

DELTA REGIONAL AUTHORITY
PERFORMANCE AND ACCOUNTABILITY REPORT
SEPTEMBER 30, 2015



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DELTA REGIONAL AUTHORITY

OFFICE OF THE FEDERAL CO-CHAIRMAN

November 16, 2015

Shaun Donovan, Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Donovan:

Enclosed you will find the Delta Regional Authority's (DRA) Performance and Accountability Report for FY 2015. This report is an accurate and comprehensive account of the Authority's performance for FY 2015 and includes comparative financial statements for FY 2014 and FY 2015. I am pleased to report that, to date, each and every one of DRA's independent, financial audits have been unmodified, demonstrating that the DRA is a good steward of the people's investment in this agency.

The DRA governs a culturally rich region, comprised of 252 counties and parishes in eight states, yet daily life remains a struggle for many. Through its leadership, strategic economic development investments, policy initiatives, and innovative programming, the DRA strives to create jobs, build communities, and improve the lives of the nearly 10 million residents of the Delta region.

In FY 2015, the DRA—through its States' Economic Development Assistance Program (SEDAP)—invested \$8,790,147 of its total appropriation into 64 projects in its eight-state region. This investment leveraged \$48,824,865 in other federal, state and local funds – a ratio of 5.6 to 1 for a total project investment of \$57,615,012. Additionally, the DRA's investments attracted private investments totaling \$167,102,249 - a ratio of 19.0 to 1. Ultimately, the DRA has leveraged \$215,927,114 in other public and private investments for a total investment ratio of 24.6 to 1.

With these investments, the 2015 DRA States' Economic Development Assistance Program is expected to help achieve the following results:

- Provide 3,717 families with access to improved water and sewer;
- Train 2,574 individuals for a 21st century workforce; and
- Create and retain 3,495 jobs.

Over the course of 14 funding cycles, the DRA has invested \$137,584,920 in 930 projects in its eight-state region, leveraging \$751,559,205 in other federal, state and local funds at a ratio of 5.5 to 1. Additionally, this investment has attracted \$2,202,973,037 in private investment – a ratio of 16.0 to 1 – for a total of \$2,954,532,242 in leveraged public and private funds resulting in a leverage ratio of 21.5 to 1.

Since its inception, SEDAP has helped to accomplish the following results:

- 33,178 families provided with access to improved water and sewer;
- 5,530 individuals trained for a 21st century workforce; and
- 18,415 jobs created and retained.

In addition, the following future SEDAP outcomes are projected:

- Provide 67,762 families with access to improved water and sewer;
- Train 23,198 individuals for a 21st century workforce; and
- Create and retain 28,084 job.

As evidence by this report, numerous accomplishments in FY 2015 have been realized through the following programs and initiatives:

States' Economic Development Assistance Program (SEDAP);
Delta Leadership Institute (DLI);
Small Business & Entrepreneurship Initiative;
Delta Doctors Program;
Innovative Readiness Training (IRT);
Jobs for America's Graduates (JAG);
Delta Health Care Services Grant Program;
Local Development Districts (LDD) capacity building; and
Reimagining the Delta Workforce Initiative.

It is with great pleasure that the DRA submits its FY 2015 Performance and Accountability Report. Performance data included in this report has been compiled to provide the most complete and accurate results available. DRA will continue to grow as an agency and invest its resources in projects, programs, and organizations to help provide the 252 counties and parishes of the Delta region with the necessary infrastructure, job training, and business resources to create jobs, build communities, and improve lives.

Sincerely,



Christopher A. Masingill
Federal Co-Chairman

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS

DELTA REGIONAL AUTHORITY

Listing of Officials
As of September 30, 2015

Federal Co-Chairman

Mr. Christopher A. Masingill

States' Co-Chairman

Governor Phil Bryant

Alternate Federal Co-Chairman

Mr. Michael G. Marshall

Alternate States' Co-Chairman

Mr. Pierce Moore

STATE GOVERNORS, DESIGNEES, AND ALTERNATES

Alabama

Governor Robert Bentley

Mr. Jim Byard, Jr. (Designee)

Mr. Al Jones (Alternate)

Louisiana

Governor Bobby Jindal

Mr. Doyle Robinson

(Designee & Alternate)

Arkansas

Governor Asa Hutchinson

Mrs. Amy Fetcher

(Designee & Alternate)

Mississippi

Governor Phil Bryant

Mr. Pierce Moore

(Designee & Alternate)

Illinois

Governor Bruce Rauner

Mr. Victor Narusis (Designee)

Ms. Kim Watson (Alternate)

