



South Central Human Resource Agency

FINANCIAL STATEMENTS

June 30, 2022



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**South Central Human Resource Agency
Public Officials
As of June 30, 2022**

Co. Executive T.T. Williams, Chairman

Co. Executive, Jim Mangubat, Vice Chairperson

Shelbyville City Mayor Wallace Cartwright, Secretary

SCHRA BOARD OF DIRECTORS

<u>County</u>	<u>Co. Executive/Co. Mayor</u>
Bedford	Co. Mayor Chad Graham
Coffee	Co. Mayor Gary Cordell
Franklin	Co. Mayor David Alexander
Giles	Co. Executive Melissa Greene
Hickman	Co. Mayor Mark Bentley
Lawrence	Co. Executive T.R. Williams
Lewis	Co. Mayor Jonah Keltner
Lincoln	Co. Mayor Bill Newman
Marshall	Co. Mayor Mike Keny
Maury	Co. Mayor Andy Ogles
Moore	Metro/Co. Mayor Bonnie Lewis
Perry	Co. Mayor John Carroll
Wayne	Co. Executive Jim Mangubat

City Mayors

First Division	Lawrenceburg City Mayor Blake Lay
Second Division	Linden City Mayor Wess Ward
Third Division	Shelbyville City Mayor Wallace Cartwright

State Representatives

District 28	Joey Hensley, State Senator
District 39	Iris Rudder, State Representative

Additional Members

Low-Income Representative	Robert Williams
Low-Income Representative	Bert Spearman
Low-Income Representative	Dr. Bill Heath
Low-Income Representative	Norma Martinez
Low-Income Representative	Xavier Hamler
Low-Income Representative	Rick Humphrey
Legal Representative	Judge John Damron
Financial Representative	Michael Crane



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
South Central Human Resource Agency
Fayetteville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Central Human Resource Agency (the "Agency") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2022, and the respective changes in financial position and, the respective budgetary comparison for the General Fund, the Children's Services Fund, the Nutrition Fund and the Community Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Agency adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, which required certain balances in the fiscal year 2022 financial statements to be restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, and pension related information be presented to supplement the basic financial statements on pages 53 through 54. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

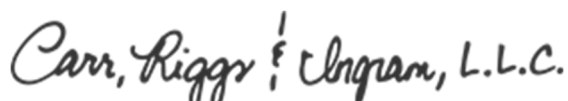
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying combining non-major governmental fund financial statements and the statements of revenues, expenditures and changes in fund balance - budget and actual for the Senior Services Fund and the Justice Services Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The combining non-major governmental fund financial statements and the statements of revenues, expenditures and changes in fund balance - budget and actual for the Senior Services Fund and the Justice Services Fund and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements and the statements of revenues, expenditures and changes in fund balance - budget and actual for the Senior Services Fund and the Justice Services Fund and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic 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 November 30, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
November 30, 2022

South Central Human Resource Agency Management's Discussion and Analysis

This discussion is intended to present a broad view of South Central Human Resource Agency's financial position and activities for the fiscal year ended June 30, 2022. This information is provided to comply with *GASB No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The discussion and analysis included in this document contain information regarding social services provided by South Central Human Resource Agency.

Mission Statement

South Central Human Resource Agency's mission is to provide low income individuals and the communities within our service area access to educational, economic, nutritional, and social services that promote and encourage self-reliance through our partnerships with local, state, and federal resources.

Agency Overview

The South Central Human Resource Agency ("SCHRA" or the "Agency") was created July 11, 1973, and chartered as a public, non-profit corporation on February 19, 1975. The Agency's goal is to promote the development of human resources in South Central Tennessee through effective and efficient delivery of human services. From the Agency's central office at 1437 Winchester Highway in Fayetteville, Tennessee, it strives to effectively deliver human service programs and oversee the coordination efforts through its Neighborhood Service Centers located in the thirteen counties served by the Agency: Bedford, Coffee, Franklin, Giles, Hickman, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry, and Wayne. The counties served by SCHRA contain over 6,500 square miles of vastly rural country and supports a population of approximately 427,634 individuals. Across this region in the fiscal year 2022, SCHRA had in place 13 Neighborhood Service Centers, 13 American Job Centers, 17 Head Start Centers, 7 Early Head Start Centers, and 20 congregate meal sites served by 2 commercial kitchens. The Senior Community Employment Program also serves clients in four additional counties: Bledsoe, Grundy, Marion, and Sequatchie. During fiscal year 2022, SCHRA delivered approximately \$25,570,194 of services and employed approximately 600 people.

Governing Bodies

The corporate powers of SCHRA are vested in its Governing Board, which is responsible for fulfilling Agency objectives and establishing policy guidelines and direction. The Governing Board of SCHRA was reorganized in May of 2021 by new legislation. The Governing Board is composed of representatives from each of the thirteen counties that the Agency serves. Membership consists of the county executive/mayor of each county, (3) city mayors from established divisions represent all municipalities within the area, and (6) human resource representatives appointed by the Governing Board, and one state senator and one state representative whose districts lie within the Development District.

Additionally, serving on the Governing Board in a nonvoting status, are a Licensed Attorney, a Financial Management Representative, and an Early Childhood Representative. These seats on our Board are to meet the requirements of the Head Start Act.

The Governing Board meets six times (bi-monthly) a year. An annual meeting is called once per year with the Governing Board and all City Mayors to discuss program success and goals.

South Central Human Resource Agency Management's Discussion and Analysis

The members of these bodies play a critical role in overseeing programs, ratifying policies, and helping to plan the future of the Agency. Without a strategy based on knowledge and placed in the hands of competent and concerned individuals, the Agency would have only random ideas without a guiding purpose or direction.

Agency Facility Accomplishments

On March 20, 2002, the Agency acquired a 40,000 square foot, single-story, brick commercial building situated on 5.1 acres, located at 1437 Winchester Highway. The replacement value is insured at approximately 4 million dollars. This facility includes a commercial kitchen, office, and program facilities, and a storage area for commodities held for distribution. The Agency moved into this building as its base of operations in April 2005 and continues to operate from this location. The agency received funding from the Tennessee State Legislature for a new 10,000 Sq. Ft. warehouse to be added here at the central office.

The Agency has worked hard to adapt to meet the challenges and opportunities of our mission. We continue to work toward the goals outlined in the Agency's strategic plan with a focus on catalyzing resources and expanding services. We continue to improve the Agency's facilities and equipment. The Agency received funding from the Tennessee State Legislature for a new 10,000 Sq. Ft. warehouse to be added here at the central office. The Agency also continues to replace our aging vehicle fleet. In the fall of 2021, we also worked to develop a new space for an American Jobs Center in Marshall County. The new AJC provides a much better location and parking for clients, a needed improvement. Additionally, we have also made repairs and maintenance at our other facilities as required by our lease agreements. This will continue to be a focus in the foreseeable future for the Agency. SCHRA management has developed a guiding standard for our current and future facilities that they must be accessible, clean, crisp, and professional. We also will continue to execute preventative maintenance on our facilities. This will ensure facilities are kept to the above standard.

We continue to make great strides to improve Head Start locations with safety concerns, new playgrounds, and seeking better locations for our centers. The Agency received funds to construct a new Early Head Start in Bedford County, which opened in July of 2021. The Early Head Start Program also received funding for a building in Coffee County. The facility was opened in spring of 2021. A 12,500 square foot facility was secured for a new Head Start/Early Head Start in Lawrence County. The building is being renovated, and hopes are to have it ready by Fall 2023. Funds were also secured for a new Head Start location in Wayne County. The building was purchased in December 2021, with renovations to follow.

Program Highlights

The Agency operates a variety of programs to meet the needs of clients in its service areas. Program highlights for the Agency's most significant programs from fiscal year 2022 follow:

Head Start and Early Head Start Programs

The objective of the Head Start and Early Head Start (collectively referred to as "Head Start") programs, funded by the U.S. Dept. of Health and Human Services - Administration for Children and Families, is to promote school readiness of low-income children by enhancing children's cognitive, social and emotional development. Head Start and Early Head Start together serve pregnant women and children

South Central Human Resource Agency Management's Discussion and Analysis

(birth to 5) and their families who are under the poverty line or are eligible for public assistance. The Head Start program provides services in the following areas: early childhood development, and health services and family and community partnerships. Inclusive in these services are education, medical, and dental services, mental health, nutrition, parent involvement, family services, special needs services, and family literacy. Children in the program were proficient in the categories of mathematics, language, cognitive skills, literacy, and social-emotional skills. The percentages ranged from 90-95%. Ten percent of our enrollment is mandated to serve children with disabilities. Our program ensured that age-appropriate health services were provided to 812 enrolled and/or terminated children, with 72% receiving age-appropriate preventive dental services and 37 children receiving mental health services. Our centers are Tennessee State Childcare licensed, which implement the three-star rating system that uses the ECERS-R and ITERS-R to monitor learning environments and teaching practices. Along with establishing school readiness goals for the children, we acknowledge that parents are their child's first educators and will continue to be throughout their child's educational career. There were numerous parents and community volunteers who provided services to our program throughout all 13 of our counties. Head Start facility improvements continue to be a major focus of SCHRA. Several Head Start locations received new tricycle paths and shade structures during this last year. Additionally, facilities received safety improvements with video cameras and physical barriers around playgrounds. The results and outcomes are making an impact within our agency.

Low-Income Home Energy Assistance Program/Low-Income Home Water Assistance Program

The Low-Income Home Energy Assistance Program ("LIHEAP") and the Low-Income Home Water Assistance Program ("LIHWAP") are funded by the Tennessee Housing Development Agency ("THDA"). This program provides assistance to elderly, disabled, and low-income persons with the energy used to heat their homes and meeting immediate household water and wastewater needs through financial assistance to offset a portion of the cost. Priority for assistance is given to lowest of income. Priority points are used to determine the amount of assistance which ranges from \$300 to \$650. Energy and crisis assistance is provided to eligible households through direct payment to a utility or propane company. During fiscal year 2022, a total of 8,338 households received assistance. The total amount funded for FY 2022 was \$7,271,254.

Nutrition Services for the Elderly Program

The Nutrition Services for the Elderly ("Nutrition") Program, funded by the South Central TN Development District/TN Commission on Aging and Disabilities through the Older Americans Act, strives to help the frail and elderly individuals aged 60 or over to eat adequately by providing a noon-time meal in a congregate or home-delivered setting. The development of skill and/or knowledge to help the elderly select and prepare nourishing and well-balanced meals is also a primary concern. Meals are provided to those who have limited mobility which may impair their capacity to shop and cook for themselves. The program is committed to ensuring the dignity of every person and underlining their importance through continued social contact and activities which minimize the need for institutionalism in nursing homes or comparable facilities. During fiscal year 2022, a total of 132,711 congregate meals were served, and 54,123 home-delivered meals were served. Additionally, funding through State of Tennessee Home and Community Based Program (Options), the Family Caregiver Program, and the Statewide Long Term Care Choices Program (AmeriGroup, AmeriChoice, and Blue Care) provides similar meals to the frail and disabled aged 18 years or older. For this period, Options provided 16,764 meals, Family Caregiver provided 1,476 meals, and Long Term Care Choices provided 18,829 meals. Two funding sources due to COVID-19, Families First COVID-19 Relief Act (FFCRA) provided 728 delivered meals (ended July 2021), and CARES ACT provided 21,306 delivered meals (ended October 2021). Two

South Central Human Resource Agency Management's Discussion and Analysis

new funding sources became available due to COVID-19, COVID III provided 25,587 home delivered meals (ended April 2022), and ARP provided 18,595 home delivered meals.

Community Representative Payee Program

The Community Representative Payee Program, funded by client fees established by the Social Security Administration, offers money management services to assist persons who are incapable of budgeting, paying routine bills, and keeping track of financial matters. Those served must receive Social Security or some type of disability benefit and be certified by a physician or judge to be incapable of money management. During fiscal year 2022, 381 clients were assisted in 37 Tennessee counties and 6 other states. Benefits overseen on behalf of clients for the year totaled \$4,216,689.

Food Service Program

Through the operation of two commercial kitchens, SCHRA provides hot, nutritious meals to programs and individuals for a fee without limited qualifications. This service acts as a vendor to numerous Agency programs as well as the general public. A staff of 12 employees, utilizing 6 vans, delivers centrally prepared food to all thirteen counties in the Agency's service area. Additionally, these kitchens offer professional catering services to provide income to purchase major food service equipment and to help sustain the Agency's congregate meal service for a full five-day week. During fiscal year 2022, these kitchens supplied 290,119 meals for the Agency's Senior Nutrition Program.

Emergency Food Assistance Program-Commodities

Provides USDA donated food products to low-income households at local distributions held quarterly in each of our thirteen counties. During fiscal year 2022, 9,231 households received commodities with a total amount of \$1,068,502 food distributed. 312 volunteers served with a total of 1,095 hours served.

Community Services Block Grant Program

The Community Services Block Grant ("CSBG") Program provides a wide range of services and activities which will have a measurable and potentially major impact on poverty in the community. The Agency received funding for fiscal year 2022 for the operation of its CSBG Program from funds passed through to the Agency by the Tennessee Dept. of Human Services ("DHS"). The CSBG Program ensures access to programs and services by elderly, disabled, and low-income persons through the Neighborhood Service Centers in each of the 13 counties served by the Agency, where experienced personnel assists in meeting the needs of the low-income population. In addition to financial eligibility, the need of service must be established according to the individual or household circumstances, with priority given to the elderly and disabled. During fiscal year 2022, the CSBG Program served 5,140 unduplicated households with 10,241 individuals.

