

**Southwest Human Resource Agency**

**For the Year Ended  
June 30, 1998**

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Editor

September 14, 1999

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Board of Directors  
Southwest Human Resource Agency  
Henderson, Tennessee 38340

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Southwest Human Resource Agency for the year ended June 30, 1998. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control and tests of compliance resulted in no audit findings.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/klm  
99/034

State of Tennessee

# **A u d i t   H i g h l i g h t s**

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Southwest Human Resource Agency**  
For the Year Ended June 30, 1998

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## **AUDIT OBJECTIVES**

The objectives of the audit were to consider the agency's internal control over financial reporting; to determine compliance with certain provisions of laws, regulations, contracts, and grants; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

## **AUDIT FINDINGS**

The audit report contains no findings.

## **OPINION ON THE FINANCIAL STATEMENTS**

The opinion on the financial statements is unqualified.

**Audit Report**  
**Southwest Human Resource Agency**  
**For the Year Ended June 30, 1998**

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# **Southwest Human Resource Agency For the Year Ended June 30, 1998**

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## **INTRODUCTION**

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### **POST-AUDIT AUTHORITY**

This is a report on the financial and compliance audit of the Southwest Human Resource Agency. The audit was conducted pursuant to Section 13-26-106, *Tennessee Code Annotated*, which states:

The annual report, including financial statements, and all books of account and financial records are subject to annual audit by the comptroller of the treasury. A human resource agency may, with the prior approval of the comptroller, engage licensed independent public accountants to perform the audits.

### **BACKGROUND**

Tennessee's nine human resource agencies were created by Chapter 289 of the Public Acts of 1973, known as the Human Resource Agency Act of 1973, and operate under the authority of *Tennessee Code Annotated*, Title 13, Chapter 26, as amended. This legislation provides a regional system to deliver human resource programs in the state's counties and cities.

The Southwest Human Resource Agency was established in July 1972 and comprises the following counties: Chester, Decatur, Hardeman, Hardin, Haywood, Henderson, McNairy, and Madison. The agency's administrative offices are in Henderson, Tennessee.

### **ORGANIZATION**

The governing body of the Southwest Human Resource Agency is the board of directors. As of June 30, 1998, the board was composed of 58 members. (See Appendix.)

The agency's programs are carried out by a staff under the supervision of the executive director, who is appointed by the board of directors. For the year ended June 30, 1998, the major programs in which the Southwest Human Resource Agency was involved and the grantor agencies that provided the major funding for the programs are as follows.

<u>Program</u>	<u>Grantor</u>
Public Transportation for Nonurbanized Areas	Tennessee Department of Transportation
Head Start	U.S. Department of Health and Human Services

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### **AUDIT SCOPE**

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The audit was limited to the period July 1, 1997, through June 30, 1998, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the year ended June 30, 1998, and for comparative purposes, the year ended June 30, 1997. The Schedules of Expenditures of Federal Awards and the Results of the Audit section are presented in accordance with the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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### **OBJECTIVES OF THE AUDIT**

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The objectives of the audit were

1. to consider the agency's internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with certain provisions of laws, regulations, contracts, and grants;
3. to determine the fairness of the presentation of the financial statements;
4. to determine compliance with requirements applicable to major federal programs;
5. to test controls to evaluate the effectiveness of the design and operation of internal control policies and procedures applicable to major federal programs;
6. to determine the fairness of the presentation of the Schedules of Expenditures of Federal Awards, in all material respects, in relation to the agency's financial statements taken as a whole; and
7. to recommend appropriate actions to correct any deficiencies.

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## PRIOR AUDIT FINDINGS

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There were no findings in the prior audit report.

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## RESULTS OF THE AUDIT

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### AUDIT CONCLUSIONS

#### Internal Control Over Financial Reporting

As part of the audit of the agency's financial statements for the year ended June 30, 1998, we considered internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. Consideration of internal control over financial reporting disclosed no material weaknesses.

#### Compliance

The results of our audit tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Fairness of Presentation of the Financial Statements and the Schedules of Expenditures of Federal Awards

The Division of State Audit has rendered an unqualified opinion on the agency's financial statements. In our opinion, the financial statements in this report present fairly, in all material respects, the financial position of the agency at June 30, 1998, and the results of its operations for the year then ended.

Furthermore, in our opinion, the Schedules of Expenditures of Federal Awards are fairly presented, in all material respects, in relation to the agency's financial statements taken as a whole.

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

June 30, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the financial statements of the Southwest Human Resource Agency as of and for the year ended June 30, 1998, and have issued our report thereon dated June 30, 1999. We conducted our audit in accordance with generally accepted government auditing standards.

Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of the agency's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the agency's management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing

The Honorable John G. Morgan  
June 30, 1999  
Page Two

our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the agency's management in a separate letter.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee, the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/km

**Report on Compliance With Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

June 30, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

Compliance

We have audited the compliance of the Southwest Human Resource Agency with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. Southwest Human Resource Agency's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the agency's management. Our responsibility is to express an opinion on Southwest Human Resource Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted government auditing standards and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Human Resource Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit

The Honorable John G. Morgan

June 30, 1999

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provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Human Resource Agency's compliance with those requirements.

In our opinion, Southwest Human Resource Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

#### Internal Control Over Compliance

The management of Southwest Human Resource Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Human Resource Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee, the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/km

**Southwest Human Resource Agency  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1998**

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**Section I—Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Reportable conditions identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Reportable conditions identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

**Southwest Human Resource Agency  
Schedule of Findings and Questioned Costs (Cont.)  
For the Year Ended June 30, 1998**

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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Public Transportation for Nonurbanized Areas
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee?                       X  yes                      \_\_\_ no

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**Section II—Financial Statement Findings**

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No matters were reported.

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**Section III—Federal Award Findings and Questioned Costs**

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No matters were reported.

## **Independent Auditor's Report**

June 30, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying combined balance sheets of the Southwest Human Resource Agency as of June 30, 1998, and June 30, 1997, and the related combined statements of revenues, expenditures, and changes in fund balances for the years then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southwest Human Resource Agency as of June 30, 1998, and June 30, 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

The Schedule of Pension Funding Progress and the Disclosure of Year 2000 Issues for Southwest Human Resource Agency are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We

The Honorable John G. Morgan

June 30, 1999

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have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that the agency is or will become year 2000 compliant, that the agency's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the agency does business are or will become year 2000 compliant.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards on pages 29 through 34 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The supplementary information on pages 35 through 38 is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 1999, on our consideration of Southwest Human Resource Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/km

SOUTHWEST HUMAN RESOURCE AGENCY  
COMBINED BALANCE SHEETS  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1998, AND JUNE 30, 1997