Missouri

Governor Jay Nixon

Mr. Bill Ransdall (Designee)

Kentucky

Governor Steven Beshear

Mr. Tony Wilder

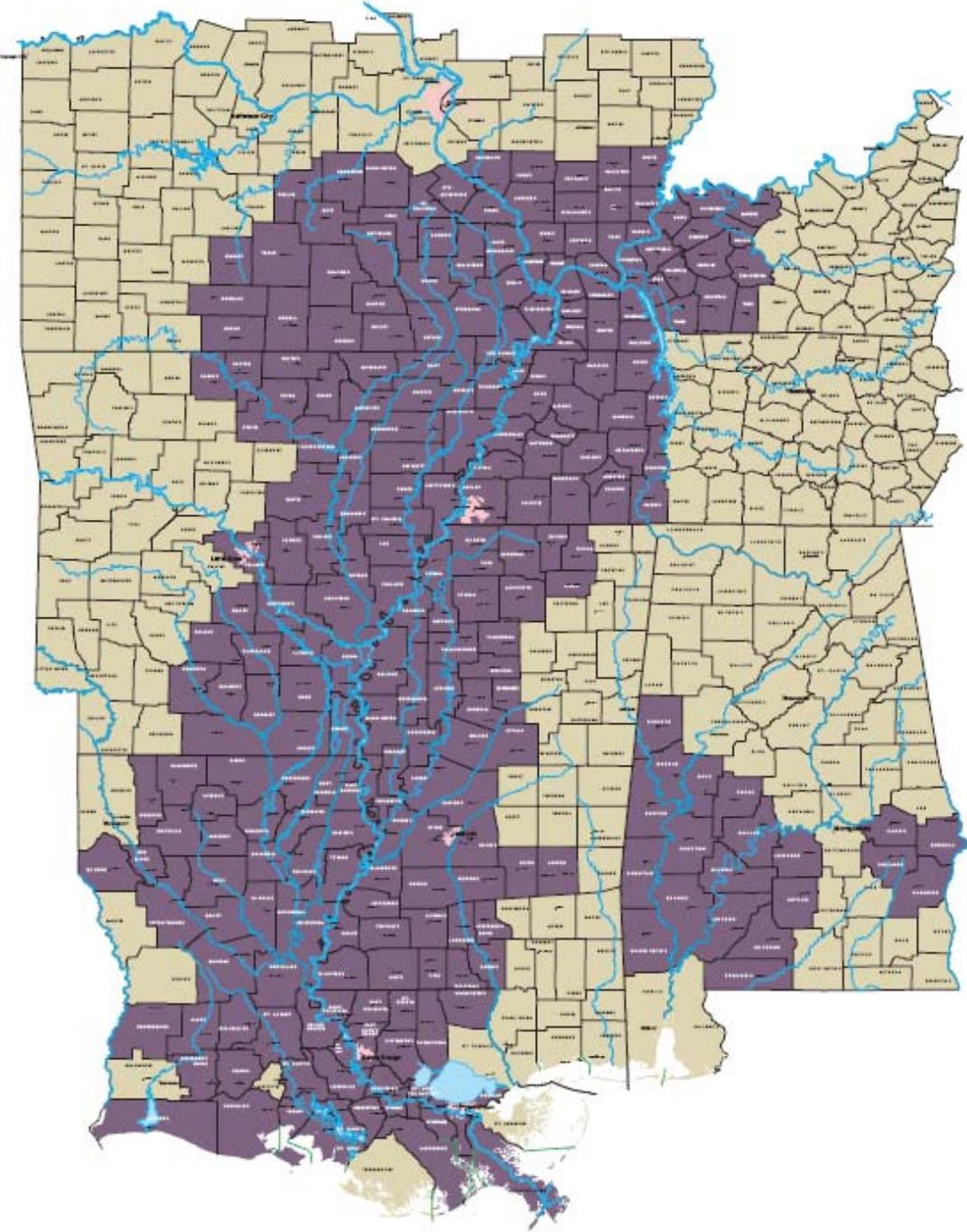
(Designee & Alternate)

Tennessee

Governor Bill Haslam

Mr. Ted Townsend (Designee)

Ms. Brooxie Carlton (Alternate)



Delta Regional Authority Service Area



Introduction

The Delta Regional Authority (the Authority or DRA) is a federal-state partnership serving 252 counties and parishes in an eight-state region. Led by a Federal Co-Chairman and the Governors of each participating state, the DRA is designed to remedy severe and chronic economic distress by stimulating economic development and fostering partnerships that have a positive impact on the region's economy. DRA helps economically distressed communities capitalize on other federal and state programs focused on basic infrastructure development, transportation improvements, business development and job training services.