Center for Workforce Inclusion (formerly Senior Community Service Employment Program)

The Center for Workforce Inclusion ("Title V") Program, funded by Center for Workforce Inclusion powering opportunity for older adults ("CWI"), is designed to assist economically disadvantaged people age 55 and over by providing immediate supplemental income, work experience, and training at an approved training site, with an immediate goal of more permanent, unsubsidized employment. The Title V Program is also dedicated to strengthening families, communities, and the nation by providing older and disadvantaged individuals with opportunities to learn, work and serve others. Clients must be age 55 or above, a legal resident of the county in which they apply, and be capable of performing tasks involved in the community service employment assigned as stated in the training site description, and must be economically disadvantaged, as determined by the currently established poverty guidelines - 125% scale. Title V clients who cannot immediately be placed into an unsubsidized job receive assistance

South Central Human Resource Agency Management's Discussion and Analysis

on finding a job and/or are assigned to eligible non-profit and government agencies for approximately 20 hours of work per week. In these assignments, clients receive valuable work experience and skill training while assisting their host agency in delivering essential community services. During fiscal year 2022, the Title V Program served a 12 county area with an allocated slot level of 155 clients. The Title V Program also served 4 additional counties (Bledsoe, Grundy, Marion, and Sequatchie).

Homemaker Services for the Elderly Program

The Homemaker Services for the Elderly ("Homemaker") Program, funded by the South Central TN Development District/TN Commission on Aging and Disabilities through the Older Americans Act ("SCTDD/AAAD"), provides homemaker, respite, and/or personal care services to individuals age 60 and over or adults age 18 or older who are disabled or incapacitated who wish to remain in their own homes. A plan of care related to household operations and home management for individuals eligible for the program is developed following an in-depth assessment through the SCTDD/AAAD. Without such services, they become at risk of residential or institutional care. Homemaker services involve a series of in-home contacts for the purpose of providing such services as light housekeeping, laundry, maintenance, household business, care and referral to other resources where appropriate. During fiscal year 2022, a total of 14,522 hours of service (58,086 units) were provided by the Homemaker Program. Additionally, funding through the State of Tennessee Home and Community Based Program (Options), the Family Caregiver Program and the Statewide Long Term Care Choices Program (AmeriGroup, AmeriChoice, and Blue Care) provides for homemaker and personal care assistance and respite sitter service to the frail elderly and adults with disabilities. During fiscal year 2022, Options provided 3,441 hrs. (13,763 units), Family Caregiver provided 2,752 hrs. (11,009 units), Long Term Care Choices provided 5,788 hrs. (21,950 units), Title III provided 1,773 hrs. (7,092 units), Private Care provided 34 hrs. (136 units), and Cares Act provided 1,034 hrs. (4,136 units). These services were delivered to 106 clients.

Justice Services Program

The Agency is proud to offer Recovery Court Services for the 22nd and the 17th Judicial District. These courts are specialized to provide intensive case management to clients of the justice involved population. The services include group and individual treatment. The program also has supervision oversight through a best practices team approach. During fiscal year 2022, the Lincoln County Recovery Court served 31 clients, paid \$1,200 in fees, and 480 service hours; the Lincoln County Felony served 10 clients, paid \$3,975 court fees, and 35 service hours; the 17th Judicial District served 25 clients, paid \$2,539 in fees, and 400 community service hours; and the 22nd Judicial District served 18 clients, paid \$1,305 in recovery court fees, and 515 community service hours.

Foster Grandparent Program

The Foster Grandparent Program, funded by the Corporation for National Service, provides stipend volunteer opportunities for limited income persons age 55 and older to give support services to children with "special needs" in the community. Foster Grandparents assist children and adolescents with learning disabilities, those who have been abused and/or neglected, and drug-addicted abandoned babies. Teen parents and their children may also be assisted by these volunteers. Foster Grandparents serve an average of 20 hours a week in volunteer stations such as Head Start, public schools, daycare centers, shelters for abused women and children, and after-school programs. Applicants must be at least 55 years old, willing to serve an average of 20 hours per week and meet 200% of poverty guidelines. Volunteers receive a modest tax-free allowance or stipend and an annual physical exam. For fiscal year 2022, services were provided for 101 "at-risk" children by 36 Foster Grandparents.

South Central Human Resource Agency Management's Discussion and Analysis

Social Services Block Grant ("SSBG")/Protective Service Homemaker Program

The SSBG/Protective Service Homemaker Program, funded by the Tennessee Dept. of Human Services, provides supportive services to adults (Adult Protective Services (APS) cases) who have been threatened with abuse, neglect, or exploitation and require assistance to prevent this from occurring. Services focus on activities which the client can no longer do for themselves and which are necessary for the person to remain at home, including emotional support and encouragement during periods of loneliness and depression. Services are directed at teaching homemaking and daily living skills to these individuals. Eligibility is determined by the DHS caseworker. Need is established when an individual or family is experiencing a specific personal or social problem for which homemaker services are deemed appropriate. During fiscal year 2022, a total of 140 clients served.

Weatherization Assistance Program

The Weatherization Assistance Program ("WAP"), funded by the Tennessee Housing Development Agency ("TDHA"), strives to improve energy efficiency and reduce energy costs of low-income households through the application of weatherization measures approved by TDHA to qualified housing units. Eligibility guidelines for this funding allow households of up to 200% of the federal poverty level to benefit. The funding and scope of this program have been drastically reduced due to the lack of federal funding. During fiscal year 2022, 26 homes were weatherized at a funding level of \$192,129.

Workforce Innovative and Opportunity Act

The Workforce Innovative and Opportunity Act ("WIOA"), funded by the South Central Tennessee Development District, is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers the need to compete in the global economy. The American Job Centers provide a full range of programs, seminars, and workshops, including work skills, interviewing techniques, and resume writing. Depending on circumstances, customers may be able to get some or all of the costs of training covered by funding from the Department of Labor. During fiscal year 2022, 18,806 clients were serviced through the American Job Centers in our 13 county region served.

Overview of the Financial Statements

This discussion and analysis is intended to provide an overview of the Agency's financial statements.

Basic Financial Statements

The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The basic financial statements present two different views of the Agency through the use of government-wide and fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements on pages 14 and 15 provide a broad overview of the Agency's financial position and operations in a manner similar to a private-sector business. The statement of net position presents the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources on a full accrual, economic resource basis. The difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources is reported as net position which is broken down into three parts: net investment in capital assets, restricted, and unrestricted. Net position serves as a useful indicator of the Agency's overall financial position. The statement of activities presents a comparison of expenses and

South Central Human Resource Agency Management's Discussion and Analysis

revenues for each major function/program of the Agency and also reflects how the Agency's net position changed during the fiscal year. On the statement of activities, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All of the Agency's activities are considered to be governmental activities.

Fund Financial Statements

The fund financial statements on pages 16 through 23 provide information about the Agency's funds. Funds are used to maintain control over resources that are to be segregated for specific activities or purpose. Fund accounting ensures and reflects compliance with finance-related legal requirements, such as grantor provisions. The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they are measurable and available and expenditures are generally recorded when the related fund liability is incurred. All of the Agency's funds are considered to be governmental funds.

Governmental Funds

Governmental funds are used to account for basic services and are reported as governmental activities in the government-wide financial statements. Differences between the Agency's government activities as reported in the statement of net position and the statement of activities and its governmental funds are identified in the reconciliations that are part of the fund financial statements.

Notes to Financial Statements

The notes to the financial statements on pages 24 through 52 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information on pages 53 through 54 is provided to supplement the basic financial statements.

Other Supplementary Information

Other Supplementary information on pages 55 through 58 is provided for purposes of additional analysis and is not a required part of the basic financial statements.

Single Audit

Under the Uniform Guidance, a Single Audit applies to nonfederal entities that expend \$750,000 or more in a year in federal awards. The Agency's expenditure of federal awards totaled approximately \$24.6 million during the fiscal year. Accordingly, a Single Audit was required. The Single Audit section of the financial statements on pages 64 through 69 includes the schedule of expenditures of federal awards and state financial assistance and notes thereto, the schedule of findings and questioned costs, along with our independent auditors' reports on internal control and compliance.

South Central Human Resource Agency Management's Discussion and Analysis

Government-Wide Financial Analysis

Net Position

Table 1 presents a summary of the Agency's net position at June 30, 2022 (as presented on page 16) with comparative data from June 30, 2021.

Table 1
Condensed Statement of Net Position

	2022	Restated 2021
Current assets	\$ 6,108,002	\$ 6,066,804
Restricted assets	3,131,296	2,922,218
Net pension asset	2,487,536	1,908,244
Capital assets	5,854,049	5,634,790
Total assets	17,580,883	16,532,056
Deferred outflows of resources	196,154	644,788
Current liabilities	7,165,770	6,650,771
Note payable	747,725	865,597
Lease liabilities	814,600	1,139,189
Capital lease obligation	-	2,170
Total liabilities	8,728,095	8,657,727
Net position:		
Net investment in capital assets	4,291,724	3,627,834
Restricted for pension benefits	1,573,867	1,879,580
Unrestricted	3,183,351	3,011,703
Total net position	\$ 9,048,942	\$ 8,519,117

The Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9.1 million as of June 30, 2022. The Agency's net position increased \$529,825 for the fiscal year.

The Agency's net investment in capital assets (buildings and improvements, vehicles, equipment, and land) represents 47% of its net position as of June 30, 2022. The Agency uses these capital assets to provide services to clients; consequently, these assets are not available for future spending. The Agency's net position restricted for pension benefits represents 17% of its net position as of June 30, 2022. The Agency will use this asset to offset future employer contributions

South Central Human Resource Agency Management's Discussion and Analysis

to the Public Employee Retirement Plan administered by the Tennessee Consolidate Retirement System.

Change in Net Position

Table 2 presents a summary of government-wide activity for the year ended June 30, 2022 (as presented on page 15) with comparative data for the year ended June 30, 2021.

Table 2
Change in Net Position

<i>For the year ended June 30,</i>	2022		2021	
	Amount	Percentage of Funding	Amount	Percentage of Funding
Revenues:				
Operating grants and contributions	\$ 27,415,876	73.75%	\$ 28,704,436	75.22%
Charges for services and other income	9,760,083	26.25%	9,456,161	24.78%
Total revenues	37,175,959	100.00%	38,160,597	100.00%
Expenses:				
Head Start	13,006,069	34.99%	11,978,130	31.39%
Low-Income Home Energy Assistance	7,271,524	19.56%	6,930,811	18.16%
Community Representative Payee	4,216,271	11.34%	4,348,443	11.40%
Workforce Innovation and Opportunity Act	2,302,696	6.19%	3,967,689	10.40%
Nutrition Services for the Elderly	1,928,028	5.19%	1,888,912	4.95%
Food Service	1,571,789	4.23%	1,391,007	3.65%
Community Service Block Grant	1,223,575	3.29%	1,601,345	4.20%
Senior Community Service Employment	679,499	1.83%	686,659	1.80%
Community Corrections	810,326	2.18%	643,885	1.69%
Homemaker Services for the Elderly	262,892	0.71%	323,360	0.85%
Foster Grandparents	275,404	0.74%	297,407	0.78%
Social Services Block Grant	251,509	0.68%	197,413	0.52%
Weatherization Assistance	192,128	0.52%	170,969	0.45%
Emergency Food Assistance	112,936	0.30%	94,903	0.25%
State Appropriations, Agency & Other	2,541,488	6.84%	2,012,903	5.27%
Total expenses	\$ 36,646,134	98.59%	\$ 36,533,836	95.76%
Change in net position	\$ 529,825	1.41%	\$ 1,626,761	4.24%

Net position increased by \$529,825 for the fiscal year compared to an increase in net position of \$1,626,761 for the prior year. Operating grants and contributions provided approximately 74% of the revenues for governmental activities for the current and 75% of the revenues for the prior fiscal year. These funds were expended in both years primarily for child education, energy assistance, and nutrition and other services for the elderly.

South Central Human Resource Agency Management's Discussion and Analysis

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Agency's governmental funds is on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Agency's financing requirements.

As of June 30, 2022, the Agency's governmental funds reported a total fund balance of approximately \$2.07 million, a decrease of \$264,724 over the prior fiscal year. The general fund is the Agency's primary operating fund. Expenditures exceeded revenues in this fund by \$198,192 for the fiscal year. The unassigned fund balance of the general fund was approximately \$1.8 million as of June 30, 2022.

Net Pension Asset

As of June 30, 2022, the Agency's net pension asset totaled \$2,487,536 compared to \$1,908,244 in the prior fiscal year; a net increase of \$579,292. Additional information on the Agency's pension plan can be found in Note 4 of the financial statements.

General Fund Budgetary Highlights

The operating budget for the Agency is monitored on an ongoing basis. Staff may recommend necessary budget line items adjustments for the Board to approve. Once the amendment is approved it is processed in the accounting unit accordingly. For more information, the Comparison of the General Fund original and amended budgets and actual amounts are found on page 20.

Capital Assets

As of June 30, 2022, the Agency's capital assets totaled \$5,854,049 compared to \$5,634,790 in the prior fiscal year; a net increase of \$219,259. These assets include buildings and improvements, vehicles, equipment, right-of-use leased assets and land. Additions to capital assets totaled \$916,633 and disposals resulting in a \$5,016 loss. The Agency also recognized depreciation expense of \$692,358. Additional information on the Agency's capital assets can be found in Note 2 of the financial statements.

Factors Bearing on SCHRA's Future

The Agency is dependent on federal and state funding in order to carry out its various programs. Under Section 4-29-236 of the *Tennessee Code Annotated*, the Agency is scheduled to terminate on June 30, 2026.