	June 30, 1998					June 30, 1997				
	Governmental Fund Types		Account Groups			Governmental Fund Types		Account Groups		
	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)
<b>ASSETS AND OTHER DEBIT</b>										
Assets:										
Cash:										
Petty cash	\$ 100.00	\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 100.00
Cash in bank (Note 3)	433,830.39	-	-	-	433,830.39	413,747.96	-	-	-	413,747.96
Total cash	433,930.39	-	-	-	433,930.39	413,847.96	-	-	-	413,847.96
Accounts receivable:										
Due from grantors	-	170,592.54	-	-	170,592.54	-	299,182.16	-	-	299,182.16
Due from USDA	-	8,255.00	-	-	8,255.00	-	9,467.00	-	-	9,467.00
Due from performance-based assistance	35,336.92	14,713.60	-	-	50,050.52	67,080.00	42,036.44	-	-	109,116.44
Due from special revenue fund (Note 4)	53,343.44	-	-	-	53,343.44	177,559.55	-	-	-	177,559.55
Other receivables	60,014.21	-	-	-	60,014.21	73,462.71	-	-	-	73,462.71
Total accounts receivable	148,694.57	193,561.14	-	-	342,255.71	318,102.26	350,685.60	-	-	668,787.86
Prepaid items	616.24	-	-	-	616.24	58.15	-	-	-	58.15
Fixed assets (Note 5):										
Furniture and equipment	-	-	578,852.86	-	578,852.86	-	-	583,267.87	-	583,267.87
Vehicles	-	-	1,580,427.11	-	1,580,427.11	-	-	1,226,264.51	-	1,226,264.51
Communications equipment	-	-	129,975.75	-	129,975.75	-	-	120,485.75	-	120,485.75
Leased equipment (Note 8)	-	-	49,620.03	-	49,620.03	-	-	49,620.03	-	49,620.03
Leasehold improvements (Note 9)	-	-	556,334.42	-	556,334.42	-	-	547,334.42	-	547,334.42
Land	-	-	8,324.00	-	8,324.00	-	-	8,324.00	-	8,324.00
Buildings	-	-	79,984.33	-	79,984.33	-	-	79,984.33	-	79,984.33
Total fixed assets	-	-	2,983,518.50	-	2,983,518.50	-	-	2,615,280.91	-	2,615,280.91
Other debit:										
Amount to be provided for capital lease principal (Notes 8 and 10)	-	-	-	17,526.67	17,526.67	-	-	-	31,114.33	31,114.33
Total assets and other debit	\$ 583,241.20	\$ 193,561.14	\$ 2,983,518.50	\$ 17,526.67	\$ 3,777,847.51	\$ 732,008.37	\$ 350,685.60	\$ 2,615,280.91	\$ 31,114.33	\$ 3,729,089.21
<b>LIABILITIES, OTHER CREDITS, AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 3,541.62	\$ 75,919.02	\$ -	\$ -	\$ 79,460.64	\$ 735.28	\$ 87,027.71	\$ -	\$ -	\$ 87,762.99
Accrued payroll	40,990.15	11,174.33	-	-	52,164.48	33,204.97	9,563.86	-	-	42,768.83

**SOUTHWEST HUMAN RESOURCE AGENCY  
COMBINED BALANCE SHEETS  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1998, AND JUNE 30, 1997**

	June 30, 1998					June 30, 1997				
	Governmental Fund Types		Account Groups			Governmental Fund Types		Account Groups		
	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)
Accrued payroll taxes and employee benefits	12,372.01	3,135.73	-	-	15,507.74	7,928.61	2,540.19	-	-	10,468.80
Accrued leave	175,680.41	-	-	-	175,680.41	159,809.14	-	-	-	159,809.14
Community Services Block Grant advance	-	30,493.00	-	-	30,493.00	-	34,849.00	-	-	34,849.00
Broker Day Care advance	-	-	-	-	-	13,762.56	-	-	-	13,762.56
Weatherization Assistance advance	-	15,096.00	-	-	15,096.00	-	16,950.00	-	-	16,950.00
Unearned grantor revenue	-	2,298.96	-	-	2,298.96	-	11,858.91	-	-	11,858.91
Due to grantor	-	2,100.66	-	-	2,100.66	-	3,237.38	-	-	3,237.38
Due to general fund (Note 4)	-	53,343.44	-	-	53,343.44	-	177,559.55	-	-	177,559.55
Obligation under capital lease (Notes 8 and 10)	-	-	-	17,526.67	17,526.67	-	-	-	31,114.33	31,114.33
Other liabilities	989.10	-	-	-	989.10	989.10	7,099.00	-	-	8,088.10
<b>Total liabilities</b>	<b>233,573.29</b>	<b>193,561.14</b>	<b>-</b>	<b>17,526.67</b>	<b>444,661.10</b>	<b>216,429.66</b>	<b>350,685.60</b>	<b>-</b>	<b>31,114.33</b>	<b>598,229.59</b>
Other credits:										
Investment in general fixed assets - special revenue fund (Note 5)	-	-	2,829,030.19	-	2,829,030.19	-	-	2,498,683.80	-	2,498,683.80
Investment in general fixed assets - general fund (Note 5)	-	-	154,488.31	-	154,488.31	-	-	116,597.11	-	116,597.11
<b>Total other credits</b>	<b>-</b>	<b>-</b>	<b>2,983,518.50</b>	<b>-</b>	<b>2,983,518.50</b>	<b>-</b>	<b>-</b>	<b>2,615,280.91</b>	<b>-</b>	<b>2,615,280.91</b>
Fund balances:										
Reserved fund balances (Note 6):										
Prepaid items	616.24	-	-	-	616.24	-	-	-	-	-
Transportation	40,884.90	-	-	-	40,884.90	118,373.51	-	-	-	118,373.51
Head Start	-	-	-	-	-	15,727.98	-	-	-	15,727.98
Audit costs	45,654.00	-	-	-	45,654.00	41,706.00	-	-	-	41,706.00
Hearing aids	3,000.00	-	-	-	3,000.00	-	-	-	-	-
Housing Opportunities Using State Encouragement	38,821.26	-	-	-	38,821.26	24,843.39	-	-	-	24,843.39
Unreserved fund balance	220,691.51	-	-	-	220,691.51	314,927.83	-	-	-	314,927.83
<b>Total fund balances</b>	<b>349,667.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,667.91</b>	<b>515,578.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515,578.71</b>
<b>Total other credits and fund balances</b>	<b>349,667.91</b>	<b>-</b>	<b>2,983,518.50</b>	<b>-</b>	<b>3,333,186.41</b>	<b>515,578.71</b>	<b>-</b>	<b>2,615,280.91</b>	<b>-</b>	<b>3,130,859.62</b>
<b>Total liabilities, other credits, and fund balances</b>	<b>\$ 583,241.20</b>	<b>\$ 193,561.14</b>	<b>\$ 2,983,518.50</b>	<b>\$ 17,526.67</b>	<b>\$ 3,777,847.51</b>	<b>\$ 732,008.37</b>	<b>\$ 350,685.60</b>	<b>\$ 2,615,280.91</b>	<b>\$ 31,114.33</b>	<b>\$ 3,729,089.21</b>

See accompanying Notes to the Financial Statements.

SOUTHWEST HUMAN RESOURCE AGENCY  
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEARS ENDED JUNE 30, 1998, AND JUNE 30, 1997