Congress mandated (7 U.S.C.§2009aa) that the DRA shall provide funding for the following four categories:

- Basic public infrastructure in distressed counties and isolated areas of distress;
- Transportation infrastructure for the purpose of facilitating economic development in the region;
- Business development, with emphasis on entrepreneurship; and
- Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

Congressional stipulations include:

- The Authority will allocate at least 75% of Authority funds for use in distressed counties; and
- The Authority shall allocate at least 50% of any funds for transportation and basic public infrastructure projects.

The following is a discussion and analysis of the operating results and financial position of DRA, created by the Delta Regional Authority Act of 2000. The Authority's original authorization expired on October 1, 2007, but was extended by the Agricultural Act of 2014 to 2018.

As listed in the Management's Discussion and Analysis and throughout the Performance and Accountability Report, DRA continues to emphasize performance accountability and sustainability within its programs. Please review this document in conjunction with the annual financial statements and accompanying notes.

Program Highlights for Fiscal Year 2015

During FY 2015, the Authority continued to emphasize its four funding priority areas which are: basic public infrastructure, transportation infrastructure, business development, and workforce development, with emphasis on job creation and job retention. The total FY 2015 project funding allocated by September 30, 2015 was \$8,790,147. Basic public and transportation infrastructure project funding totaled \$4,046,688, or 46.0% of the States' Economic Development Assistance Program's (SEDAP) investment; investment in distressed counties totaled \$8,250,147, or 93.9% of total investment. FY 2015 SEDAP funds leveraged \$48,824,865 in additional project funding – a ratio of 5.6 to 1 – and \$167,102,249 in leveraged private investment, a ratio of 19.0 to 1.

Fiscal Year 2015 Counties and Parishes

Distressed counties are defined as those counties that are one percent higher than the national average for unemployment and/or 80% or less than the national per capita income. Non-distressed counties are those counties that are under one percent of the national average for unemployment and more than 80% of the national per capita income.

The DRA Enabling Legislation requires the Authority to update its distressed and non-distressed county designation annually. The tabulation for Fiscal Year 2015 resulted in 215 distressed counties and parishes and 37 non-distressed counties (see list below).

Distressed List as of September 30, 2015

Alabama (20)	Independence	Kentucky (19)	Lincoln	Lawrence	Ozark
Barbour	Izard	Ballard	Livingston	Leflore	Pemiscot
Bullock	Jackson	Caldwell	Madison	Lincoln	Perry
Butler	Jefferson	Calloway	Morehouse	Marion	Phelps
Choctaw	Lawrence	Carlisle	Red River	Marshall	Reynolds
Clarke	Lee	Christian	Richland	Montgomery	Ripley
Conecuh	Lincoln	Crittenden	St Bernard	Panola	Shannon
Dallas	Lonoke	Fulton	St. Helena	Pike	St. Francois
Escambia	Marion	Graves	St. James	Quitman	Stoddard
Greene	Mississippi	Henderson	St. Martin	Sharkey	Texas
Hale	Monroe	Hickman	Tangipahoa	Simpson	Washington
Lowndes	Ouachita	Hopkins	Tensas	Smith	Wayne
Macon	Phillips	Livingston	Union	Sunflower	Wright
Marengo	Poinsett	Lyon	Vermillion	Tallahatchie	Tennessee (20)
Monroe	Randolph	Marshall	Washington	Tate	Benton
Perry	Searcy	McLean	West Carroll	Tippah	Carroll
Pickens	Sharp	Muhlenberg	West Feliciana	Tunica	Chester
Russell	St. Francis	Todd	Winn	Union	Crockett
Sumter	Stone	Trigg	Mississippi (43)	Walthall	Decatur
Washington	Union	Webster	Adams	Warren	Dyer
Wilcox	Van Buren	Louisiana (35)	Amite	Washington	Fayette
Arkansas (39)	White	Allen	Attala	Wilkinson	Gibson
Ashley	Woodruff	Avoyelles	Benton	Yalobusha	Hardeman
Baxter	Illinois (13)	Beauregard	Bolivar	Yazoo	Hardin
Bradley	Alexander	Bienville	Carroll	Missouri (26)	Haywood
Calhoun	Franklin	Caldwell	Claiborne	Bollinger	Henderson
Chicot	Gallatin	Catahoula	Coahoma	Butler	Henry
Clay	Hardin	Claiborne	Copiah	Carter	Lake
Cleveland	Johnson	Concordia	Covington	Crawford	Lauderdale
Craighead	Massac	East Carroll	Franklin	Dent	McNairy
Crittenden	Perry	East Feliciana	Grenada	Douglas	Obion
Cross	Pope	Evangeline	Holmes	Dunklin	Shelby
Dallas	Pulaski	Franklin	Humphreys	Howell	Tipton
Desha	Randolph	Grant	Issaquena	Iron	Weakley
Drew	Saline	Iberville	Jasper	Madison	
Fulton	Union	Jackson	Jefferson	Mississippi	
Grant	Williamson	Jefferson Davis	Jefferson Davis	New Madrid	
Greene		La Salle	Lafayette	Oregon	