Requests for Information

This report is designed to provide an overview of the Agency's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, South Central Human Resource Agency, P.O. Box 638, Fayetteville, TN 37334.

South Central Human Resource Agency
Basic Financial Statements

South Central Human Resource Agency
Statement of Net Position

June 30,

2022

Assets

Cash and cash equivalents	\$	2,845,496
Receivables		2,854,245
Inventories - kitchen supplies		49,525
Prepaid expenses		358,736
Restricted assets		
Cash and cash equivalents		2,769,405
Inventories - food commodities		361,891
Net pension asset		2,487,536
Capital assets, not being depreciated		1,438,168
Capital assets, net of depreciation		4,415,881
<hr/>		
Total assets		17,580,883

Deferred Outflows of Resources

Deferred outflows related to pension	196,154
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Liabilities

Accounts payable	1,054,539
Accrued payroll	369,469
Accrued payroll taxes and employee benefits	414,753
Due to funding source	86,290
Due to CRPP clients	4,568,050
Accrued audit fee	37,000
Deferred income	83,506
Noncurrent liabilities	
Accrued leave	552,163
Lease liability - due within one year	385,846
Lease liability - due in more than one year	428,754
Note payable - due within one year	60,246
Note payable - due in more than one year	687,479
<hr/>	
Total liabilities	8,728,095

Net Position

Net investment in capital assets	4,291,724
Restricted for pension benefits	1,573,867
Unrestricted	3,183,351
<hr/>	
Total net position	\$ 9,048,942
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The accompanying notes are an integral part of these financial statements.

**South Central Human Resource Agency
Statement of Activities**

For the year ended June 30, 2022

Expenses

Functions/Programs	Direct Expenses	Indirect Costs Allocated
Governmental Activities:		
Program activities:		
Head Start	\$ 12,120,444	\$ 885,625
Low-Income Home Energy Assistance	7,036,906	234,618
Community Representative Payee	4,202,283	13,988
Workforce Innovation and Opportunity Act	2,212,230	90,466
Nutrition Services for the Elderly	1,884,600	43,428
Community Service Block Grant	1,129,413	94,162
Senior Community Service Employment	672,075	7,424
Community Corrections	754,554	55,772
Homemaker Services for the Elderly	243,178	19,714
Foster Grandparents	263,662	11,742
Social Services Block Grant	232,044	19,465
Weatherization Assistance	186,648	5,480
Emergency Food Assistance	104,196	8,740
Other	1,764,247	6,879
Support services:		
Food service	1,451,276	120,513
State Appropriations, Agency and other	447,043	17,449
Total	\$ 34,704,799	\$ 1,635,465

Special item

Commodity inventory adjustment

Change in net position

Net Position - beginning of year (as originally reported)

Prior period adjustment

Net position - beginning of year

Net position - end of year

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

<u>Revenues</u>		Net Revenue (Expense) and Changes in Net Position
Charges for Services and Other Income	Operating Grants and Contributions	
\$ 3,533	\$ 13,607,371	\$ 604,835
-	7,271,384	(140)
4,216,689	-	418
-	2,297,888	(4,808)
1,565,046	412,794	49,812
4,112	1,216,572	(2,891)
-	679,499	-
29,185	766,368	(14,773)
263,864	-	972
-	275,404	-
-	251,509	-
-	192,128	-
-	112,457	(479)
1,879,127	88,634	196,635
1,507,309	-	(64,480)
291,218	243,868	70,594
<hr/>		
\$ 9,760,083	\$ 27,415,876	835,695
<hr/>		
		(305,870)
		529,825
		8,623,169
		(104,052)
		8,519,117
		\$ 9,048,942
<hr/> <hr/>		

**South Central Human Resource Agency
Balance Sheet – Governmental Funds**

<i>June 30, 2022</i>	General Fund	Children's Services Fund	Nutrition Fund
Assets			
Cash and cash equivalents	\$ 2,674,641	\$ -	\$ 150,647
Receivables			
Funding sources and others	7,131	1,158,736	130,924
Due from other funds	314,215	-	-
Inventories - kitchen supplies	-	-	49,525
Prepaid expenses	203,966	90,242	19,812
Restricted assets			
Cash and cash equivalents	11,099	230,188	-
Inventories - food commodities	-	-	361,891
Total assets	\$ 3,211,052	\$ 1,479,166	\$ 712,799
Liabilities			
Accounts payable	\$ 732,927	\$ 216,615	\$ 68,309
Accrued payroll	53,974	115,363	32,915
Accrued payroll taxes and employee benefits	178,310	145,920	12,223
Due to funding sources	61,962	24,328	-
Due to other funds	-	638,236	534,555
Due to CRPP client	-	-	-
Deferred income	-	63,506	-
Accrued leave	99,602	248,947	64,797
Accrued audit fee	37,000	-	-
Total liabilities	1,163,775	1,452,915	712,799
Fund Balances			
Non-spendable	203,966	-	-
Assigned	-	26,251	-
Unassigned	1,843,311	-	-
Total fund balances	2,047,277	26,251	-
Total liabilities and fund balances	\$ 3,211,052	\$ 1,479,166	\$ 712,799

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

Community Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 20,157	\$ 2,845,445
1,371,010	186,444	2,854,245
959,818	-	1,274,033
-	-	49,525
11,315	33,401	358,736
2,528,160	9	2,769,456
-	-	361,891
<u>\$ 4,870,303</u>	<u>\$ 240,011</u>	<u>\$ 10,513,331</u>
\$ 29,054	\$ 7,634	\$ 1,054,539
98,152	69,412	369,816
52,917	25,036	414,406
-	-	86,290
-	101,242	1,274,033
4,568,050	-	4,568,050
20,000	-	83,506
102,130	36,687	552,163
-	-	37,000
4,870,303	240,011	8,439,803
-	-	203,966
-	-	26,251
-	-	1,843,311
-	-	2,073,528
<u>\$ 4,870,303</u>	<u>\$ 240,011</u>	<u>\$ 10,513,331</u>

**South Central Human Resource Agency
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

For the year ended June 30, 2022

Total fund balance - governmental funds	\$	2,073,528
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Cost of capital assets	\$	10,710,851	
Accumulated depreciation		(4,856,802)	5,854,049

Deferred inflows and outflows related to pension represent an acquisition or consumption of net position, respectively, that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.

Deferred inflows related to pension	(913,669)		
Deferred outflows related to pension		1,109,823	196,154

Long-term liabilities, including notes payable, compensated absences payable, and net pension liability (asset), are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.

Note payable	(747,725)		
Lease liabilities		(814,600)	
Net pension asset		2,487,536	925,211

Net position of governmental activities	\$	9,048,942
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The accompanying notes are an integral part of these financial statements.

South Central Human Resource Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds

<i>For the year ended June 30, 2022</i>	General Fund	Children's Services Fund	Nutrition Fund
Revenues			
Grantor contributions	\$ -	\$ 13,607,371	\$ 412,794
Performance based income	-	-	1,660,224
Program income	2,033,173	-	1,412,131
State and local contributions	243,868	-	-
Other income	142,188	3,533	-
Total revenues	2,419,229	13,610,904	3,485,149
Expenditures			
Salaries	1,056,514	5,854,000	680,840
Fringe benefits	318,144	2,247,799	186,106
Participant costs	22,628	59,012	27,298
Food	21,546	521,071	2,259,475
Indirect costs	17,449	885,625	163,941
Contract services	19,574	42,885	4,790
Insurance and bonding	86,811	51,725	10,848
Maintenance and repairs	105,939	116,940	14,233
Office supplies	29,117	978	6,852
Other	98,416	2,095,282	1,922
Postage	3,633	5,278	921
Printing and duplication	4,628	1,275	57
Professional services	171,956	200,583	6,279
Program supplies	34,159	642,265	11,650
Rent and leases	97,819	372,553	27,715
Telephone	19,498	152,686	4,862
Transportation	23,307	25,947	2,734
Travel - in area	3,028	31,721	35,464
Travel - out of area	83,424	73,567	4,925
Utilities	66,041	186,416	30,613
Vehicles and equipment	27,920	109,828	3,624
Total expenditures	2,311,551	13,677,436	3,485,149
Excess revenue over (under) Expenditures	107,678	(66,532)	-
Special Item			
Commodity inventory adjustment	(305,870)	-	-
Net change in fund balances	(198,192)	(66,532)	-
Fund balances - beginning	2,245,469	92,783	-
Fund balances - ending	\$ 2,047,277	\$ 26,251	\$ -

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

Community Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,391,971	\$ 1,754,661	\$ 31,166,797
430,520	-	2,090,744
-	29,185	3,474,489
76	55,168	299,112
4,112	-	149,833
15,826,679	1,839,014	37,180,975
1,987,561	733,653	10,312,568
606,329	221,625	3,580,003
7,916,938	646,270	8,672,146
3,459	1,141	2,806,692
486,639	74,820	1,628,474
106,625	-	173,874
34,498	6,778	190,660
6,192	661	243,965
30,452	3,410	70,809
4,053,057	14,104	6,262,781
16,382	1,633	27,847
62	1,919	7,941
46,602	12,548	437,968
47,002	16,660	751,736
291,668	49,082	838,837
56,848	19,784	253,678
11,155	4,481	67,624
31,444	2,593	104,250
20,067	19,580	201,563
60,154	6,310	349,534
13,545	1,962	156,879
15,826,679	1,839,014	37,139,829
-	-	41,146
-	-	(305,870)
-	-	(264,724)
-	-	2,338,252
\$ -	\$ -	\$ 2,073,528

South Central Human Resource Agency
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to Statement of Activities

For the year ended June 30, 2022

Total net change in fund balance - governmental funds \$ (264,724)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

Capital outlay	856,106	
Depreciation expense	(692,358)	163,748

Pension expense in the statement of activities does not represent current financial resources and is not reported as a decrease in expenditures in governmental funds. 130,659

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities

Lease liabilities principal payments	385,116	
Principal payments on note payable	117,872	
Principal payments on capital lease obligation	2,170	505,158

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by the undepreciated value of the assets disposed. (5,016)

Change in net position of governmental activities \$ 529,825

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

South Central Human Resource Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund

<i>For the year ended June 30, 2022</i>	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Program income	\$ 2,095,825	\$ 2,095,825	\$ 2,033,173	\$ (62,652)
State and local contributions	243,872	243,872	243,868	(4)
Other income	126,000	126,000	142,188	16,188
Total revenues	2,465,697	2,465,697	2,419,229	(46,468)
Expenditures				
Salaries	1,048,566	1,048,566	1,056,514	(7,948)
Fringe benefits	324,204	324,204	318,144	6,060
Participant costs	22,725	22,725	22,628	97
Food	21,455	21,455	21,546	(91)
Indirect costs	16,413	16,413	17,449	(1,036)
Contract services	19,900	19,900	19,574	326
Insurance and bonding	87,460	87,460	86,811	649
Maintenance and repairs	99,157	99,157	105,939	(6,782)
Office supplies	29,264	29,264	29,117	147
Other	92,765	92,765	98,416	(5,651)
Postage	4,215	4,215	3,633	582
Printing and duplication	4,850	4,850	4,628	222
Professional services	184,790	184,790	171,956	12,834
Program supplies	49,286	49,286	34,159	15,127
Rent and leases	99,220	99,220	97,819	1,401
Telephone	19,715	19,715	19,498	217
Transportation	24,100	24,100	23,307	793
Travel - in area	3,525	3,525	3,028	497
Travel - out of area	85,845	85,845	83,424	2,421
Utilities	71,950	71,950	66,041	5,909
Vehicles and equipment	75,727	75,727	27,920	47,807
Total expenditures	2,385,132	2,385,132	2,311,551	73,581
Excess of revenues over expenditures	80,565	80,565	107,678	(27,113)
Special Item				
Commodity inventory adjustment	-	-	(305,870)	305,870
Net change in fund balance	80,565	80,565	(198,192)	278,757
Fund balances beginning of year	2,028,195	2,028,195	2,245,469	-
Fund balances ending of year	\$ 2,108,760	\$ 2,108,760	\$ 2,047,277	\$ 278,757

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

South Central Human Resource Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Children’s Services Fund

<i>For the year ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grantor contributions	\$ 14,349,711	\$ 14,349,711	\$ 13,607,371	\$ (742,340)
Other income	94,500	94,500	3,533	(90,967)
Total revenues	14,444,211	14,444,211	13,610,904	(833,307)
Expenditures				
Salaries	6,261,574	6,261,574	5,854,000	407,574
Fringe benefits	2,376,347	2,376,347	2,247,799	128,548
Participant costs	70,184	70,184	59,012	11,172
Food	781,267	781,267	521,071	260,196
Indirect costs	1,004,782	1,004,782	885,625	119,157
Contract services	55,180	55,180	42,885	12,295
Insurance and bonding	34,700	34,700	51,725	(17,025)
Maintenance and repairs	228,159	228,159	116,940	111,219
Office supplies	8,510	8,510	978	7,532
Other	1,520,497	1,520,497	2,095,282	(574,785)
Postage	4,431	4,431	5,278	(847)
Printing and duplication	3,450	3,450	1,275	2,175
Professional services	230,059	230,059	200,583	29,476
Program supplies	586,124	586,124	642,265	(56,141)
Rent and leases	456,479	456,479	372,553	83,926
Telephone	93,150	93,150	152,686	(59,536)
Transportation	15,300	15,300	25,947	(10,647)
Travel - in area	58,650	58,650	31,721	26,929
Travel - out of area	106,904	106,904	73,567	33,337
Utilities	167,035	167,035	186,416	(19,381)
Vehicles and equipment	381,425	381,425	109,828	271,597
Total expenditures	14,444,207	14,444,207	13,677,436	766,771
Net change in fund balance	4	4	(66,532)	66,536
Fund balances beginning of year	-	-	92,783	(92,783)
Fund balances ending of year	\$ 4	\$ 4	\$ 26,251	\$ (26,247)