	For the Year Ended June 30, 1998			For the Year Ended June 30, 1997		
	General Fund	Special Revenue Fund	Totals (Memorandum Only)	General Fund	Special Revenue Fund	Totals (Memorandum Only)
<b>REVENUES</b>						
Grantor contributions	\$ -	\$ 5,624,431.50	\$ 5,624,431.50	\$ -	\$ 5,441,500.89	\$ 5,441,500.89
Performance-based income	367,697.72	179,142.74	546,840.46	354,686.74	173,236.68	527,923.42
USDA reimbursements	-	290,942.78	290,942.78	-	297,126.77	297,126.77
State and local contributions	93,178.83	120,807.65	213,986.48	93,178.83	106,735.05	199,913.88
In-kind contributions	-	1,125,623.65	1,125,623.65	-	952,268.03	952,268.03
Interest income	26,018.75	-	26,018.75	21,812.26	-	21,812.26
Program income	-	202,175.33	202,175.33	-	195,022.80	195,022.80
Housing Opportunities Using State Encouragement payments	21,091.51	-	21,091.51	17,934.80	-	17,934.80
Donation for Weatherization work camp	17,610.20	-	17,610.20	23,099.51	-	23,099.51
Other revenue	14,094.20	565,994.77	580,088.97	5,765.92	488,822.08	494,588.00
<b>Total revenues</b>	<b>539,691.21</b>	<b>8,109,118.42</b>	<b>8,648,809.63</b>	<b>516,478.06</b>	<b>7,654,712.30</b>	<b>8,171,190.36</b>
<b>EXPENDITURES</b>						
Salaries	192,343.16	2,488,473.76	2,680,816.92	176,832.11	2,170,877.59	2,347,709.70
In-kind personnel	-	388,902.95	388,902.95	-	345,182.23	345,182.23
Fringe benefits	43,484.22	638,800.68	682,284.90	34,115.83	577,257.50	611,373.33
Audit	1,528.87	33,471.13	35,000.00	2,048.99	32,951.01	35,000.00
Travel	17,692.77	137,089.57	154,782.34	13,555.54	120,529.41	134,084.95
Capital lease - principal (Notes 8 and 10)	1,263.87	9,502.53	10,766.40	1,656.85	9,346.69	11,003.54
Capital lease - interest (Notes 8 and 10)	128.67	967.43	1,096.10	301.67	1,617.75	1,919.42
Telephone	10,949.21	57,412.07	68,361.28	7,040.36	37,610.33	44,650.69
Utilities	2,481.03	72,069.37	74,550.40	2,681.69	54,820.73	57,502.42
Postage	383.20	2,976.40	3,359.60	-	2,873.11	2,873.11
Office supplies	20,530.03	60,955.12	81,485.15	13,600.20	64,565.43	78,165.63
Program supplies	1,620.88	68,433.35	70,054.23	2,245.80	65,863.14	68,108.94
Maintenance supplies	-	34,944.28	34,944.28	-	30,195.18	30,195.18
Copy machine	2,397.61	18,026.71	20,424.32	3,246.70	17,222.41	20,469.11
Awards and recognition	-	2,512.64	2,512.64	-	2,350.45	2,350.45
Insurance and bonding	176.80	54,278.97	54,455.77	113.04	52,630.45	52,743.49
Dues, subscriptions, publications	77.95	22,216.20	22,294.15	-	23,176.68	23,176.68
Building rent (Note 7)	8,922.67	96,827.87	105,750.54	9,295.90	71,957.79	81,253.69
In-kind rent	-	705,064.00	705,064.00	-	545,490.00	545,490.00
Maintenance	1,392.50	52,257.55	53,650.05	2,187.25	58,663.54	60,850.79
Fixed-asset purchases (Note 5)	59,162.20	587,406.55	646,568.75	20,176.53	263,012.99	283,189.52
Equipment rental	-	1,601.60	1,601.60	-	2,791.40	2,791.40
Health services	-	49,836.61	49,836.61	-	45,883.40	45,883.40
Client services/program assistance	2,265.00	734,971.90	737,236.90	2,298.00	919,978.50	922,276.50
Contracted services	18,267.90	240,687.63	258,955.53	15,465.34	310,869.83	326,335.17
Food	-	645,754.38	645,754.38	-	612,176.75	612,176.75
Housing Opportunities Using State Encouragement assistance	7,113.64	-	7,113.64	28,950.33	-	28,950.33
Vehicle fuel and maintenance	-	165,825.92	165,825.92	-	160,019.59	160,019.59
Training and technical assistance	-	27,426.35	27,426.35	-	36,376.17	36,376.17
Transportation	-	131,814.75	131,814.75	-	132,992.15	132,992.15
In-kind transportation	-	23,873.85	23,873.85	-	43,593.55	43,593.55
Labor	-	203,360.34	203,360.34	1,500.00	226,358.41	227,858.41
Stipends and related costs	-	130,901.89	130,901.89	-	116,889.86	116,889.86
Other	15,578.66	46,277.02	61,855.68	13,157.51	25,006.24	38,163.75
Other in-kind	-	7,782.85	7,782.85	-	18,002.25	18,002.25
Indirect costs	26,992.12	437,263.25	464,255.37	17,762.81	390,030.98	407,793.79
<b>Total expenditures</b>	<b>434,752.96</b>	<b>8,379,967.47</b>	<b>8,814,720.43</b>	<b>368,232.45</b>	<b>7,589,163.49</b>	<b>7,957,395.94</b>
Excess (deficit) of revenues over (under) expenditures	104,938.25	(270,849.05)	(165,910.80)	148,245.61	65,548.81	213,794.42
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer of local unreserved funds to supplement grant expenditures	(180,454.29)	180,454.29	-	(43,376.01)	43,376.01	-
Transfer of special revenue funds to cover audit costs	631.25	(631.25)	-	2,393.66	(2,393.66)	-
Transfer of funds reserved for audit costs	(809.42)	809.42	-	(7,398.75)	7,398.75	-
Transfer of funds reserved for Head Start	(15,727.98)	15,727.98	-	(3,396.10)	3,396.10	-
Transfer of funds reserved for Transportation	(77,488.61)	77,488.61	-	117,326.01	(117,326.01)	-
Transfer of funds reserved for Community Services Block Grant	3,000.00	(3,000.00)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(270,849.05)</b>	<b>270,849.05</b>	<b>-</b>	<b>65,548.81</b>	<b>(65,548.81)</b>	<b>-</b>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(165,910.80)	-	(165,910.80)	213,794.42	-	213,794.42
Fund balances, July 1	515,578.71	-	515,578.71	301,784.29	-	301,784.29
Fund balances, June 30	\$ 349,667.91	\$ -	\$ 349,667.91	\$ 515,578.71	\$ -	\$ 515,578.71

See accompanying Notes to the Financial Statements.

**Southwest Human Resource Agency**  
**Notes to the Financial Statements**  
**June 30, 1998, and June 30, 1997**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Southwest Human Resource Agency was established in 1972 in accordance with *Tennessee Code Annotated*, Title 13, Chapter 26, as amended. This legislation provides a regional system to deliver human resource programs in the state's counties and cities. It is governed by a 58-member governing board. The board consists of the county executives and mayors within the area served by the agency, one state senator and one state representative, whose districts lie wholly or in part within the area served by the agency, and members appointed by the county executive—one from each county served by the agency. For financial reporting purposes, the agency includes all activities over which the board of directors is financially accountable.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**Fund Structure, Basis of Accounting, and Measurement Focus**

The agency's financial records are maintained on the cash basis of accounting. At year-end, the books are adjusted to the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred.

The agency's accounts are organized and operated on the basis of fund types and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and management requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**Southwest Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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The agency's financial activities reported in the accompanying financial statements are classified into two fund types and two account groups:

Governmental Fund Types

*General Fund*—used to account for all resources not accounted for in another fund.

*Special Revenue Fund*—used to account for resources received under cost-reimbursement grant agreements.

Account Groups

*General Fixed Assets Account Group (GFAAG)*—used to account for all the agency's fixed assets. The GFAAG is not a fund, but rather a management control and accountability listing of the agency's general fixed assets.

Fixed assets are recorded at acquisition cost and are shown as expenditures at the time of purchase. They are not depreciated. Donated fixed assets are recorded at estimated fair market value at the date of donation.

*General Long-Term Debt Account Group (GLTDAG)*—used to account for the agency's capital leases. The GLTDAG is not a fund, but rather a separate set of self-balancing accounts that provides certain information about the agency's noncurrent liabilities.

**Budgetary Process**

The agency does not have an annual appropriated budget. The grant documents serve as the financial plans for budgetary purposes.

**Totals (Memorandum Only)**

The total columns of the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

**Southwest Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**NOTE 2. CONTINGENCIES**

Sick Leave - The agency records the cost of sick leave when paid; therefore, there is no liability in the accompanying financial statements for unpaid accumulated sick leave. Since sick leave (earned one day per month with unlimited accumulation) is generally paid only when an employee is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The amount of unused sick leave was \$649,332.49 at June 30, 1998, and \$574,998.36 at June 30, 1997.

Litigation - The agency was involved with one lawsuit during fiscal year 1998. Although the outcome of this lawsuit is not presently determinable, it is the opinion of management that final settlement of this matter will have no material effect on the accompanying financial statements.

**NOTE 3. DEPOSITS**

Deposits with financial institutions are required to be categorized to indicate the level of risk assumed by the agency. Category 1 consists of deposits that are insured or collateralized with securities held by the agency or by its agent in the agency's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the agency's name. Category 3 deposits are uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the agency's name.

At June 30, 1998, the carrying amount of the agency's deposits was \$433,830.39, and the bank balance was \$487,960.31. The entire bank balance was category 1. However, for six days during the year, the agency had deposits in excess of FDIC coverage and the amount of collateral securities pledged. The uncollateralized amounts for this period ranged from \$10,267.21 to \$44,275.83.