Non-Distressed List as of September 30, 2015

Alabama (0)

All counties in Alabama are designated as distressed

Arkansas (3)

Arkansas
Prairie
Pulaski

Illinois (3)

Hamilton
Jackson
White

Kentucky (2)

McCracken
Union

Louisiana (21)

Acadia
Ascension
Assumption
Cameron
Desoto
East Baton Rouge
Iberia
Jefferson
LaFourche
Natchitoches
Orleans
Ouachita
Plaquemines
Pointe Coupee
Rapides
St. Charles
St. John the Baptist
St. Landry

St. Mary

Webster

West Baton Rouge

Mississippi (4)

DeSoto
Hinds
Madison
Rankin

Missouri (3)

Cape Girardeau
Scott
Ste. Genevieve

Tennessee (1)

Madison

Organizational Structure of the Delta Regional Authority

The DRA Board is comprised of Governors from the eight states in the DRA region along with the Federal Co-Chairman, Christopher A. Masingill, who was appointed by President Obama and took office on July 13, 2010. The Governors annually appoint a States' Co-Chairman, and again in FY 2015, Governor Phil Bryant of Mississippi was again elected to serve as the sixth States' Co-Chairman. The DRA statute requires the Board to hold an annual quorum meeting which compels the attendance of a majority of the states' Governors. For all other DRA meetings, Governors may appoint a designee/alternate to serve in their absence.

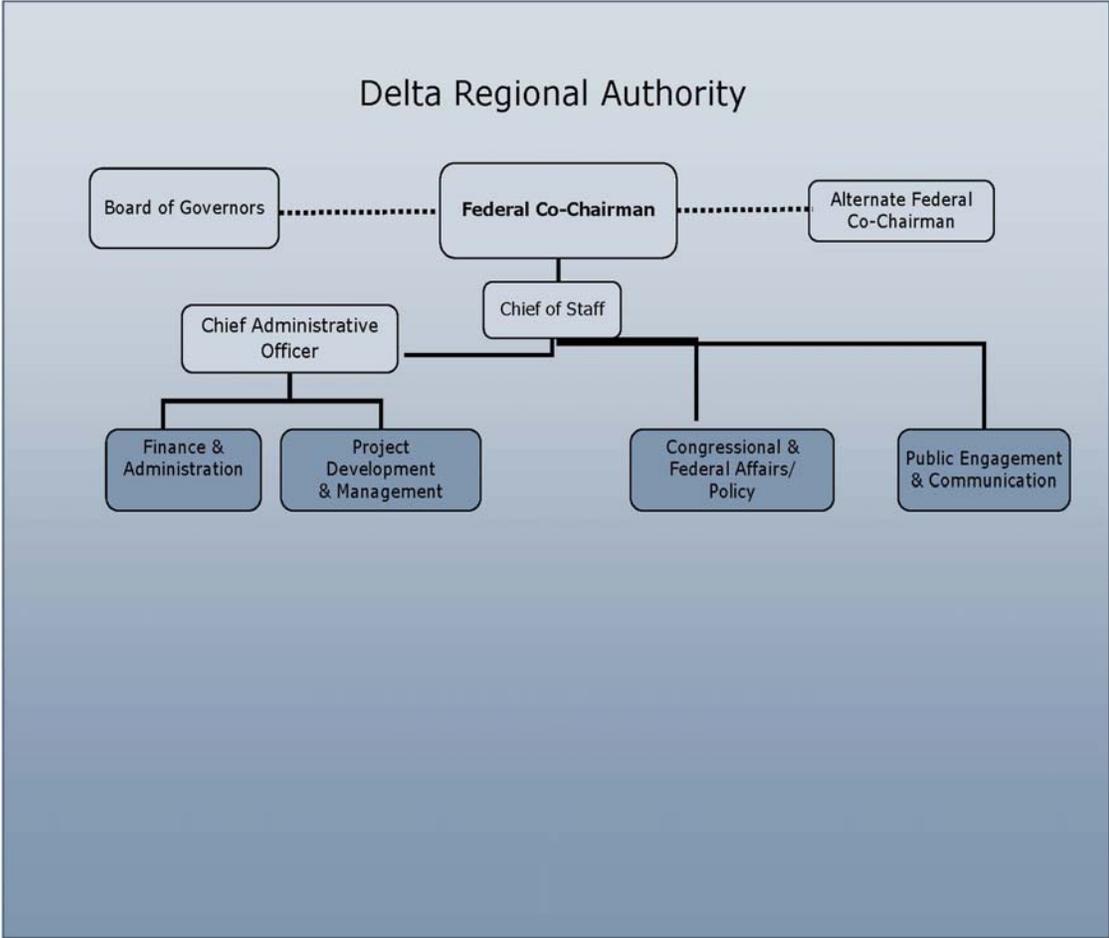
The relationship between the Federal Co-Chairman and Governors is a partnership where all board members share the fiduciary responsibility of the Authority. Moreover, the Board's responsibilities are: to establish and approve investments for economic development to the region; assess the state of the region; facilitate and recommend interstate cooperation among region members; develop model legislation; support and train local development districts; and encourage private investment and cooperate with state economic development programs within the region. Board decisions require affirmation from the Federal Co-Chairman and a majority of participating Governors.