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

South Central Human Resource Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Nutrition Fund

<i>For the year ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grantor contributions	\$ 919,042	\$ 919,042	\$ 412,794	\$ (506,248)
Performance based income	1,050,920	1,050,920	1,660,224	609,304
Program income	1,762,167	1,762,167	1,412,131	(350,036)
Other income	13,200	13,200	-	(13,200)
Total revenues	3,745,329	3,745,329	3,485,149	(260,180)
Expenditures				
Salaries	600,240	600,240	680,840	(80,600)
Fringe benefits	180,871	180,871	186,106	(5,235)
Participant costs	18,760	18,760	27,298	(8,538)
Food	2,066,055	2,066,055	2,259,475	(193,420)
Indirect costs	154,154	154,154	163,941	(9,787)
Contract services	2,180	2,180	4,790	(2,610)
Insurance and bonding	5,845	5,845	10,848	(5,003)
Maintenance and repairs	15,074	15,074	14,233	841
Nonexpendable supplies	250	250	-	250
Office supplies	3,965	3,965	6,852	(2,887)
Other	2,105	2,105	1,922	183
Postage	1,149	1,149	921	228
Printing and duplication	107	107	57	50
Professional services	6,310	6,310	6,279	31
Program supplies	8,711	8,711	11,650	(2,939)
Rent and leases	32,900	32,900	27,715	5,185
Telephone	4,183	4,183	4,862	(679)
Transportation	2,926	2,926	2,734	192
Travel - in area	34,450	34,450	35,464	(1,014)
Travel - out of area	3,685	3,685	4,925	(1,240)
Utilities	28,000	28,000	30,613	(2,613)
Vehicles and equipment	250	250	3,624	(3,374)
Total expenditures	3,172,170	3,172,170	3,485,149	(312,979)
Net change in fund balance	573,159	573,159	-	573,159
Fund balances beginning of year	-	-	-	-
Fund balances ending of year	\$ 573,159	\$ 573,159	\$ -	\$ 573,159

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

South Central Human Resource Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Community Services Fund

<i>For the year ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grantor contributions	\$ 19,122,144	\$ 19,122,144	\$ 15,391,971	\$ (3,730,173)
Performance based income	557,900	557,900	430,520	(127,380)
Other income	24,200	24,200	4,112	(20,088)
<hr/>				
Total revenues	19,704,244	19,704,244	15,826,679	(3,877,565)
Expenditures				
Salaries	2,481,892	2,481,892	1,987,561	494,331
Fringe benefits	831,779	831,779	606,329	225,450
Participant costs	10,311,417	10,311,417	7,916,938	2,394,479
Food	170	170	3,459	(3,289)
Indirect costs	694,112	694,112	486,639	207,473
Contract services	535,365	535,365	106,625	428,740
Insurance and bonding	30,982	30,982	34,498	(3,516)
Maintenance and repairs	7,449	7,449	6,192	1,257
Office supplies	29,205	29,205	30,452	(1,247)
Other	4,059,006	4,059,006	4,053,057	5,949
Postage	19,949	19,949	16,382	3,567
Printing and duplication	325	325	62	263
Professional services	50,515	50,515	46,602	3,913
Program supplies	66,039	66,039	47,002	19,037
Rent and leases	342,733	342,733	291,668	51,065
Telephone	68,663	68,663	56,848	11,815
Transportation	8,861	8,861	11,155	(2,294)
Travel - in area	39,256	39,256	31,444	7,812
Travel - out of area	23,368	23,368	20,067	3,301
Utilities	69,374	69,374	60,154	9,220
Vehicles and equipment	33,529	33,529	13,545	19,984
<hr/>				
Total expenditures	19,703,989	19,703,989	15,826,679	3,877,310
Net change in fund balance	255	255	-	255
Fund balances beginning of year	-	-	-	-
<hr/>				
Fund balances ending of year	\$ 255	\$ 255	\$ -	\$ 255

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

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of South Central Human Resource Agency (the "Agency") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The Agency was formed on July 11, 1973 in accordance with the *Human Resource Agency Act of 1973*. This legislation established four metropolitan and up to nine rural human resource agencies to deliver human resource programs across the State of Tennessee. The Agency was chartered as a public non-profit corporation on February 19, 1975. The Agency delivers a variety of programs to economically disadvantaged, elderly, and disabled individuals in 13 counties of south central Tennessee: Bedford, Coffee, Franklin, Giles, Hickman, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry, and Wayne. The Agency is governed by a 27 member Governing Board. The Governing Board consists of the county mayor or county executive of each county, three mayors of municipalities within the district, eleven community representatives, and one state senator and one state representative whose district lies within the area served by the Agency.

Government-Wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide financial statements include the statement of net position and the statement of activities. In the statement of net position, the governmental funds are presented on a consolidated basis, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Agency's net position is reported in three parts: net investment in capital assets, restricted, and unrestricted. The statement of activities presents a comparison of expenses and revenues for each major function/program of the Agency. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function/program. Indirect costs represent allocated administrative costs. Revenues include (a) charges for services offered and other income recognized by a particular function/program and (b) operating grants and contributions that are restricted to meeting the operational requirements of a particular program. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements: The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

The Agency reports the following major governmental funds:

General Fund – This is the Agency’s primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

Children’s Services Fund – This fund accounts for all financial activity that relates to Head Start, Early Head Start programs and the USDA Reimbursement program. All expenses and revenues are allocated based on Head Start Performance Standards and Uniform Guidance. The programs in this fund provide comprehensive educational opportunities for low-income and special needs children and empower families.

Nutrition Fund – This fund accounts for all financial activity that relates to the nutrition program. This includes programming to provide meals at congregate sites to persons over the age of 60 and meals to eligible homebound. The nutrition fund also accounts for the food service program that provides meals at congregate sites for a fee without limited qualifications and our catering program. The catering program is a full service program that caters to the public for a fee. Funds from catering help generate income to help sustain the nutrition program.

Community Services Fund – This fund accounts for all financial activity that relates to programs that provide services needed by the elderly, handicapped and low income persons. All expenses and revenues are allocated based on standards set forth by the state and Uniform Guidance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and contributions are non-exchange transactions and are recognized as revenue as soon as all requirements imposed by the grantor or contributor have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements: The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e. when they are “measurable” and “available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay the liabilities of the current period.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

The Agency generally considers all revenues available if they are collected within 60 days after year-end. Grant funds received by the Agency before it has a legal claim to them, such as advances, or prior to the incurrence of qualifying expenditures, are reported as liabilities. The liability is removed and revenue is recognized in subsequent periods once the revenue recognition criteria are met and the Agency has a legal claim to the resources.

Budgetary Information

Annual budgets are adopted for all governmental funds. All annual appropriations lapse at fiscal year-end. The Agency adopts its annual budget during the quarter preceding the new fiscal year.

Amendments are approved throughout the year as needed.

Excess Expenditures Over Appropriations

The Nutrition Fund actual expenditures exceeded budgeted expenditures by \$312,979. The excess was funded with additional current year revenues.

Restatement of Prior Year Financial Statements

The previously issued financial statements for the year ended June 30, 2022, issued March 21, 2022, have been restated for a change in accounting principle related to the recognition of GASB Statement No. 87 for leases and right-of-use assets. The implementation of this statement requires the restatement of the net position in the statement of net position and statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated depreciation, net of the respective lease liability as of June 30, 2022.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restatement of Prior Year Financial Statements (continued)

<i>June 30, 2021</i>	As Previously Reported	Increase (Decrease)	As Restated
Statement of Net Position:			
Assets			
Cash and cash equivalents	\$ 3,124,159	\$ -	\$ 3,124,159
Receivables	2,662,676	-	2,662,676
Inventories - kitchen supplies	49,218	-	49,218
Prepaid expenses	230,751	-	230,751
Restricted assets			
Cash and cash equivalents	2,254,457	-	2,254,457
Inventories - food commodities	667,761	-	667,761
Net pension asset	1,908,244	-	1,908,244
Capital assets, not being depreciated	2,292,828	-	2,292,828
Capital assets, net of depreciation	2,306,825	1,035,137	3,341,962
Total assets	15,496,919	1,035,137	16,532,056
Deferred Outflows of Resources			
Deferred outflows related to pension	673,452	-	673,452
Liabilities			
Accounts payable	964,407	-	964,407
Accrued payroll	435,688	-	435,688
Accrued payroll taxes and employee benefits	411,375	-	411,375
Due to funding source	71,973	-	71,973
Due to CRPP clients	4,114,390	-	4,114,390
Accrued audit fee	36,000	-	36,000
Deferred income	104,290	-	104,290
Noncurrent liabilities			
Accrued leave	512,648	-	512,648
Lease liability - due within one year	-	368,846	368,846
Lease liability - due in more than one year	-	770,343	770,343
Capital lease obligation - due in more than one year	2,170	-	2,170
Note payable - due within one year	58,872	-	58,872
Note payable - due in more than one year	806,725	-	806,725
Total liabilities	7,518,538	1,139,189	8,657,727
Deferred Inflows of Resources			
Deferred inflows related to pension	28,664	-	28,664
Net Position			
Net investment in capital assets	3,731,886	(104,052)	3,627,834
Restricted for pension benefits	1,879,580	-	1,879,580
Unrestricted	3,011,703	-	3,011,703
Total net position	\$ 8,623,169	\$ (104,052)	\$ 8,519,117

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

For financial statement purposes, the Agency considers cash equivalents to include investments in the State of Tennessee Local Government Investment Pool (LGIP) and any other highly liquid investments with maturities of three months or less.

Receivables

Receivables are reported as *receivables* in the government-wide financial statements and as *receivables* in the fund financial statements. Receivables include amounts due from grantors or grants issued for specific programs. No allowances are made for uncollectible amounts because management considers all amounts to be fully collectible.

Inventory and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable kitchen supplies and food commodities. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Loans and Transfers

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Restricted Assets

Restricted assets at June 30, 2022 consist of cash and cash equivalents which are restricted by the types of expenditures allowed per the grantor and inventory of food commodities.

Capital Assets

Capital assets, which include building and improvements, vehicles, equipment, right-of-use leased assets and land, are reported under governmental activities in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

cost of capital assets is depreciated using the straight-line method over the estimated useful lives (5 - 40 years). The costs for normal maintenance and repairs that do not add value to the assets or materially extend the lives of the assets are not capitalized.

Lease liability

GASB No. 87, *Leases*, was adopted July 1, 2021, retroactive to July 1, 2020. Under this new guidance, all contracts allowing for the Agency to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The liability is measured using the present value of expected payments over the lease term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Amortization of the ROU asset flows through depreciation expense monthly using straight-line basis over the life of the lease.

The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of lease liability are composed of fixed payments and term options that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with capital assets and lease liability are reported on the statement of net position.

Long-Term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt, and compensated absences are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities.

In the fund financial statements, expenditures for debt principal, interest, and related costs are reported in the fiscal year payments are made. The balance sheet does not reflect a liability for long-term debt.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Compensated Absences

Annual leave is expensed during the period in which it is earned. Eligible full time employees who have been employed by the Agency for up to five years accrue 1 day of vacation per month. Eligible full time employees with more than five years of service with the Agency accrue 1 1/2 days of vacation per month. These employees may carry over up to 225 hours (30 days) of accrued vacation leave from the preceding fiscal year. Any vacation leave accrued in excess of 225 hours may be transferred to sick leave to the extent that sick leave is not maximized. The liability for accrued leave recognized in the financial statements represents accrued vacation leave for all eligible employees as of June 30, 2022.

Sick leave is expensed when paid. The Agency's sick leave policy permits the accumulation of 12 sick days per year up to a maximum of 180 days. Employees are not paid for unused sick days upon termination of employment. Accordingly, no liability for unused sick leave has been recognized in the financial statements as of June 30, 2022.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred pension charges and credits in its statements of net position in connection with its participation in the Public Employee Retirement Plan of the TCRS. Deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (asset) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP. Deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Pension Plan

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's participation in the Public Retirement Plan of the Tennessee Consolidated Retirement System ("TCRS"), and additions to/deductions from the Agency's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Agency itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency's highest level of decision-making authority. The governing Board is the highest level of decision-making authority for the Agency that can, by taking action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the action remains in place until a similar action is taken to remove or revise the limitation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

South Central Human Resource Agency Notes to Financial Statements

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as committed. The governing Board by formal action may authorize the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Fund balances at June 30, 2022 are as follows:

	General Fund	Children's Services Fund	Nutrition Fund	Community Services Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid expenses	\$ 203,966	\$ -	\$ -	\$ -	\$ -	\$ 203,966
Assigned:						
Unspent loan proceeds from direct borrowings	-	26,251	-	-	-	26,251
Unassigned	1,843,311	-	-	-	-	1,843,311
Total	\$ 2,047,277	\$ 26,251	\$ -	\$ -	\$ -	\$ 2,073,528

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

South Central Human Resource Agency Notes to Financial Statements

Recently Issued and Implemented Accounting Pronouncements (continued)

statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. All leases with a term greater than 12 months are recognized as a lease liability and an intangible right-of-use lease asset by the lessee. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency adopted Statement No. 87 for the year ended June 30, 2022. For more information on the effects of the adoption of Statement No. 87, see Note 2.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020. The implementation of this statement had no impact on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The implementation of this statement had no impact on the financial statements.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of this statement had no impact on the financial statements.

