human Services:				
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	107-93	-	25,286
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	121-93	-	108,487
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	119-93	-	40,411
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			-	148,898
Total Aging Cluster			-	174,184
Low-Income Home Energy Assistance	93.568	660L141LL	-	797,098
Low-Income Home Energy Assistance	93.568	660L151LL	-	841,458
Total Low-Income Home Energy Assistance			-	1,638,556
Community Services Block Grant	93.569	660N141NN	-	464,963
Community Services Block Grant	93.569	660N151NN	-	265,659
Total Community Services Block Grant			-	730,622

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, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed to Sub- Recipients</u>	<u>Federal Expenditures</u>
Department of Health and Human Services (Continued):				
Direct Program:				
Head Start	93.600	04CH3194/48	-	11,928,085
Head Start	93.600	04CH3194/49	-	2,328,795
Total Head Start			<u>-</u>	<u>14,256,880</u>
Total Department of Health and Human Services			<u>-</u>	<u>16,800,242</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 18,536,326</u>

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, 2016. 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	Thomas J. Browder, CPA
Harry W. Stevens, CPA	Stephen D. Flake, CPA
S. Keith Winfield, CPA	John N. Russell, CPA
William B. Stagers, CPA	Thomas A. Davis, CPA
Michael W. McCully, CPA	Anita L. Goodrum, CPA
Mort Stroud, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, 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, 2016, 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 12, 2017.

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 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 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 12, 2017

Watkins Ward and Stafford, PLLC



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

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of federal awards 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 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). Those standards and the Uniform Guidance 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, Inc. 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, 2016.

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 the Uniform Guidance, 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.

Purpose of this Report

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 12, 2017

Watkins Ward and Stafford, PLLC

HINDS COUNTY HUMAN RESOURCE AGENCY
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2016

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, 2016

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) | No |

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start
10.558	Child and Adult Care Food Program
93.569	Community Services Block Grant

- | | |
|---|------------|
| 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 |

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
Year Ended September 30, 2016

Section III: Federal Award Findings and Questioned Cost

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