**Southwest Human Resource Agency  
Notes to the Financial Statements (Cont.)  
June 30, 1998, and June 30, 1997**

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At June 30, 1997, the carrying amount of the agency's deposits was \$413,747.96, and the bank balance was \$613,779.91. The entire bank balance was category 1. However, for the period January 14 to January 17, the agency had deposits in excess of FDIC coverage and the amount of collateral securities pledged. The uncollateralized amounts for this period ranged from \$238,244.64 to \$273,682.92.

**NOTE 4. INTERFUND RECEIVABLE/PAYABLE ACCOUNTS**

These accounts represent the amount owed to the general fund by the special revenue fund because operating cash had been transferred to the special revenue fund to cover its negative cash balance at year-end.

**NOTE 5. FIXED ASSETS**

The following changes in general fixed assets occurred during the year ended June 30, 1998:

	Balance <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1998</u>
Furniture and equipment	\$ 583,267.87	\$ 72,418.57	\$ 76,833.58	\$ 578,852.86
Vehicles	1,226,264.51	557,079.18	202,916.58	1,580,427.11
Communications equipment	120,485.75	9,490.00	-	129,975.75
Leased equipment	49,620.03	-	-	49,620.03
Leasehold improvements	547,334.42	9,000.00	-	556,334.42
Land	8,324.00	-	-	8,324.00
Buildings	<u>79,984.33</u>	<u>-</u>	<u>-</u>	<u>79,984.33</u>
Totals	<u>\$ 2,615,280.91</u>	<u>\$ 647,987.75</u>	<u>\$ 279,750.16</u>	<u>\$ 2,983,518.50</u>

**Southwest Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

The following changes in general fixed assets occurred during the year ended June 30, 1997:

	Balance <u>July 1, 1996</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1997</u>
Furniture and equipment	\$ 421,050.97	\$ 14,977.00	\$ 155,254.20	\$ 8,014.30	\$ 583,267.87
Vehicles	1,206,531.62	-	61,376.58	41,643.69	1,226,264.51
Communications equipment	121,300.45	-	1,980.00	2,794.70	120,485.75
Leased equipment	64,597.03	(14,977.00)	-	-	49,620.03
Leasehold improvements	478,742.82	-	68,591.60	-	547,334.42
Land	8,324.00	-	-	-	8,324.00
Buildings	<u>79,984.33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,984.33</u>
Totals	<u>\$ 2,380,531.22</u>	<u>\$ -</u>	<u>\$ 287,202.38</u>	<u>\$ 52,452.69</u>	<u>\$ 2,615,280.91</u>

**NOTE 6. RESERVED FUND BALANCE**

The reserved fund balance at June 30, 1998, was \$128,976.40. This amount includes \$38,821.26 of funds for the Housing Opportunities Using State Encouragement (HOUSE) program. These HOUSE program funds are remittances from clients and must be used for rehabilitation or down-payment costs.

The second component of the reserved fund balance was \$40,884.90 reserved for Transportation costs.

The third component of the reserved fund balance was \$3,000.00 reserved for hearing aid purchases.

The fourth component of the reserved fund balance was \$616.24 for prepaid postage.

The fifth component of the reserved fund balance was the transfer of special revenue funds for the payment of audit costs. Certain grantors will provide funding for their share of audit costs during the fiscal year subject to the audit. At June 30, 1998, a reserve of the general fund was established for \$45,654.00. The balance consists of the following grants and funds:

**Southwest Human Resource Agency  
Notes to the Financial Statements (Cont.)  
June 30, 1998, and June 30, 1997**

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<u>Grant</u>	<u>Amount Reserved</u>
Southwest Tennessee Development District: Special Programs for the Aging - Title III, Part C - Nutrition Services	\$8,449.14
Tennessee Department of Transportation and Southwest Tennessee Development District: Transportation and Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	12,981.61
U.S. Department of Health and Human Services: Head Start	17,792.28
Corporation for National and Community Service: Foster Grandparent Program	2,073.20
Southwest Tennessee Development District: Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	550.97
Tennessee Housing Development Agency: HOUSE Program	2,567.11
Tennessee Department of Agriculture: Emergency Food Assistance Program	650.98
Southwest Tennessee Development District: Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	366.66
Work Camp	<u>222.05</u>
	<u><u>\$ 45,654.00</u></u>

**Southwest Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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The reserved fund balance at June 30, 1997, was \$200,650.88. This amount represents \$24,843.39 of funds reserved for the Housing Opportunities Using State Encouragement (HOUSE) program, \$15,727.98 of funds reserved for Head Start equipment purchases, \$118,373.51 of funds reserved for Transportation costs, and \$41,706.00 of funds reserved for audit costs.

**NOTE 7. OPERATING LEASES**

The agency leases office space to carry out its activities and to administer the various grant programs. The lease, which expired June 30, 1998, required monthly rental payments of \$3,649.96. During the year ended June 30, 1998, the agency rented 15,000 square feet of office space at a cost of \$43,799.52. Payments for other leases during the year totaled \$69,319.98.

During the year ended June 30, 1997, the agency rented 15,000 square feet of office space at a cost of \$42,114.96. Payments for other leases during the year totaled \$46,685.89.

All leases are cancelable at the agency's option.

**NOTE 8. CAPITAL LEASES**

The following is an analysis of the property under capital leases at June 30, 1998, and June 30, 1997, by major classes:

Mail machine	\$ 8,526.03
Copy machines	<u>41,094.00</u>
	<u>\$49,620.03</u>

**Southwest Human Resource Agency  
Notes to the Financial Statements (Cont.)  
June 30, 1998, and June 30, 1997**

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The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments at June 30, 1998:

	Year Ending June 30	
	1999	\$14,043.50
	2000	5,218.68
Total minimum lease payments		19,262.18
Less: Amount representing interest		(1,735.51)
Present value of net minimum lease payments		\$17,526.67

**NOTE 9. LEASEHOLD IMPROVEMENTS**

During the year ended June 30, 1998, the agency expended \$9,000.00 for leasehold improvements of Head Start centers in Bolivar, Ramer, and Henderson.

During the year ended June 30, 1997, the agency expended \$68,591.60 for leasehold improvements. Expenditures of \$61,887.00 were payments for Head Start building construction at the Pickwick South center. The remaining expenditures of \$6,704.60 were for building improvements of Head Start centers in Selmer and Montgomery.

Head Start pays rent for the use of the buildings in Reagan and Middleton. The use of land and buildings for the other Head Start sites is donated by various churches and city and county governments and is recorded as in-kind contributions in the financial statements.

**NOTE 10. GENERAL LONG-TERM DEBT**

The following changes in general long-term debt occurred during the year ended June 30, 1998:

	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Capital leases	\$31,114.33	\$ -	\$13,587.66	\$17,526.67

**Southwest Human Resource Agency  
Notes to the Financial Statements (Cont.)  
June 30, 1998, and June 30, 1997**

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The following changes in general long-term debt occurred during the year ended June 30, 1997:

	Balance July 1, <u>1996</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>1997</u>
Capital leases	<u>\$46,668.26</u>	<u>\$ -</u>	<u>\$15,553.93</u>	<u>\$31,114.33</u>

**NOTE 11. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

Full-time employees are members of the Political Subdivision Pension Plan (PSPP), an agent, multiple-employer, defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS administers a defined benefit pension plan that provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established in state statute found in *Tennessee Code Annotated*, Title 8, Chapters 34-37. State statutes are amended by the Tennessee General Assembly. Amendments to the TCRS are not applicable to a political subdivision unless approved by the political subdivision's governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Department of the Treasury, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230, or by calling (615) 741-8202.

**Funding Policy**

The agency is contributory, whereby most employees contribute 5% of earnable compensation and the employer is responsible for the remaining contribution. A small number of employees in special classifications are required to contribute at a higher rate.