In June 2020, the GASB issued Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The implementation of this statement had no impact on the financial statements.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The implementation of this statement had no impact on the financial statements.

Pronouncements Issued But Not yet Effective

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

South Central Human Resource Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Agency is evaluating the requirements of the above statements and the impact on reporting.

South Central Human Resource Agency Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits (including the certificate of deposit) may not be returned to it. The Agency minimizes this risk by requiring full collateralization on all demand deposit accounts in excess of federally insured limits except when the institution belongs to the State of Tennessee Bank Collateral Pool (the "Pool"). Banks participating in the Pool determine the aggregate balance of their public fund accounts for the Agency. The amount of collateral required to secure these public deposits must be equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the Pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the Pool may also be required by agreement to pay an assessment to cover any deficiency. Consequently, public fund accounts covered by the Pool are considered to be fully insured for purposes of credit risk disclosure. At June 30, 2022, the carrying amount of the Agency's deposits was \$5,614,901, which were fully insured or collateralized.

Account Receivables

Receivables from grantor agencies and others included on the accompanying financial statements as of June 30, 2022, are as follows:

	General Fund	Children's Services Fund	Nutrition Fund	Community Services Fund	Other Government	Total
Tennessee Housing Development	\$ -	\$ -	\$ -	\$ 625,967	\$ -	\$ 625,967
Tennessee Dept of Human Svs	-	-	-	452,338	-	452,338
Senior Service America, Inc.	-	-	-	-	66,059	66,059
St of TN Dept of Agriculture	-	-	-	25,024	-	25,024
U.S. Dept of Health and Human Services	-	1,158,736	-	-	-	1,158,736
Other	7,131	-	1,897	76	14,908	24,012
South Central TN Development District	-	-	129,027	267,605	-	396,632
St of TN Dept. of Mental Health & Substance Abuse Services	-	-	-	-	24,239	24,239
St of Tennessee Dept of Corrections	-	-	-	-	52,665	52,665
Corporation for National and Community Service	-	-	-	-	28,573	28,573
Total receivables	\$ 7,131	\$ 1,158,736	\$ 130,924	\$ 1,371,010	\$ 186,444	\$ 2,854,245

All receivables are considered fully collectible and, accordingly, no allowance for uncollectible accounts has been recorded.

**South Central Human Resource Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Activity

Due to/from other funds at June 30, 2022 consisted of the following amounts:

Due to	Due from					Total
	General Fund	Children's Services Fund	Nutrition Fund	Community Service Fund	Other Governmental	
Community Services	\$ -	\$ (638,236)	\$ (534,555)	\$ -	\$ (101,242)	\$ (1,274,033)
Other Governmental	314,215	-	-	959,818	-	1,274,033
	\$ 314,215	\$ (638,236)	\$ (534,555)	\$ 959,818	\$ (101,242)	\$ -

Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 32,300	\$ -	\$ -	\$ 32,300
Construction in progress	2,260,528	750,565	1,605,225	1,405,868
Total capital assets not being depreciated/amortized	2,292,828	750,565	1,605,225	1,438,168
Capital assets being depreciated:				
Buildings and improvements	2,825,891	1,605,225	-	4,431,116
Vehicles	1,525,417	87,045	42,112	1,570,350
Equipment	455,545	18,495	-	474,040
ROU - buildings	2,736,650	60,527	-	2,797,177
Total capital assets being depreciated/amortized	7,543,503	1,771,292	42,112	9,272,683
Less accumulated depreciation/amortization for:				
Buildings and improvements	1,134,269	108,875	-	1,243,144
Vehicles	1,092,447	149,530	-	1,241,977
Equipment	273,312	65,790	37,096	302,006
ROU - buildings	1,701,512	368,163	-	2,069,675
Total accumulated depreciation/amortization	4,201,540	692,358	37,096	4,856,802
Total capital assets being depreciated/amortized, net	3,341,963	1,078,934	5,016	4,415,881
Total governmental activities capital assets, net	\$ 5,634,791	\$ 1,829,499	\$ 5,016	\$ 5,854,049

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

South Central Human Resource Agency
Notes to Financial Statements

Capital Assets (continued)

Depreciation expense, which includes amortization of assets under right-of-use (ROU) assets, totaled approximately \$692,358 for the year ended June 30, 2022. There were no significant asset impairments for the year ended June 30, 2022.

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental Activities

General Fund	\$ 467,616
Children's Services Fund	196,826
Nutrition Fund	20,983
Community Service Fund	6,933
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Total	\$ 692,358
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The following is a summary of the amount of leased assets by major classes of underlying assets for the Fiscal Year ended June 30, 2022 as a result of the implementation of GASB 87.

Lease building	\$ 2,797,177
Less accumulated amortization	(2,069,675)
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Lease building, net	\$ 727,502
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Due to CRPP Clients

Due to CRPP clients total \$4,568,050 for the year ended June 30, 2022 which consists of client money funded by client fees established by the Social Security Administration and Veterans Administration that have not been expended as of year-end.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

**South Central Human Resource Agency
Notes to Financial Statements**

Changes in Long-Term Liabilities

Long Term Debt

During the year ended June 30, 2022, the following changes occurred in long-term liabilities reported in the statement of net position:

	Balance July 1, 2021	Proceeds	Retirements	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences:					
General Fund	\$ 96,025	\$ 84,600	\$ 81,023	\$ 99,602	\$ -
Children's Services	205,856	319,182	276,091	248,947	-
Nutrition	64,872	38,840	38,915	64,797	-
Community Services	105,784	110,774	114,428	102,130	-
Other Governmental	40,111	25,852	29,276	36,687	-
Total	512,648	579,248	539,733	552,163	-
Capital leases from direct borrowings:					
Fork lift lease	2,170	-	2,170	-	-
Total	2,170	-	2,170	-	-
Note from direct borrowings:					
Lawrence Head Start building	745,068	-	29,999	715,069	30,711
Chiller	120,529	-	87,873	32,656	29,535
Total	865,597	-	117,872	747,725	60,246
Leases - ROU Assets	1,139,189	60,527	385,116	814,600	385,846
Total long-term liabilities	\$ 2,519,604	\$ 639,775	\$ 1,044,891	\$ 2,114,488	\$ 446,092

Fork lift lease - In December 2016, the Agency entered into a sixty month lease agreement with U.S. Bank Equipment Finance for a new forklift. The lease has been reported as a capital lease obligation as it contains an option for the Agency to purchase the equipment for \$1 at the end of the lease.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long Term Debt (continued)

**South Central Human Resource Agency
Notes to Financial Statements**

Lawrence Head Start building - In April 2021 the Agency entered into a eighty-four-month agreement with First Farmers Bank for the purchase of a new Head Start building. The note has an implicit interest rate of 2.35% and calls for monthly payments of \$3,932. Note payments are made by the Children’s Services Fund.

Chiller - In March 2021 the Agency entered into a sixty-month agreement with First National Bank for the purchase of a new chiller. The note has an implicit interest rate of 2.35% and calls for monthly payments of \$2,647. Note payments are made with state appropriation dollars.

The maturity schedule for notes payable from direct borrowings are as follows:

Lawrence Head Start building -

<i>Fiscal Year Ending June 30,</i>	Principal	Interest
2023	\$ 30,711	\$ 16,475
2024	31,441	15,745
2025	32,188	14,998
2026	32,952	14,234
2027	33,735	13,451
Thereafter	554,042	10,598
	\$ 715,069	\$ 85,501

Chiller -

<i>Fiscal Year Ending June 30,</i>	Principal	Interest
2023	\$ 29,535	\$ 2,227
2024	3,121	2,173
	\$ 32,656	\$ 4,400

Leases

GASB No. 87, *Leases*, was adopted for periods beginning July 1, 2021. Under this new guidance, nearly all contracts allowing for the Agency to use another entity’s asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The liability is measured using the present value of expected payments over the lease term, discounted for the

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

**South Central Human Resource Agency
Notes to Financial Statements**

Long Term Debt (continued)

interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Amortization of the ROU asset flows through depreciation expense monthly using straight-line basis over the life of the lease.

The right-of-use assets and related lease liabilities largely involve the following:

- Building leases
 - Childcare facilities in South Central Tennessee.
 - Administrative office suites.
 - Building leases range from 12 to 120 months (for one year renewal periods).

With the implementation of GASB 87, the initial lease liability was recorded in the amount of \$1,139,189. As of June 30, 2022, the value of lease liability was \$814,600. The Agency is required to make monthly principal payments totaling \$39,640. The leases have interest rates ranging from 3.25% to 8.25%.

<i>Fiscal Year Ending June 30,</i>	Principal	Interest
2023	\$ 412,158	\$ 25,914
2024	237,136	10,871
2025	141,084	3,194
2026	19,299	501
2027	4,923	27
	\$ 814,600	\$ 40,507

Note 3: DEFERRED CONTRIBUTION PLANS

State of Tennessee 401(k) Retirement Funds

The Agency has adopted the Section 401(k) Cash or Deferred State of Tennessee Deferred Compensation Plan II (“401(k)”) administered by the State of Tennessee Treasurer effective July 1, 2017. Employees are eligible to participate in the 401(k) on the first day of employment. Employee contributions in any taxable year are also subject to certain statutory limitations. Employees may also contribute amounts representing distributions from other qualified defined benefit or contribution plans (“rollovers”). Employee contributions are invested in the participant’s individual account after each payroll period and are fully vested in one year. The Agency only matches employees who opted out of the Tennessee Consolidated Retirement Systems Plan (TCRS) when the

Note 3: DEFERRED CONTRIBUTION PLANS (Continued)

State of Tennessee 401(k) Retirement Funds (Continued)

South Central Human Resource Agency Notes to Financial Statements

Agency joined the plan on July 1, 2017. Employees hired after July 1, 2017 are required to participate in TCRS if eligible and do not receive matching in the 401(k) plan. The Agency matches up to 8% for those who opted out of TCRS. Employee contributions to the 401(k) totaled \$361,854 for the year ended June 30, 2022.

State of Tennessee 457(b) Retirement Funds

The Agency adopted the Tennessee State Employees Deferred Compensation Plan and Trust for Section 457(b) Eligible Deferred Compensation Plan a (“457(b)”) administered by the State of Tennessee Treasurer effective July 1, 2017. Employees are eligible to participate in the 457(b) on the first day of employment. Employee contributions in any taxable year are also subject to certain statutory limitations. Employees may also contribute amounts representing distributions from other qualified defined contribution plans (“rollovers”). Employee contributions are invested in the participant’s individual account after each payroll period and are fully vested in one year. The Agency does not match employee contributions.

Note 4: EMPLOYEE RETIREMENT PLAN

General Information about the Pension Plan

Plan description. Employees of the Agency are provided a defined benefit pension plan (the “pension plan”) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Note 4: EMPLOYEE RETIREMENT PLAN (Continued)

General Information about the Pension Plan (continued)

South Central Human Resource Agency Notes to Financial Statements

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	86
Active employees	233
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Total	327

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Agency makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for the Agency was \$361,850 based on a rate of 5.0% covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Agency's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets) The Agency's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Note 4: EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions

South Central Human Resource Agency Notes to Financial Statements

The total pension liability as of the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00%
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Note 4: EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

**South Central Human Resource Agency
Notes to Financial Statements**

	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31.00%
Developed market international equity	5.37%	14.00%
Emerging market international equity	6.09%	4.00%
Private equity and strategic lending	6.57%	20.00%
U.S. fixed income	1.20%	20.00%
Real estate	4.38%	10.00%
Short-term securities	0.00%	1.00%
Total		100.00%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Agency will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 4: EMPLOYEE RETIREMENT PLAN (Continued)

Changes in Net Pension Liability (Asset)

**South Central Human Resource Agency
Notes to Financial Statements**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 2,469,750	\$ 4,377,994	\$ (1,908,244)
Changes for the year:			
Service cost	731,006	-	731,006
Interest	231,348	-	231,348
Differences between expected and actual experience	675,595	-	675,595
Changes in assumptions	(296,309)	-	(296,309)
Contributions - employer	-	361,850	(361,850)
Contributions - employee	-	361,854	(361,854)
Net investment income	-	1,217,590	(1,217,590)
Benefit payments, including refunds of employee contributions	(19,495)	(19,495)	-
Administrative expense	-	(20,362)	20,362
Other changes	-	-	-
Net changes	1,322,145	1,901,437	(579,292)
Balances at June 30, 2021	\$ 3,791,895	\$ 6,279,431	\$ (2,487,536)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Agency calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Agency's net pension liability (asset)	\$ (1,666,796)	\$ (2,487,535)	\$ (3,132,690)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2022, the Agency recognized negative pension expense of \$231,192.

Deferred outflows and deferred inflows or resources. For the year ended June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 4: EMPLOYEE RETIREMENT PLAN (Continued)

**South Central Human Resource Agency
Notes to Financial Statements**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,109,823	\$ -
Net difference between projected and actual earnings of pension plan investments	-	654,399
Changes of assumptions	-	259,270
Total	\$ 1,109,823	\$ 913,669

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ending June 30,

2023	\$ (32,507)
2024	(27,475)
2025	(26,266)
2026	(44,056)
2027	131,023
Thereafter	195,435
Total	\$ 196,154

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Note 5: 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 volunteers; and natural disasters. The Agency protects itself from potential loss through participation in the Tennessee Municipal League Risk Management Pool (the "Pool") for commercial general and personal injury liability; property and crime liability, public officers' liability; automobile liability, and workers' compensation. The Agency's agreement with the Pool provides for payment of annual premiums for coverage. The agreement also provides for refunds or additional assessments to members based on the experience of the Pool. Additional member assessments have not been imposed in any of the past three fiscal years. Additionally, the Agency carries excess liability insurance through the State of Tennessee's Self Insurers Risk Retention Group, Inc., specialized insurance coverages through various commercial insurance policies for some of its programs, and additional employee

Note 5: RISK MANAGEMENT (Continued)

South Central Human Resource Agency Notes to Financial Statements

dishonesty coverage specific to its pension plan. There have been no significant reductions in insurance coverage from coverage in the prior year by major categories of risk. In addition, the amount of settled claims did not exceed insurance coverage in any of the past three fiscal years.

The Agency also participates in the State of Tennessee's Employee Group Insurance Fund (the "Fund"). This is an internal service fund of the State that provides a program of health insurance coverage for the employees of the Agency with the risk retained by the State. The Fund allocates the cost of providing claims servicing and claims payment by charging a premium to the Agency. The cost allocation is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims. The Agency's obligation under the plan is limited to 80% of the total premium for its employees.

Note 6: COMMITMENTS AND CONTINGENCIES

Substantially all of the Agency's revenues and related receivables are provided through grants or contracts with federal, state and local agencies. The Agency's compliance with the requirements of these grants and contract is subject to audit or other verification at the discretion of the applicable agency. Management is not aware of any deficiencies or other noncompliance issues which, upon ultimate resolution, would have a material adverse impact on the financial statements of the Agency. In addition, the operations of the Agency are subject to the administrative directives, rules and regulations of these agencies. Such administrative directives, rules and regulations are subject to change by an act of the United States Congress or its designees. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

At times, the Agency is involved in litigation and claims arising in the ordinary course of business. In the opinion of legal counsel, the range of potential recoveries or liabilities in excess of insurance coverage, if any, is not reasonably determinable and no loss contingencies have been recorded.

Note 7: RELATED PARTIES

Various members of the Agency's Board of Directors also serve in the capacity of Chairman, Mayor, Councilman, etc., of the member governments.

Note 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 30, 2022, the date these financial statements were available to be issued. There were no events to disclose.

Note 9: SPEICAL ITEM

South Central Human Resource Agency Notes to Financial Statements

At June 30, 2022, the Agency made an adjustment of \$305,870 to account for changes in commodity inventory activity during the year.

Note 10: ONGOING INVESTIGATION

During Fiscal year 2021, certain irregularities were discovered in the Agency's administration of a Workforce Innovation and Opportunity Act (WIOA) Grant during a routine monitoring visit by the South Central Tennessee Development District. The matter is currently under investigation by the Comptroller of the Treasury for the State of Tennessee. While the Agency has conducted its own investigation into this matter and believes this matter has been resolved, the ultimate resolution of the ongoing investigation will not be known until the investigation is complete.

**South Central Human Resource Agency
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset)**

<i>June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 731,006	\$ 674,660	\$ 574,403	\$ 68	\$ 414	\$ 1,223	\$ 1,218
Interest	231,348	167,787	101,858	12,224	11,534	10,910	10,843
Changes of benefit terms experience	-	-	-	-	-	-	-
Changes of assumptions	675,595	6,998	162,280	666,067	12,031	5,801	(5,950)
Benefit payments, including refunds of employee contributions	(296,309)	-	-	-	2,470	-	-
	(19,495)	(38,689)	(20,177)	(12,531)	(10,047)	(7,561)	(2,882)
Net change in total pension liability	1,322,145	810,756	818,364	665,828	16,402	10,373	3,229
Total pension liability - beginning	2,469,750	1,658,994	840,630	174,802	158,400	148,027	144,798
Total pension liability - ending (a)	\$ 3,791,895	\$ 2,469,750	\$ 1,658,994	\$ 840,630	\$ 174,802	\$ 158,400	\$ 148,027
Plan Fiduciary Net Position							
Contributions - employer	\$ 361,850	\$ 328,630	\$ 286,309	\$ 235,266	\$ -	\$ -	\$ -
Contributions - member	361,854	328,630	286,310	235,265	-	-	-
Net investment income	1,217,590	192,679	229,809	198,808	221,395	50,710	57,285
Benefit payments, including refunds of employee contributions	(19,495)	(38,689)	(20,177)	(12,531)	(10,047)	(7,561)	(2,882)
Administrative expense	(20,362)	(17,075)	(17,176)	(16,470)	-	-	-
Other	-	-	-	8,099	-	-	-
Net change in plan fiduciary net position	1,901,437	794,175	765,075	648,437	211,348	43,149	54,403
Plan net position - beginning	4,377,994	3,583,819	2,818,744	2,170,307	1,958,959	1,915,810	1,861,407
Plan net position - ending (b)	\$ 6,279,431	\$ 4,377,994	\$ 3,583,819	\$ 2,818,744	\$ 2,170,307	\$ 1,958,959	\$ 1,915,810
Net pension liability (asset) - ending (a) - (b)	\$ (2,487,536)	\$ (1,908,244)	\$ (1,924,825)	\$ (1,978,114)	\$ (1,995,505)	\$ (1,800,559)	\$ (1,767,783)
Plan fiduciary net position as a percentage of the total pension	165.60%	177.26%	216.02%	335.31%	1241.58%	1236.72%	1294.23%
Covered payroll**	\$ 7,236,904	\$ 6,572,544	\$ 5,726,127	\$ 4,705,268	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	-34.37%	-29.03%	-33.61%	-42.04%	N/A	N/A	N/A

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth mortality improvements.

*GASB requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented r

**South Central Human Resource Agency
Required Supplementary Information
Schedule of Employer Contributions**

<i>June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 379,658	\$ 288,756	\$ 229,384	\$ 286,309	\$ 235,266	\$ -	\$ -	\$ -
Contributions in relation to the actuarially	379,658	361,850	328,630	286,309	235,266	-	-	-
Contribution deficiency (excess)	\$ -	\$ (73,094)	\$ (99,246)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,593,093	\$ 7,236,904	\$ 6,572,544	\$ 5,726,127	\$ 4,705,268	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	5.00%	5.00%	5.00%	5.00%	5.00%	N/A	N/A	N/A

Notes to Schedule:

Valuation date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 actuarial valuation.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period (years)	Various
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement
Cost of living adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

GASB requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

**South Central Human Resource Agency
Supplementary Information
Combining Balance Sheet – Other Governmental Funds**

<i>June 30, 2022</i>	Senior Services Fund	Justice Services Fund	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 20,157	\$ -	\$ 20,157
Receivables			
Funding sources and others	94,632	91,812	186,444
Prepaid expenses	7,477	25,924	33,401
Restricted assets			
Cash and cash equivalents	9	-	9
Total assets	\$ 122,275	\$ 117,736	\$ 240,011
Liabilities			
Accounts payable	\$ 349	\$ 7,285	\$ 7,634
Accrued payroll	48,337	21,075	69,412
Accrued payroll taxes and employee benefits	3,530	21,506	25,036
Due to other funds	56,903	44,339	101,242
Accrued leave	13,156	23,531	36,687
Total liabilities	122,275	117,736	240,011
Fund Balances			
Non-spendable	-	-	-
Unassigned	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 122,275	\$ 117,736	\$ 240,011

**South Central Human Resource Agency
Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund
Balance – Other Governmental Funds**

<i>For the year ended June 30, 2022</i>	Senior Services Fund	Justice Services Fund	Total Other Governmental Funds
Revenues			
Grantor contributions	\$ 954,903	\$ 799,758	\$ 1,754,661
Program income	-	29,185	29,185
State and local contributions	-	55,168	55,168
Total revenues	954,903	884,111	1,839,014
Expenditures			
Salaries	252,511	481,142	733,653
Fringe benefits	35,018	186,607	221,625
Participant costs	595,599	50,671	646,270
Food	1,311	(170)	1,141
Indirect costs	19,166	55,654	74,820
Insurance and bonding	2,428	4,350	6,778
Maintenance and repairs	-	661	661
Office supplies	511	2,899	3,410
Other	14,104	-	14,104
Postage	1,279	354	1,633
Printing and duplication	1,898	21	1,919
Professional services	3,769	8,779	12,548
Program supplies	2,658	14,002	16,660
Rent and leases	12,503	36,579	49,082
Telephone	8,409	11,375	19,784
Transportation	505	3,976	4,481
Travel - in area	712	1,881	2,593
Travel - out of area	1,721	17,859	19,580
Utilities	801	5,509	6,310
Vehicles and equipment	-	1,962	1,962
Total expenditures	954,903	884,111	1,839,014
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

**South Central Human Resource Agency
Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Senior Services Fund**

<i>For the year ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grantor contributions	\$ 1,031,457	\$ 1,031,457	\$ 954,903	\$ (76,554)
Expenditures				
Salaries	297,183	297,183	252,511	44,672
Fringe benefits	34,736	34,736	35,018	(282)
Participant costs	602,159	602,159	595,599	6,560
Food	1,350	1,350	1,311	39
Indirect costs	16,100	16,100	19,166	(3,066)
Insurance and bonding	1,500	1,500	2,428	(928)
Office supplies	1,020	1,020	511	509
Other	30,080	30,080	14,104	15,976
Postage	1,808	1,808	1,279	529
Printing and duplication	1,320	1,320	1,898	(578)
Professional services	5,564	5,564	3,769	1,795
Program supplies	2,910	2,910	2,658	252
Rent and leases	12,015	12,015	12,503	(488)
Telephone	11,807	11,807	8,409	3,398
Transportation	1,000	1,000	505	495
Travel - in area	750	750	712	38
Travel - out of area	9,410	9,410	1,721	7,689
Utilities	600	600	801	(201)
Total expenditures	1,031,312	1,031,312	954,903	76,409
Net change in fund balance	145	145	-	145
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ 145	\$ 145	-	\$ 145

**South Central Human Resource Agency
Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Justice Services Fund**

<i>For the year ended June 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grantor contributions	\$ 814,787	\$ 814,787	\$ 799,758	\$ (15,029)
Program income	44,532	44,532	29,185	(15,347)
State and local contributions	171,518	171,518	55,168	(116,350)
Total revenues	1,030,837	1,030,837	884,111	(146,726)
Expenditures				
Salaries	514,432	514,432	481,142	33,290
Fringe benefits	220,328	220,328	186,607	33,721
Participant costs	65,969	65,969	50,671	15,298
Food	130	130	(170)	300
Indirect costs	75,672	75,672	55,654	20,018
Insurance and bonding	3,241	3,241	4,350	(1,109)
Maintenance and repairs	925	925	661	264
Office supplies	5,070	5,070	2,899	2,171
Other	2,080	2,080	-	2,080
Postage	9,427	9,427	354	9,073
Printing and duplication	130	130	21	109
Professional services	9,098	9,098	8,779	319
Program supplies	15,890	15,890	14,002	1,888
Rent and leases	36,040	36,040	36,579	(539)
Telephone	13,719	13,719	11,375	2,344
Transportation	6,625	6,625	3,976	2,649
Travel - in area	5,788	5,788	1,881	3,907
Travel - out of area	37,511	37,511	17,859	19,652
Utilities	4,270	4,270	5,509	(1,239)
Vehicles and equipment	3,150	3,150	1,962	1,188
Total expenditures	1,029,495	1,029,495	884,111	145,384
Net change in fund balance	1,342	1,342	-	1,342
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ 1,342	\$ 1,342	\$ -	\$ 1,342



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**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
South Central Human Resource Agency
Fayetteville, Tennessee

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 the governmental activities, each major fund, and the aggregate remaining fund information of South Central Human Resource Agency (the "Agency"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

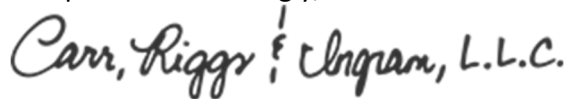
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying management letter as item 2022-001.