The agency is required to contribute an actuarially determined rate; the rate for the fiscal year ending June 30, 1998, was 6.57% of annual covered payroll. The contribution requirements of plan members are set by state statute and approved by

**Southwest Human Resource Agency  
Notes to the Financial Statements (Cont.)  
June 30, 1998, and June 30, 1997**

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the political subdivision's governing board. Contribution requirements for the agency are established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

The agency's annual pension cost of \$147,857 for fiscal year 1998 met the agency's required contribution.

The required contribution was determined as part of the June 30, 1995, actuarial valuation using the frozen initial liability actuarial cost method, a projected-benefit cost method. Significant actuarial assumptions used include (a) rate of return on investment of present and future assets of 8% a year compounded annually, (b) projected salary increases of 7% a year (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 6% annual increase in the social security wage base, and (d) projected post-retirement benefit increases of 3% of the retiree's initial benefit. The actuarial value of the agency's assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. Amortized book value is used for fixed-income securities. The agency's unfunded actuarial accrued liability is being amortized as a level-dollar amount of projected payroll on a closed basis. The remaining amortization period at June 30, 1995, was 29 years.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$147,857	100%	\$0.00
June 30, 1997	\$133,102	100%	\$0.00

Information is shown only for the years available. Information for additional years will be shown as it becomes available.

**NOTE 12. RISK MANAGEMENT**

The agency participates in the Tennessee Municipal League (TML) Risk Management Pool for the following risks of loss: commercial general liability; theft of, damage to,

**Southwest Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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or destruction of real and personal property; bodily injury, property damage, physical damage, and personal injury liability for vehicle operation; and workers' compensation and employer's liability. The agency's agreement with the TML Risk Management Pool provides for payment of annual premiums. The agreement also provides for refunds to members and additional member assessments. Additional member assessments are based on the experience of the pool. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The agency carries commercial insurance for the following risks of loss: employee dishonesty; bodily injury for the Head Start program; and accident, personal liability, and excess auto liability for the Foster Grandparent volunteers. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The agency elected to provide basic health, dental, and life insurance coverage for its employees through commercial insurance policies. The agency's obligation under the basic health insurance policy is limited to \$154.62 per month per employee for individual coverage or \$257.38 per month per employee for family coverage. The agency's obligation under the dental insurance policy is limited to \$13.22 per month per employee or \$28.19 per month per employee for family coverage. The obligation under the life insurance policy is limited to \$8.60 per month per employee for individual coverage or \$10.95 per month per employee for family coverage, unless the employee does not have health insurance coverage, in which case the agency pays the entire life insurance premium.

**Southwest Human Resource Agency  
Required Supplementary Information  
Schedule of Pension Funding Progress  
June 30, 1998**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Funding Excess) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Funding Excess) AAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 1997	\$880	\$971	\$91	90.63%	\$2,026	4.49%

Information is shown only for the years available. Information for additional years will be shown as it becomes available.

Changes in Actuarial Assumptions

An actuarial valuation was performed as of June 30, 1997, to establish subsequent contribution rates. As a result of the June 30, 1996, experience study, significant actuarial assumptions used in the valuation included (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 5.5% a year (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries) compounded annually, (c) projected 4.5% annual increase in the social security wage base, and (d) projected post-retirement increases of 3% annually of the retiree's initial benefit. The actuarial assumptions set forth in (a), (b), and (c) above for the June 30, 1997, valuation differ from the assumptions used in the June 30, 1995, valuation. The June 30, 1997, actuarial valuation also utilized a different methodology for the actuarial value of assets. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period.

**Southwest Human Resource Agency  
Required Supplementary Information  
Disclosure of Year 2000 Issues  
June 30, 1998**

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The Year 2000 Issue (Y2K) arises because many computer software programs allocate two digits to the data field for “year” with the assumption that the first two digits will be “19.” Such programs will thus interpret the year 2000 as the year 1900, the year 2001 as 1901, etc., absent programming logic to the contrary. Y2K affects both computer hardware (i.e., the embedded logic of computer chips) and computer software, and could affect both the ability to enter data into computer programs and the ability of such programs to correctly process data.

Southwest Human Resource Agency has examined the impact of Y2K on its computer systems and other electronic equipment critical to conducting operations as of June 30, 1998. “Computer systems” are defined as both (1) programmed application systems that provide fiscal and administrative services and (2) supporting hardware and software computer systems infrastructure upon which the application systems reside and are processed. “Other electronic equipment” is defined as any electronic hardware with embedded processors such as fax machines and telephone systems.

The agency has identified three computer systems and other equipment critical to conducting operations which are under the agency’s administration. The agency is subjecting those systems to the following stages of work to address Y2K issues.

- Awareness stage*— Establishing a budget and project plan for dealing with the Y2K issue.
- Assessment stage*— Identifying the systems and components for which Y2K compliance work is needed.
- Remediation stage*— Making changes to systems and equipment.
- Validation/testing stage*— Validating and testing the changes that were made during the remediation stage.

As of June 30, 1998, the agency was in the assessment stage for each of these systems. The agency completed the remaining stages of work by June 30, 1999. However, completion of these stages will not guarantee that systems and equipment will be Y2K compliant.

The agency has begun soliciting information from other organizations regarding the status of their assessment, remediation, and testing of their computer systems whose Y2K compliance could affect the agency’s operations. Of the organizations that have responded to date, all expect to achieve compliance in a manner that will not have a materially negative effect on the agency’s operations or financial status, although no assurances can be given that circumstances will not

**Southwest Human Resource Agency  
Required Supplementary Information (Cont.)  
Disclosure of Year 2000 Issues  
June 30, 1998**

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change. The agency does not have full and complete information from these other organizations regarding the status of implementing Y2K compliance. Any failure by some or all of these organizations to be in Y2K compliance may have a materially negative impact on the agency's operations or financial status.

The agency's Y2K initiatives did not result in the commitment of significant financial resources as of the end of the reporting period. The agency is not aware of any circumstances or significant costs to achieve Y2K compliance that will have a negative impact on the operations or financial status of the agency.

**Southwest Human Resource Agency**  
**Schedule of Expenditures of Federal and Nonfederal Awards - Cost-Reimbursement Assistance**  
**For the Year Ended June 30, 1998**

Federal or Nonfederal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Expenditures (8)	Paid To Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
U.S. Department of Agriculture:											
Pass-Through Program From:											
Tennessee Department of											
Agriculture											
Emergency Food Assistance											
Program (Administrative Costs)											
	10.568	Z-97-081332-00	\$ (20,429.62)	\$ 36,210.18	\$ -	\$ -	\$ 15,780.56	\$ -	\$ -	\$ -	\$ -
	10.568	Z-98-086066-00	-	32,034.00	-	-	54,712.00	-	-	-	(22,678.00) (1)
Total U.S. Department of Agriculture			(20,429.62)	68,244.18	-	-	70,492.56	-	-	-	(22,678.00)
U.S. Department of Housing and											
Urban Development:											
Pass-Through Program From:											
City of Jackson											
Community Development Block											
Grants - Entitlement Grants											
	14.218	-	(40,000.00)	40,000.00	-	-	-	-	-	-	-
	14.218	-	1,767.66	-	-	-	-	-	-	-	1,767.66 (3)
	14.218	-	-	43,750.00	25,628.67	(7)	75,628.67	-	-	-	(6,250.00) (1)
Total U.S. Department of Housing and Urban Development			(38,232.34)	83,750.00	25,628.67	-	75,628.67	-	-	-	(4,482.34)
U.S. Department of Labor:											
Pass-Through Program From:											
Jackson State Community											
College											
Job Training Partnership Act											
	17.250	96-12-023-301-98-55	333.00	-	-	-	-	-	-	-	333.00 (3)
Total U.S. Department of Labor			333.00	-	-	-	-	-	-	-	333.00
U.S. Department of Transportation:											
Pass-Through Program From:											
Tennessee Department of											
Transportation											
Public Transportation for											
Nonurbanized Areas											
	20.509	Z-97-078750-00CPT2	(15,834.59)	15,127.78	-	706.81 (4)	-	-	-	-	-
	20.509	Z-97-082261-00CPT2	(55,135.89)	269,820.00	-	-	214,684.11	-	-	-	-
	20.509	Z-98-083473-00CPT2	-	478,230.00	-	-	520,562.00	-	-	-	(42,332.00) (1)
Total U.S. Department of Transportation			(70,970.48)	763,177.78	-	706.81	735,246.11	-	-	-	(42,332.00)
U.S. Department of Energy:											
Pass-Through Programs From:											
Tennessee Department of											
Human Services											
Weatherization Assistance											
for Low-Income Persons											
	81.042	Z-97-0792250-00	(49,428.90)	49,428.90	-	-	-	-	-	-	-
	81.042	Z-98-083148-00	-	164,474.00	-	1,854.00 (5)	199,100.00	-	-	-	(32,772.00) (1)
Weatherization Assistance											
for Low-Income Persons -											
TVA Pilot Project											
	81.042	Z-97-078260-00	(9,611.96)	9,611.96	-	-	-	-	-	-	-
Total U.S. Department of Energy			(59,040.86)	223,514.86	-	1,854.00	199,100.00	-	-	-	(32,772.00)