Purpose of This Report

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish at the end.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

November 30, 2022



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
South Central Human Resource Agency
Fayetteville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Central Human Resource Agency's (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2022. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

November 30, 2022

South Central Human Resource Agency
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing No.	Pass-Through Grantor's No.	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Direct programs:				
Head Start*	93.600	04CH010668-04	\$ -	\$ 9,368,049
Head Start*	93.600	04HP000412-02	-	932,678
Head Start*	93.600	04HP000412-03	-	1,954,409
COVID-19 Head Start*	93.600	COVID-19 04HP000412-01-C3	-	17,275
COVID-19 Head Start*	93.600	COVID-19 04HE000355-01 C5	-	60,460
COVID-19 Head Start*	93.600	COVID-19 04HE000355-01 C6	-	750,566
Total direct programs/Subtotal for 93.600/Subtotal Head Start Cluster			-	13,083,437
Passed through Tennessee Housing Development Agency				
COVID-19 Low-Income Home Energy Assistance	93.568	COVID-19 LIHEAP-20-15 Supplemental	-	460,349
Low-Income Home Energy Assistance	93.568	LIHEAP-21-15	-	1,232,987
COVID-19 Low-Income Home Energy Assistance	93.568	COVID-19 LIHEAP ARP-15	-	5,014,289
COVID-19 Low-Income Home Energy Assistance	93.568	COVID-19 2020 CARES ACT	-	265,255
Low-Income Home Energy Assistance	93.568	LIHWAP 22-15	-	125,403
Low-Income Home Energy Assistance	93.568	LWx-20-11 (Second Allocation)	-	34,467
Low-Income Home Energy Assistance	93.568	LWx-20-11	-	138,634
Subtotal for 93.568			-	7,271,384
Passed through the State of Tennessee Department of Human Services				
Community Services Block Grant	93.569	Z-20-49116	-	62,322
Community Services Block Grant	93.569	Z-21-49116	-	412,524
Community Services Block Grant	93.569	Z-22-49116	-	481,611
COVID-19 Community Services Block Grant	93.569	COVID-19 Z-22-49216	-	260,115
Subtotal for 93.569			-	1,216,572
Social Services Block Grant	93.667	Z-20-49316	-	167,897
Social Services Block Grant	93.667	Z-21-49316	-	19,593
Social Services Block Grant	93.667	Z-22-49316	-	64,019
Subtotal for 93.667			-	251,509
Total pass-through			-	8,739,465
Total U.S. Department of Health and Human Services			-	21,822,902
U.S. Department of Agriculture				
Passed through State of Tennessee Department of Agriculture				
Child and Adult Care Food Program	10.558	03-47-56026-00-1	-	437,645
Emergency Food Assistance Program (Administrative Costs)***	10.568	32501-03222	-	83,023
Emergency Food Assistance Program (Administrative Costs)***	10.568	32501-02721	-	29,913
Subtotal for 10.568			-	112,936

(Continued)

See accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**South Central Human Resource Agency
Schedule of Expenditures of Federal Awards and
State Financial Assistance (Continued)
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing No.	Pass-Through Grantor's No.	Passed Through to Subrecipients	Expenditures
Emergency Food Assistance Program (n)	10.569	N/A	-	1,068,502
Total Food Distribution Cluster			-	1,181,438
Total U.S. Department of Agriculture			-	1,619,083
Corporation for National and Community Service				
Direct Program				
Foster Grandparent Program**	94.011	20SFSTN001	-	275,404
Total Corporation for National and Community Service			-	275,404
U.S. Department of Labor				
Passed through Senior Service America, Inc.				
Senior Community Service Employment Program	17.235	TN2999	-	679,499
U.S. Department of Energy				
Passed through Tennessee Housing Development Agency				
Weatherization Assistance for Low-Income Persons	81.042	WAP-19-11	-	192,129
Total expenditures of federal awards			\$ -	\$ 24,589,017

State Grantor/Program Title	CSFA	Contract Number	Passed Through to Subrecipients	Expenditures
State of Tennessee Department of Human Services	N/A	Direct Appropriation	\$ -	\$ 121,432
State of Tennessee Department of Corrections	N/A	67280	-	534,271
State of TN Dept. of Mental Health and Substance Abuse Services (Felony Recovery Court - Lincoln)	N/A	33901	-	73,512
State of TN Dept. of Mental Health and Substance Abuse Services (Recovery Court - Lincoln)	N/A	33901	-	84,783
State of TN Dept. of Mental Health and Substance Abuse Services (Recovery Court - Lawrence)	N/A	33901	-	167,178
Total expenditures of state financial assistance			\$ -	\$ 981,176

*Head Start Cluster

**Foster Grandparent/Senior Companion Cluster

***Food Distribution Cluster

(n) Non-cash assistance

See accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

South Central Human Resource Agency Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) summarizes the federal expenditures of South Central Human Resource Agency (the "Agency") under programs of the federal government for the year ended June 30, 2022. The amounts reported as federal expenditures were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position and changes in net position of the Agency.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. The Agency has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule. AL numbers have been appropriately listed by applicable programs. Federal programs with different AL numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Three clusters are separately identified in the Schedule and are the following:

Clusters

Head Start/Early Head Start (ALN 93.600) is reported as the Head Start Cluster, the Foster Grandparent Program (ALN 94.011) is reported as the Foster Grandparent/Senior Companion Cluster and the Emergency Food Assistance Program (ALN 10.568) is reported as the Food Distribution Cluster in the Schedule.

Note 3: INDIRECT COST

The Agency has not elected to use the 10% de Minimis cost rate for the year ended June 30, 2022.

Note 3: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding Federal, State and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Agency's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year-end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Agency's financial statements and as expenditures in the program financial reports.

**South Central Human Resource Agency
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance**

Note 4: FEDERAL PASS-THROUGH FUNDS

The Agency is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as “pass-through” are considered direct and will be designated accordingly.

Note 5: BASIS OF ACCOUNTING

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency’s federal grants.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, management does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of June 30, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 7: NONCASH ASSISTANCE

Food commodities are expended when the food is distributed. The amount expended is based on food commodity values provided by the State of Tennessee, Department of Agriculture. At June 30, 2022, the Agency had food commodities totaling \$1,068,502.

Note 8: SUBRECIPIENTS

The Agency did not provide federal funds to subrecipients for the fiscal year ending June 30, 2022.

Note 9: LOANS AND LOAN GUARANTEES

The Agency did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ending June 30, 2022.

Note 10: FEDERALLY FUNDED INSURANCE

The Agency did not have any federally funded insurance required to be reported on the Schedule for the fiscal year ending June 30, 2022.

**South Central Human Resource Agency
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major programs | |

AL Number	Federal Program
93.567	Low-Income Home Energy Assistance Program
10.568 – 10.569	Food Distribution Cluster

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

Section II – Financial Statements Findings

No such findings noted.

Section III – Federal Award Findings and Questioned Costs

No such findings noted.

**South Central Human Resource Agency
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

Financial Statement Findings

2021-001 – Corrected

Federal Award Findings and Questioned Costs

There were no such findings or questioned costs in the prior year and no corrective action plan required.

Management Letter

Members of the Board of Directors and Management
of South Central Human Resource Agency
Fayetteville, Tennessee

In planning and performing our audit of the financial statements of South Central Human Resource Agency (the "Agency") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

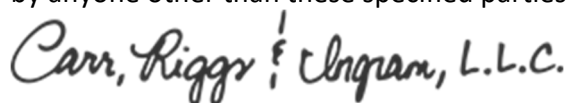
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of 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.

During our audit we became aware of the following matter of noncompliance.

Item 2022-001 Expenditures Exceeding Budget

Nutrition Fund expenditures exceeded budget by \$312,979. Management should implement procedures to ensure compliance with approved budgets.

This communication is intended solely for the information and use of the Board of Directors and Management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
November 30, 2022



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November 30, 2022

Board of Directors and Management of
South Central Human Resource Agency
Fayetteville, Tennessee

Dear Board of Directors:

We are pleased to present the results of our audit of the June 30, 2022 financial statements of the South Central Human Resource Agency (the "Agency").

This report to the Board of Directors and management summarizes our audit, the reports issued and various analyses and observations related to the Agency's accounting and reporting. The document also contains the communications and management letter required by our professional standards.

The audit was designed, primarily, to express an opinion on the Agency's June 30, 2022 financial statements. We considered the Agency's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board of Directors, expect. We received the full support and assistance of the Agency's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board of Directors and management and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you. If you have any questions or comments, please contact Keith Hundley at 334-347-0088.

Very truly yours,

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama



As discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Agency. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board and management, 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, in order to express an opinion on the Agency's financial statements for the year ending June 30, 2022.
- 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*; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to each major federal program.
- Report on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2 CFR Part 200 and the OMB Compliance Supplement;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.



We have audited the financial statements of South Central Human Resource Agency for the year ended June 30, 2022, and have issued our report thereon dated November 30, 2022. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Generally Accepted Auditing Standards, Government Auditing Standards and Title 2 U.S. Code of Federal Regulations (CFR) Part (200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</p>	<p>As stated in our engagement letter dated June 16, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Agency over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p> <p>Our audit also consisted of issuing reports regarding the Agency's internal control, in accordance with <i>Government Auditing Standards</i>, and compliance with certain compliance requirements as it relates to the Agency's major federal and/or state programs, in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part (200), <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i>.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
	the adequacy and results of those services; and accept responsibility for them.
<p>Planned scope and timing of the audit</p>	Our initial audit plan was not significantly altered during our fieldwork.
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Agency and how they are disclosed.</i></p>	No such risks or exposures were noted.
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the Agency's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i> • <i>Critical accounting policies and practices applied by the Agency in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to</i> 	<p>The significant accounting policies used by the Agency are described in Note 1 to the financial statements. New accounting policies were adopted during the fiscal year as a result of the following recently issued accounting pronouncements:</p> <ul style="list-style-type: none"> • GASB Statement No. 87 (GASB 87), <i>Leases</i> • GASB Statement No. 89 (GASB 89), <i>Accounting for Interest Cost Incurred Before the End of a Construction Period.</i> • GASB Statement No. 92 (GASB 92), <i>Omnibus 2020.</i> • GASB Statement No. 93 (GASB 93), <i>Replacement of Interbank Offered Rates.</i> • GASB Statement No. 97 (GASB 97), <i>Certain Component Unit Criteria.</i> • GASB Statement No. 98 (GASB 98), <i>Annual Comprehensive Financial Report.</i> <p>The adoption of GASB Statements No. 89, 92, 93, 97 and 98 had no material impact on the consolidated financial statements. The adoption of GASB Statement No. 87 did have a material impact on the consolidated financial statements. For more information on the effects of the adoption of Statement No. 87, see Note 2.</p> <p>We noted no transactions entered into by the</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><i>material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></p>	<p>Agency during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Further, the disclosures in the Agency's financial statements are neutral, consistent, and clear.</p>
<p>Required Supplementary Information <i>The auditors' responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>None noted.</p>
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None noted.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Agency, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Directors about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	<p>Please see the following section titled "Summary of Audit Adjustments."</p>
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	<p>See "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 <i>Government Auditing Standards</i>."</p>
<p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Other information in documents containing audited financial statements</p> <p><i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p>Other matters</p> <p><i>Communication of other pertinent matters.</i></p>	<p>See "Management Letter" issued with the financial statements.</p>
<p>Supplementary information in relation to the financial statements as a whole</p> <p><i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and completed in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the Agency's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Depreciation of Property and Equipment, net	The Agency depreciates assets over the expected remaining useful life of the individual asset.	X	Judgments in this area relate to the estimate of the remaining useful life of the asset.	The Agency's recognition methods and disclosures appear appropriate.
Defined Benefit Pension Plan	The Agency participates in the Public Employee Retirement Plan an agent multiple-employer plan administered by the Tennessee Consolidated Retirement System ("TCRS"). TCRS utilizes an independent actuary to provide an actuarial valuation report specific to each participating employer. This report provides each participating employer with estimates of the total pension liability, fiduciary net position, related deferred outflows/inflows and actuarially required contributions in accordance with the provisions of GASB 68.	X	Key assumptions utilized by the actuary in making the estimates required under GASB 68 & GASB 71 included a discount rate and estimated rate of return on plan investments of 6.75% with an inflation rate of 2.25% and projected salary increases of 3.44% to 8.72%. The total pension liability was determined by an actuarial valuation as of June 30, 2021 with a measurement date of June 30, 2020.	We evaluated the assumptions used by the actuary in estimating the Agency's total pension liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of GASB 68 & 71 and reasonable in relation to the financial statements taken as a whole.

**Accounting Policies, Judgments and Sensitive Estimates
& CRI Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated absences	<p>Liabilities for compensated absences attributable to services already rendered are accrued as employees earn the rights to those benefits.</p> <p>The Agency follows the provisions of Section C60: Compensated Absences, of the GASB Codification when reporting these liabilities.</p>	X	The Agency estimates the accrued liabilities for compensated absences using leave balances accrued at the end of the fiscal year multiplied by the pay rate in effect for each employee as of the end of the fiscal year.	The Agency's policies are in accordance with all applicable accounting guidelines and GASB.



During the course of our audit, we accumulate differences between amounts recorded by the Company and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Agency or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

See the following sections titled "Corrected Audit Adjustments" and "Uncorrected Adjustments"

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Agency's operating environment that has been identified as playing a significant role in the Agency's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.



CORRECTED AUDIT ADJUSTMENTS

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record entries to roll forward balance sheet accounts to the separate funds to account for PY entries.			
000.0165	DEPRECIATION	2,218,863.00	
000.0461	VEHICLES UNDER 5K	35,570.00	
000.0462	PROPERTY UNDER 5K	1,194,203.00	
000.0463	MINOR PROP	599.00	
000.0464	SENS PROPERTY LIAB	237.00	
000.0466	VEHICLE PROP O/ 5000	1,401,136.00	
000.0467	MAJOR PROP O/ 5000	572,275.00	
000.0468	BUILDING REALTY	3,190,097.00	
000.0469	LEASEHOLD IMPROVEMENT	1,167,288.00	
000.0471	COMMODITY INVENTORY	667,761.00	
000.1190	TRANSFER	805,431.00	
000.1500	RECEIVABLE	7,031.00	
000.242A	A/L NUTRITION	33,731.00	
000.242B	A/L CSBG	32,268.00	
000.242C	A/L LIHEAP	27,592.00	
000.242D	A/L WAP	4,689.00	
000.242F	A/L FOSTER GRANDPARENTS	4,157.00	
000.242I	A/L EFAP	4,735.00	
000.242L	A/L TITLE V	8,285.00	
000.242O	A/L DUI	26,862.00	
000.242Q	A/L FOOD SERVICE	31,141.00	
000.242S	A/L RSVP	807.00	
000.242V	A/L SSBG	6,206.00	
000.242W	A/L WIOA	30,294.00	
000.242Z	A/L HEADSTART	205,856.00	
000.3200	DUE TO GRANTORS	4,053,002.00	
000.3232	DUE TO SCTDD	11,701.00	
000.3450	TOWMOTOR LEASE PAYABLE	7,950.00	
000.3451	TRUCK PAYABLE	35,000.00	
000.3452	RENOVATIONS NOTE PAYABLE	4,435.00	
000.3455	FNB HVAC PAYABLE	120,529.00	
000.3456	FFMB S LAW HS PAYABLE	745,068.00	
000.3457	S LAWRENCE TAX LIABILITY	2,219.00	
000.3500	DEFERRED INFLOWS PENSIONS	88,896.00	
000.4401	HS REST FB	7,954.00	