**Southwest Human Resource Agency**  
**Schedule of Expenditures of Federal and Nonfederal Awards - Cost-Reimbursement Assistance**  
**For the Year Ended June 30, 1998**

Federal or Nonfederal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Expenditures (8)	Paid To Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
Federal Emergency Management Agency:											
Emergency Food and Shelter National Board Program	83.523	15-7638-00	(1,427.00)	1,427.00	-	-	-	-	-	-	-
	83.523	16-7638-00	-	3,301.00	-	-	2,575.39	-	-	-	725.61 (2)
	83.523	15-7730-00	4,059.81	7,762.50	-	-	8,824.99	2,997.32	-	-	-
	83.523	16-7730-00	-	6,159.50	-	-	6,703.08	-	-	-	(543.58) (1)
	83.523	15-7734-00	2,700.00	-	-	-	-	-	2,700.00 (7)	-	-
	83.523	16-7734-00	-	5,000.00	-	-	-	-	5,000.00 (7)	-	-
	83.523	15-7688-00	3,762.34	5,985.00	-	-	7,742.52	2,004.82	-	-	-
	83.523	16-7688-00	-	6,084.00	-	-	4,640.22	-	-	-	1,443.78 (2)
	83.523	16-7656-00	-	3,956.50	-	-	3,826.93	-	-	-	129.57 (2)
Total Federal Emergency Management Agency			<u>9,095.15</u>	<u>39,675.50</u>	<u>-</u>	<u>-</u>	<u>34,313.13</u>	<u>5,002.14</u>	<u>7,700.00</u>	<u>-</u>	<u>1,755.38</u>
U.S. Department of Health and Human Services:											
Head Start	93.600	04-CH-0804/32	-	2,276,207.00	-	13,000.00 (6)	2,289,207.00	-	-	-	-
Pass-Through Programs From:											
Southwest Tennessee Development District											
Special Programs for the Aging-Title III, Part F - Disease Prevention and Health Promotion Services	93.043	-	434.89	-	-	-	434.89	-	-	-	-
	93.043	-	-	9,206.00	23,674.33 (7)	-	32,880.33	-	-	-	-
Subtotal - 93.043			<u>434.89</u>	<u>9,206.00</u>	<u>23,674.33</u>	<u>-</u>	<u>33,315.22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	-	-	34,453.00	-	-	34,453.00	-	-	-	-
Special Programs for the Aging-Title III, Part C - Nutrition Services	93.045	-	901.87	432,726.00	-	-	433,627.87	-	-	-	-
Special Programs for the Aging-Title III, Part D - In-Home Services for Frail Older Individuals (ECM)	93.046	-	-	40,024.00	-	-	44,024.00	-	-	-	(4,000.00) (1)
Special Programs for the Aging-Title IV - Training, Research, and Discretionary Projects and Programs	93.048	-	-	2,407.00	-	-	1,616.85	790.15	-	-	-
Pass-Through Programs From:											
Tennessee Department of Human Services											
Temporary Assistance for Needy Families	93.558	GR-98-11673-00	-	-	-	-	8,525.26	-	-	-	(8,525.26) (1)

**Southwest Human Resource Agency**  
**Schedule of Expenditures of Federal and Nonfederal Awards - Cost-Reimbursement Assistance**  
**For the Year Ended June 30, 1998**

Federal or Nonfederal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Expenditures (8)	Paid To Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
Child Care and Development Block Grant	93.575	Z-98-083100-00	-	41,744.64	-	-	56,500.00	-	-	-	(14,755.36) (1)
Low-Income Home Energy Assistance	93.568	GR-5-09494-6-00 Z-98-083169-00	1,136.72 -	- 700,018.00	- -	- -	- 700,018.00	1,136.72 -	- -	- -	- -
Subtotal - 93.568			<u>1,136.72</u>	<u>700,018.00</u>	<u>-</u>	<u>-</u>	<u>700,018.00</u>	<u>1,136.72</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community Services Block Grant	93.569	Z-97-079260-00 Z-98-083086-00	(97,497.78) -	97,497.78 527,418.89	- -	- 4,356.00 (5)	- 517,659.23	- -	- 41,603.00 (7)	- -	- (27,487.34) (1)
Subtotal - 93.569			<u>(97,497.78)</u>	<u>624,916.67</u>	<u>-</u>	<u>4,356.00</u>	<u>517,659.23</u>	<u>-</u>	<u>41,603.00</u>	<u>-</u>	<u>(27,487.34)</u>
Total U.S. Department of Health and Human Services			<u>(95,024.30)</u>	<u>4,161,702.31</u>	<u>23,674.33</u>	<u>17,356.00</u>	<u>4,118,946.43</u>	<u>1,926.87</u>	<u>41,603.00</u>	<u>-</u>	<u>(54,767.96)</u>
Corporation for National and Community Service:											
Foster Grandparent Program	94.011	3394352/09-01 3394352/10-01	- -	86,200.00 90,756.00	- -	- -	86,200.00 96,163.78	- -	- -	- -	- (5,407.78) (1)
Total Corporation for National and Community Service			<u>-</u>	<u>176,956.00</u>	<u>-</u>	<u>-</u>	<u>182,363.78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,407.78)</u>
Total Federal Awards			<u>(274,269.45)</u>	<u>5,517,020.63</u>	<u>49,303.00</u>	<u>19,916.81</u>	<u>5,416,090.68</u>	<u>6,929.01</u>	<u>49,303.00</u>	<u>-</u>	<u>(160,351.70)</u>
<b>NONFEDERAL AWARDS</b>											
Tennessee Housing Development Agency:											
Housing Opportunities Using State Encouragement	-	HS-D96-068 HS-D97-068	(9,816.42) -	120,184.42 107,859.78	- -	- -	110,368.00 113,701.00	- -	- -	- -	- (5,841.22) (1)
Total Tennessee Housing Development Agency			<u>(9,816.42)</u>	<u>228,044.20</u>	<u>-</u>	<u>-</u>	<u>224,069.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,841.22)</u>
Total Federal and Nonfederal Awards - Cost-Reimbursement Assistance			<u>\$ (284,085.87)</u>	<u>\$ 5,745,064.83</u>	<u>\$ 49,303.00</u>	<u>\$ 19,916.81</u>	<u>\$ 5,640,159.68</u>	<u>\$ 6,929.01</u>	<u>\$ 49,303.00</u>	<u>\$ -</u>	<u>\$ (166,192.92)</u>

**Notes:**

- (1) This balance represents an amount due from grantors. The total amount due from grantors was \$170,592.54 as of June 30, 1998. See Exhibit A.
- (2) This balance represents an amount received from the grantor but not yet earned. The total unearned grantor revenue was \$2,298.96 as of June 30, 1998. See Exhibit A.
- (3) This balance represents an amount due to grantors. The total amount due to grantors was \$2,100.66 as of June 30, 1998. See Exhibit A.
- (4) This amount represents local funds applied to receivables.
- (5) This amount represents partial use of the advance for this program.
- (6) This amount represents a reduction of reserved fund balance.
- (7) This amount represents funds transferred between programs for assistance.
- (8) This schedule reflects only the grantor's share of the expenditures.