Corrected Audit Adjustments



628.1110	GENERAL DISBURSEMENT CASH	2,532.00
681.2000	Accrued Wages	49,437.00
681.2220	Accrued Federal Income Tax	2,447.00
681.2230	Hospital Insurance	1,972.00
681.223C	Insurance Payable	3,374.00
681.2244	Long Term Dis Ins	60.00
681.2300	Empower Employee Contr	63.00
681.2301	TCRS Match	2,760.00
681.230T	TCRS Employee Share	2,760.00
681.2310	Accrued FICA	9,101.00
681.2320	Accrued UI	379.00
681.242W	A/L - WIOA	30,294.00
682.1190	Transfer	8,719.00
683.1110	GENERAL DISBURSEMENT CASH	1,115.00
716.3300	Due to General Fund	60,389.00
717.2000	Accrued Wages	29,860.00
717.2220	Accrued Federal Income Tax	553.00
717.2230	Hospital Insurance	113.00
717.223C	Insurance Payable	281.00
717.2244	Long Term Dis Ins	231.00
717.2247	AFLAC INS	15.00
717.2300	Empower Employee Contr	136.00
717.230C	401(k) Match	218.00
717.2310	Accrued FICA	5,081.00
717.242L	A/L - Title V	8,285.00
816.223C	Insurance Payable	70.00
816.2301	TCRS Match	64.00
816.230T	TCRS Employee Share	63.00
816.2310	Accrued FICA	62.00
816.2320	Accrued UI	24.00
816.242S	A/L - RSVP	807.00
852.2000	Accrued Wages	9,219.00
852.2220	Accrued Federal Income Tax	182.00
852.2230	Hospital Insurance	343.00
852.223C	Insurance Payable	495.00
852.2300	Empower Employee Contr	120.00
852.2301	TCRS Match	232.00
852.230T	TCRS Employee Share	232.00
852.2310	Accrued FICA	443.00
852.2320	Accrued UI	76.00
852.242F	A/L - FGP	4,157.00
853.1190	Transfer	848.00
859.1190	Transfer	120,911.00
917.1190	Transfer	150.00
918.2000	Accrued Wages	1,051.00

Corrected Audit Adjustments



918.2220	Accrued Federal Income Tax	45.00
918.2230	Hospital Insurance	309.00
918.223C	Insurance Payable	670.00
918.2244	Long Term Dis Ins	125.00
918.2300	Empower Employee Contr	15.00
918.2301	TCRS Match	182.00
918.230C	401(k) Match	22.00
918.230T	TCRS Employee Share	182.00
918.2310	Accrued FICA	375.00
918.2320	Accrued UI	127.00
918.242I	A/L - EFAP	4,735.00
Total		12,951,299.00

Adjusting Journal Entries JE # 6

To reclass client's closing entry for financial statement presentation.

000.4406	CORRECT FB	904.00
000.4504	ST APPR FB	804.00
000.4505	AGENCY FB	33,019.00
000.4507	NUTRITION REST	67,588.00
000.4509	CSBG FB	4,042.00
000.4520	Lincoln Recovery Court FB	4,708.00
048.1110	GENERAL DISBURSEMENT CASH	23,708.00
048.6880	CLOSED EXPENDITURE ACCT	224,160.00
058.1110	GENERAL DISBURSEMENT CASH	24,365.00
058.6880	CLOSED EXPENDITURE ACCT	92,183.00
068.6880	CLOSED EXPENDITURE ACCT	10,416.00
081.1110	GENERAL DISBURSEMENT CASH	717.00
081.6880	CLOSED EXPENDITURE ACCT	1,915.00
101.6880	CLOSED EXPENDITURE ACCT	387,075.00
104.6880	CLOSED EXPENDITURE ACCT	921,290.00
119.EHZ.6880	CLOSED EXPENDITURE ACCT	924,817.00
119.EHZ.8100	CLOSING EXPENDITURE ACCT	326,989.00
129.6880	CLOSED EXPENDITURE ACCT	88,898.00
139.6880	CLOSED EXPENDITURE ACCT	14,234.00
149.HOZ.6880	CLOSED EXPENDITURE ACCT	7,504,982.00
149.HOZ.8100	CLOSING EXPENDITURE ACCT	2,199,435.00
158.6880	CLOSED EXPENDITURE ACCT	37,759.00
159.6880	CLOSED EXPENDITURE ACCT	330,511.00
168.6880	CLOSED EXPENDITURE ACCT	3,294.00
169.6880	CLOSED EXPENDITURE ACCT	11,145.00
16F.6880	CLOSED EXPENDITURE ACCT	7,417.00
16G.6880	CLOSED EXPENDITURE ACCT	47,516.00
177.EPZ.6880	CLOSED EXPENDITURE ACCT	514,738.00
178.EPZ.6880	CLOSED EXPENDITURE ACCT	1,977,448.00

Corrected Audit Adjustments



178.EPZ.8100	CLOSING EXPENDITURE ACCT	687,040.00
187.6880	CLOSED EXPENDITURE ACCT	32,565.00
188.6880	CLOSED EXPENDITURE ACCT	36,468.00
199.6880	CLOSED EXPENDITURE ACCT	59,285.00
209.6880	CLOSED EXPENDITURE ACCT	260,115.00
211.6880	CLOSED EXPENDITURE ACCT	412,525.00
212.6880	CLOSED EXPENDITURE ACCT	481,610.00
219.6880	CLOSED EXPENDITURE ACCT	62,322.00
221.6880	CLOSED EXPENDITURE ACCT	1,233,128.00
222.6880	CLOSED EXPENDITURE ACCT	5,014,289.00
238.6880	CLOSED EXPENDITURE ACCT	192,128.00
242.6880	CLOSED EXPENDITURE ACCT	460,349.00
251.6880	CLOSED EXPENDITURE ACCT	265,255.00
256.6880	CLOSED EXPENDITURE ACCT	19,593.00
266.6880	CLOSED EXPENDITURE ACCT	64,019.00
267.6880	CLOSED EXPENDITURE ACCT	167,897.00
286.6880	CLOSED EXPENDITURE ACCT	73,512.00
296.6880	CLOSED EXPENDITURE ACCT	390.00
306.1110	GENERAL DISBURSEMENT CASH	7,625.00
306.6880	CLOSED EXPENDITURE ACCT	18,699.00
319.1110	GENERAL DISBURSEMENT CASH	4,042.00
319.6880	CLOSED EXPENDITURE ACCT	70.00
337.6880	CLOSED EXPENDITURE ACCT	138,634.00
338.6880	CLOSED EXPENDITURE ACCT	34,467.00
356.6880	CLOSED EXPENDITURE ACCT	167,178.00
366.6880	CLOSED EXPENDITURE ACCT	568.00
376.6880	CLOSED EXPENDITURE ACCT	84,783.00
386.1110	GENERAL DISBURSEMENT CASH	904.00
386.6880	CLOSED EXPENDITURE ACCT	534,271.00
396.1110	GENERAL DISBURSEMENT CASH	9,041.00
396.6880	CLOSED EXPENDITURE ACCT	2,825.00
409.6880	CLOSED EXPENDITURE ACCT	2,005.00
411.1110	GENERAL DISBURSEMENT CASH	117,396.00
411.6880	CLOSED EXPENDITURE ACCT	1,881,059.00
411.8100	CLOSING EXPENDITURE ACCT	210,302.00
423.6880	CLOSED EXPENDITURE ACCT	76.00
431.1110	GENERAL DISBURSEMENT CASH	7,518.00
431.6880	CLOSED EXPENDITURE ACCT	254,739.00
446.5300	LOCAL REVENUE	3,649.00
456.1110	GENERAL DISBURSEMENT CASH	450.00
469.6880	CLOSED EXPENDITURE ACCT	811,026.00
477.1110	GENERAL DISBURSEMENT CASH	722.00
477.6880	CLOSED EXPENDITURE ACCT	17,275.00
519.6880	CLOSED EXPENDITURE ACCT	1,436,295.00
529.1110	GENERAL DISBURSEMENT CASH	14,124.00

Corrected Audit Adjustments



529.6880	CLOSED EXPENDITURE ACCT	93,203.00	
538.6880	CLOSED EXPENDITURE ACCT	4,035,539.00	
557.1110	GENERAL DISBURSEMENT CASH	419.00	
557.6880	CLOSED EXPENDITURE ACCT	180,731.00	
601.6880	CLOSED EXPENDITURE ACCT	14,908.00	
629.1110	GENERAL DISBURSEMENT CASH	357.00	
629.6880	CLOSED EXPENDITURE ACCT	27,621.00	
641.6880	CLOSED EXPENDITURE ACCT	125,403.00	
684.6880	CLOSED EXPENDITURE ACCT	2,302,695.00	
711.6880	CLOSED EXPENDITURE ACCT	679,499.00	
711.8100	CLOSING EXPENDITURE ACCT	166,353.00	
819.6880	CLOSED EXPENDITURE ACCT	15,825.00	
855.6880	CLOSED EXPENDITURE ACCT	259,579.00	
855.8100	CLOSING EXPENDITURE ACCT	18,847.00	
911.6880	CLOSED EXPENDITURE ACCT	29,913.00	
912.6880	CLOSED EXPENDITURE ACCT	83,023.00	
000.1110	GENERAL DISBURSEMENT CASH		104,902.00
000.4401	HS REST FB		6,162.00
048.5700	CLOSED REVENUE		247,868.00
058.5700	CLOSED REVENUE		116,548.00
068.1110	GENERAL DISBURSEMENT CASH		6,883.00
068.5700	CLOSED REVENUE		3,533.00
081.5700	CLOSED REVENUE		2,632.00
101.1110	GENERAL DISBURSEMENT CASH		424.00
101.5700	CLOSED REVENUE		386,651.00
104.5700	CLOSED REVENUE		921,290.00
119.EHZ.5700	CLOSED REVENUE		924,817.00
119.EHZ.7100	CLOSING REVENUE ACCT		326,989.00
129.1110	GENERAL DISBURSEMENT CASH		2.00
129.5700	CLOSED REVENUE		88,896.00
139.1110	General Disbursement Cash		59.00
139.5700	CLOSED REVENUE		14,175.00
149.HOZ.5700	CLOSED REVENUE		7,504,982.00
149.HOZ.7100	CLOSING REVENUE ACCT		2,199,435.00
158.5700	CLOSED REVENUE		37,759.00
159.5700	CLOSED REVENUE		330,511.00
168.5700	CLOSED REVENUE		3,294.00
169.5700	CLOSED REVENUE		11,145.00
16F.5700	CLOSED REVENUE		7,417.00
16G.5700	CLOSED REVENUE		47,516.00
177.EPZ.5700	CLOSED REVENUE		514,738.00
178.EPZ.5700	CLOSED REVENUE		1,977,448.00
178.EPZ.7100	CLOSING REVENUE ACCT		687,040.00
187.5700	CLOSED REVENUE		32,565.00
188.5700	CLOSED REVENUE		36,468.00

Corrected Audit Adjustments



199.5700	CLOSED REVENUE	59,285.00
209.5700	CLOSED REVENUE	260,115.00
211.5700	CLOSED REVENUE	412,525.00
212.5700	CLOSED REVENUE	481,610.00
219.5700	CLOSED REVENUE	62,322.00
221.1110	GENERAL DISBURSEMENT CASH	141.00
221.5700	CLOSED REVENUE	1,232,987.00
222.5700	CLOSED REVENUE	5,014,289.00
238.5700	CLOSED REVENUE	192,128.00
242.5700	CLOSED REVENUE	460,349.00
251.5700	CLOSED REVENUE	265,255.00
256.5700	CLOSED REVENUE	19,593.00
266.5700	CLOSED REVENUE	64,019.00
267.5700	CLOSED REVENUE	167,897.00
286.1110	GENERAL DISBURSEMENT CASH	313.00
286.5700	CLOSED REVENUE	73,200.00
296.1110	GENERAL DISBURSEMENT CASH	390.00
306.5700	CLOSED REVENUE	26,324.00
319.5700	CLOSED REVENUE	4,112.00
337.5700	CLOSED REVENUE	138,634.00
338.5700	CLOSED REVENUE	34,467.00
356.1110	GENERAL DISBURSEMENT CASH	27,178.00
356.5700	CLOSED REVENUE	140,000.00
366.5700	CLOSED REVENUE	568.00
376.1110	GENERAL DISBURSEMENT CASH	4,783.00
376.5700	CLOSED REVENUE	80,000.00
386.5700	CLOSED REVENUE	535,175.00
396.5700	CLOSED REVENUE	11,866.00
409.1110	GENERAL DISBURSEMENT CASH	385.00
409.5700	CLOSED REVENUE	1,620.00
411.5700	CLOSED REVENUE	1,998,455.00
411.7100	CLOSING REVENUE ACCT	210,302.00
423.5700	CLOSED REVENUE	76.00
431.5700	CLOSED REVENUE	262,257.00
446.5700	CLOSED REVENUE	3,649.00
456.5700	CLOSED REVENUE	450.00
469.5700	CLOSED REVENUE	811,026.00
477.5700	CLOSED REVENUE	17,997.00
519.1110	GENERAL DISBURSEMENT CASH	64,290.00
519.5700	CLOSED REVENUE	1,372,005.00
529.5700	CLOSED REVENUE	107,327.00
538.5700	CLOSED REVENUE	4,035,539.00
557.5700	CLOSED REVENUE	181,150.00
601.5700	CLOSED REVENUE	14,908.00
629.5700	CLOSED REVENUE	27,978.00