**Southwest Human Resource Agency**  
**Schedule of Expenditures of Federal Awards - Performance-Based Assistance**  
**For the Year Ended June 30, 1998**

Federal or Nonfederal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Amount Earned	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
U.S. Department of Agriculture:											
Nutrition Services for the Elderly											
Title III-C (1)	-	-	\$ (9,467.00)	\$ 9,467.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	98,577.00	-	-	106,832.00	-	-	-	(8,255.00) (4)
Subtotal			<u>(9,467.00)</u>	<u>108,044.00</u>	<u>-</u>	<u>-</u>	<u>106,832.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,255.00)</u>
Pass-Through Program From:											
Tennessee Department of											
Human Services											
Child and Adult Care Food	10.558	03-47-55963-00-1	-	184,110.78	-	-	184,110.78	-	-	-	-
Program (1)											
Total U.S. Department of Agriculture			<u>(9,467.00)</u>	<u>292,154.78</u>	<u>-</u>	<u>-</u>	<u>290,942.78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,255.00)</u>
U.S. Department of Labor:											
Pass-Through Program From:											
Jackson State Community College											
Families First - Transportation (2)	-	97-12-023-001-97-83	(42,036.44)	42,036.44	-	-	-	-	-	-	-
	-	97-12-023-001-98-83	-	164,429.14	-	-	179,142.74	-	-	-	(14,713.60) (3)
Total U.S. Department of Labor			<u>(42,036.44)</u>	<u>206,465.58</u>	<u>-</u>	<u>-</u>	<u>179,142.74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,713.60)</u>
U.S. Department of Health and											
Human Services:											
Pass-Through Program From:											
Tennessee Department of											
Human Services											
Child Care Broker Program	93.020										
	93.574										
	93.575										
	93.667	GR-3-08124-3-00	(67,080.00)	66,475.80	-	604.20 (5)	-	-	-	-	-
		GR-3-08124-3-00	-	332,360.80	-	-	367,697.72	-	-	-	(35,336.92) (3)
Total U.S. Department of Health and			<u>(67,080.00)</u>	<u>398,836.60</u>	<u>-</u>	<u>604.20</u>	<u>367,697.72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,336.92)</u>
Human Services											
Total Federal Performance-Based Assistance			\$ <u>(118,583.44)</u>	\$ <u>897,456.96</u>	\$ <u>-</u>	\$ <u>604.20</u>	\$ <u>837,783.24</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(58,305.52)</u>

Notes:

- (1) This is a U.S. Department of Agriculture (USDA)-sponsored program. Funds earned under this contract are used to offset costs of related programs funded by grants. Therefore, the amount earned, related expenditures, and receivables are presented in the Special Revenue Fund in the financial statements.
- (2) This is a Job Training Partnership Act (JTPA)-sponsored program. Funds earned under this contract are used to offset costs of related programs funded by grants. Therefore, the amount earned, related expenditures, and receivables are presented in the Special Revenue Fund in the financial statements.
- (3) This balance represents an amount due from performance-based assistance contracts. The total amount due from performance-based assistance contracts was \$50,050.52 as of June 30, 1998. See Exhibit A.
- (4) This balance represents an amount due from USDA-sponsored programs. The total amount of the USDA receivable was \$8,255.00 as of June 30, 1998. See Exhibit A.
- (5) This amount represents local funds applied to receivables.

**Southwest Human Resource Agency  
 Schedule of Expenditures of Federal Awards - Noncash Assistance (1)  
 For the Year Ended June 30, 1998**

Federal or Nonfederal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Receipts	Transfers In	Other Additions	Expenditures/ Issues	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
U.S. Department of Agriculture:											
Pass-Through Program From:											
Tennessee Department of											
Agriculture											
Emergency Food Assistance											
Program (Food Commodities)											
	10.569	Z-97-081332-00	\$ 32,842.03	\$ -	\$ -	\$ -	\$ 32,842.03	\$ -	\$ -	\$ -	\$ -
	10.569	Z-98-086066-00	-	397,212.06	-	401.00 (2)	266,399.83	-	-	13,900.69 (3)	117,312.54
Total U.S. Department of Agriculture			<u>\$ 32,842.03</u>	<u>\$ 397,212.06</u>	<u>\$ -</u>	<u>\$ 401.00</u>	<u>\$ 299,241.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,900.69</u>	<u>\$ 117,312.54</u> (4)

Notes:

- (1) This schedule represents the fair value of noncash assistance.
- (2) This amount includes an increase of \$401.00 in the value of commodities received as a result of mid-year price increases.
- (3) This amount represents adjustments, undocumented losses, and spoilage of commodities.
- (4) This balance represents the undistributed noncash assistance as of June 30, 1998.

**Southwest Human Resource Agency**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**June 30, 1998**

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**BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards include the federal grant activity of Southwest Human Resource Agency and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

**Southwest Human Resource Agency  
Schedule of Indirect Costs  
For the Year Ended June 30, 1998**

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Salaries	\$237,615.89
Fringe benefits	48,663.50
Travel	16,761.26
Telephone	31,808.57
Utilities	2,668.60
Postage	22,672.97
Office supplies	25,621.80
Copy machine	1,897.27
Insurance	30,899.60
Dues, subscriptions, publications	5,103.00
Building rent	7,368.96
Maintenance	12,472.71
Maintenance supplies	1,452.59
Client services/program assistance	14,286.07
Fixed asset purchases	1,419.00
Capital lease - principal	2,821.26
Capital lease – interest	<u>722.32</u>
Total	<u><u>\$464,255.37</u></u>

**Southwest Human Resource Agency**  
**Schedule of General Fund Revenues and Expenditures**  
**For the Year Ended June 30, 1998**

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	<u>Revenues</u>	<u>Expenditures</u>
Performance-based contract:		
Tennessee Department of Human Services		
Child Care Broker Program	\$399,968.57	\$360,525.53
Operating	<u>139,722.64</u>	<u>74,227.43</u>
Total	<u><u>\$539,691.21</u></u>	<u><u>\$434,752.96</u></u>

**Southwest Human Resource Agency**  
**Schedule of Special Revenue Fund Revenues, Expenditures,**  
**And Other Financing Sources and Uses**  
**For the Year Ended June 30, 1998**

	Revenues and Other Financing Sources						Total Revenues and Other Financing Sources
	Federal/State Grant Funds	United Way	Local	In-kind	Other	Other Financing Sources (1)	
Community Services Block Grant	\$ 559,262.03	\$ -	\$ 8,073.00	\$ -	\$ -	\$ 2,973.58	\$ 570,308.61
Low-Income Home Energy Assistance Program	700,018.00	-	-	-	-	2,329.44	702,347.44
Weatherization Assistance Program	199,100.00	-	-	-	-	10,728.97	209,828.97
Disease Prevention/Health Promotion	9,640.89	-	-	-	-	23,674.33	33,315.22
Elderly Care Management	44,024.00	2,898.80	4,940.00	-	-	3,107.92	54,970.72
Foster Grandparent '97	86,200.00	2,193.03	-	24,516.24	-	7,373.17	120,282.44
Foster Grandparents '98	96,163.78	2,193.02	-	7,140.46	-	126.53	105,623.79
Head Start	2,457,589.80	124.23	-	857,155.18	-	31,708.01	3,346,577.22
Nutrition	540,459.87	71,693.03	134,790.10	164,019.50	3,902.56	52,474.57	967,339.63
Transportation (Section 18)	734,157.74	-	84,700.21	72,792.27	533,960.72	101,486.33	1,527,097.27
Transportation (Section 3 Capital)	214,684.11	-	-	-	32,034.05	61,262.07	307,980.23
Commodities '97	15,780.56	-	-	-	-	-	15,780.56
Commodities '98	54,712.00	-	-	-	-	89.70	54,801.70
Federal Emergency Management Assistance '97	19,267.51	-	-	-	-	-	19,267.51
Federal Emergency Management Assistance '98	22,745.62	-	-	-	-	-	22,745.62
Emergency Services Grant	50,000.00	7,000.00	475.00	-	-	26,078.67	83,553.67
Out of Wedlock	8,525.26	-	-	-	-	-	8,525.26
Disaster Assistance	1,616.85	-	-	-	-	-	1,616.85
Registered Family Day Homes	56,500.00	-	-	-	-	-	56,500.00
Housing Opportunities Using State Encouragement '96	110,368.00	-	-	-	-	-	110,368.00
Housing Opportunities Using State Encouragement '97	113,701.00	-	-	-	-	370.01	114,071.01
<b>Total</b>	<u>\$ 6,094,517.02</u>	<u>\$ 86,102.11</u>	<u>\$ 232,978.31</u>	<u>\$ 1,125,623.65</u>	<u>\$ 569,897.33</u>	<u>\$ 323,783.30</u>	<u>\$ 8,432,901.72</u>

**Southwest Human Resource Agency**  
**Schedule of Special Revenue Fund Revenues, Expenditures,**  
**And Other Financing Sources and Uses**  
**For the Year Ended June 30, 1998**

	Expenditures and Other Financing Uses						Total Expenditures and Other Financing Uses
	Salaries	Fringe Benefits	Audit	Other	In-kind	Other Financing Uses (2)	
Community Services Block Grant	\$ 272,500.17	\$ 78,023.04	\$ 1,828.45	\$ 173,353.95	\$ -	\$ 44,603.00	\$ 570,308.61
Low-Income Home Energy Assistance Program	39,601.88	11,133.27	4,935.06	646,677.23	-	-	702,347.44
Weatherization Assistance Program	36,955.63	10,600.74	1,226.56	161,046.04	-	-	209,828.97
Disease Prevention/Health Promotion	23,754.30	4,291.05	153.78	5,104.21	-	11.88	33,315.22
Elderly Care Management	26,933.43	11,686.14	276.87	16,074.28	-	-	54,970.72
Foster Grandparents '97	16,414.05	4,310.71	-	75,041.44	24,516.24	-	120,282.44
Foster Grandparents '98	18,050.74	5,069.68	1,064.73	74,298.18	7,140.46	-	105,623.79
Head Start	1,072,262.45	259,624.31	10,644.00	1,146,523.00	857,155.18	368.28	3,346,577.22
Nutrition	155,804.97	31,186.32	3,926.53	612,402.31	164,019.50	-	967,339.63
Transportation (Section 18)	704,427.90	195,878.23	7,315.20	546,683.67	72,792.27	-	1,527,097.27
Transportation (Section 3 Capital)	-	-	-	307,980.23	-	-	307,980.23
Commodities '97	10,073.08	1,241.43	-	4,466.05	-	-	15,780.56
Commodities '98	27,163.29	11,384.64	220.89	15,781.79	-	251.09	54,801.70
Federal Emergency Management Assistance '97	-	-	-	16,567.51	-	2,700.00	19,267.51
Federal Emergency Management Assistance '98	-	-	-	17,745.62	-	5,000.00	22,745.62
Emergency Services Grant	39,870.49	7,476.90	382.94	35,823.34	-	-	83,553.67
Out of Wedlock	6,329.16	630.48	-	1,565.62	-	-	8,525.26
Disaster Assistance	332.18	24.30	-	1,260.37	-	-	1,616.85
Registered Family Day Homes	26,271.39	5,382.22	-	24,846.39	-	-	56,500.00
Housing Opportunities Using State Encouragement '96	-	-	-	110,368.00	-	-	110,368.00
Housing Opportunities Using State Encouragement '97	11,728.65	857.22	1,496.12	99,989.02	-	-	114,071.01
<b>Total</b>	<b>\$ 2,488,473.76</b>	<b>\$ 638,800.68</b>	<b>\$ 33,471.13</b>	<b>\$ 4,093,598.25</b>	<b>\$ 1,125,623.65</b>	<b>\$ 52,934.25</b>	<b>\$ 8,432,901.72</b>

## Notes:

- (1) These amounts represent transfers of local unreserved funds to supplement grant expenditures of \$180,454.29, reductions of funds reserved for audit costs of \$809.42, transfers of \$17,928.67 of Community Services Block Grant funds and \$7,700.00 of Federal Emergency Management Assistance funds to provide Emergency Services, a transfer of \$23,674.33 of Community Services Block Grant funds to the Disease Prevention/Health Promotion program, a reduction of \$77,488.61 of funds reserved for Transportation, and a reduction of \$15,727.98 of funds reserved for Head Start. See Exhibit B.
- (2) These amounts represent increases of funds reserved for audit costs of \$631.25, an increase of funds reserved for the Community Services Block Grant of \$3,000.00 for hearing aid purchases, a transfer of \$23,674.33 of Community Services Block Grant funds to the Disease Prevention/Health Promotion program, and transfers of \$17,928.67 of Community Services Block Grant funds and \$7,700.00 of Federal Emergency Management Assistance funds to provide Emergency Services. See Exhibit B.

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## APPENDIX

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### SOUTHWEST HUMAN RESOURCE AGENCY

Samuel L. Dawson, Executive Director

#### BOARD OF DIRECTORS

##### Officers

Mr. Charles E. Patterson, Chair; Mayor, Henderson  
Dr. J. Alex Leech, Vice Chair; County Mayor, Madison County  
Mr. Mike Smith, Secretary/Treasurer; County Executive, McNairy County

##### Executive Committee Members

Mr. Franklin Smith, County Executive, Haywood County	Ms. Diane Davis, Counce
Mr. Don Clift, County Executive, Hardeman County	Mr. Dennis McDaniel, County Executive, Henderson County
Mrs. Netha Ross, Henderson	Mayor Charles Farmer, Jackson
Mrs. C. Elma Motley, Whiteville	Rev. Junious McTizic, Bolivar
Mr. Kenneth Broadway, County Executive, Decatur County	Mr. James Bishop, Jackson
Mr. Joe Barker, County Executive, Hardin County	Rev. C. N. Ricks, Brownsville
Mr. W. H. Sullivan, Jackson	Mr. Harold Robison, Adamsville
	Mr. Norman Carver, Lexington
	Mr. Anthony Bolton, County Executive, Chester County
	Ms. Debra Livingston, Decaturville

##### Other Members of the Board of Directors

Mayor Nell Campbell, Enville	Mayor Billy Olive, Wildersville
Mayor Edward Montgomery, Parsons	Mayor James Wilson, Medon
Mayor Benny Yarbrow, Decaturville	Mayor Jimmy Whitgfstington, Selmer
Mayor Charles Frost, Bolivar	Mayor Jody Walker, Bethel Springs
Mayor James Beller, Whiteville	Mayor George Armstrong, Ramer
Mayor A. E. Smith, Jr., Toone	Mayor Larry W. Raines, Stantonville
Mayor Jeff Barnes, Hornsby	Mayor Barry Moore, Michie
Mayor James Maxwell, Middleton	Mayor Myra Vaughn, Crump
Mayor Stan Rush, Silerton	Mayor Paul W. Plunk, Adamsville
Mayor Sara Emerson, Saulsberry	Mayor Danny Kennedy, Milledgeville
Mayor Richard Kee, Grand Junction	Mayor Danny Reed, Finger
Mayor Mac Hobson, Hickory Valley	Mayor Wayne Henry, Guys
Mayor Nancy Davis, Savannah	Mayor Elvis Butler, Eastview
Mayor David Willis, Saltillo	Mr. A. W. Garland, Henderson
Mayor Webb F. Banks, Brownsville	Ms. Sharon Blackwelder, Savannah
Mayor Henry Johnson, Stanton	Mr. Wilburn Gene Ashe, Selmer
Mayor David Jowers, Lexington	Mr. Bobby Butler, Lexington
Mayor David Rhodes, Scotts Hill	Representative Matt Kisber, Jackson
Mayor Joe Ross, Sardis	Senator Bobby Carter, Jackson