An Alternate Federal Co-Chairman shall be appointed by the President; Michael G. Marshall took office in May 2010.

The Federal Co-Chairman maintains an office within the DRA office and at the end of FY 2015 employed four full-time federal employees. Additionally, the DRA office employs fourteen non-federal employees who carry out the day-to-day operations within the following arenas: Finance and Administration; Economic and Community Development; Federal Affairs; and Public Engagement and Communication.

The DRA organizational chart is as follows:

DELTA REGIONAL AUTHORITY
Staff Organizational Chart



Financial Management of the Delta Regional Authority

The DRA utilizes the General Services Administration (GSA) for assistance in the management of DRA's economic development obligations, disbursements, and the financial reporting of its federally-appropriated dollars. Because of the Authority's relatively small size, the use of GSA has been very cost-effective. GSA has also assisted the Authority with the compliance of many federal-mandated requirements. State administrative funds, along with other funds, are held by banks located in the DRA Region and accounted for by the Chief Administrative Officer.

DRA has just completed its thirteenth year of compliance with the *Accountability of Tax Dollars Act of 2002*. Although this requirement was first mandated in FY 2003, DRA has consistently initiated several additional controls and expanded compliance testing to ensure the financial integrity of the Authority.

Financial Highlights

The following is a summary of the changes in assets, liabilities, revenues, expenditures and net position at September 30, 2015, as compared to the prior year:

- Total assets decreased \$649,697 or 2.18% in 2015 compared to a decrease of \$1,936,986 or 6.09% in 2014;
- Total liabilities increased \$271,897 or 12.28% in 2015 compared to a decrease of \$823,996 or 27.12% in 2014;
- Net cost of operations decreased \$885,590 or 4.82% in 2015 compared to a decrease of \$718,101, or 3.76% in 2014;
- Financing sources of operations decreased \$1,031,695 or 5.58% in 2015 compared to a decrease of \$647,899 or 3.39% in 2014; and
- Net position decreased \$921,594 or 3.33% in 2015 compared to a decrease of \$1,112,990 or 3.87% in 2014.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces DRA's principal statements. The principal statements include: (1) balance sheets, (2) statements of net cost, (3) statements of changes in net position, (4) statements of resources (budgetary and non-budgetary), and (5) notes to financial statements. DRA also includes in this report additional information to supplement the principal statements.

Balance Sheets – The balance sheet is a summary of assets, liabilities and net position for each fiscal year. It includes assets in possession or managed by the entity exclusive of items subject to stewardship reporting (assets), amounts owed by the entity (liabilities), and amounts which comprise the difference (net position).

Condensed Balance Sheets

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Assets	\$ 31,800,606	\$ 29,863,620	\$ 29,213,923
Total Liabilities	\$ 3,038,644	\$ 2,214,648	\$ 2,486,545
Net Position			
Unexpended appropriations/state funds	28,792,490	27,610,036	26,765,083
Cumulative results of operations	<u>(30,528)</u>	<u>38,936</u>	<u>(37,705)</u>
Total Net Position	<u>28,761,962</u>	<u>27,648,972</u>	<u>26,727,378</u>
Total Liabilities and Net Position	<u>\$ 31,800,606</u>	<u>\$ 29,863,620</u>	<u>\$ 29,213,923</u>

Total assets decreased \$649,697 or 2.18% in FY 2015 when compared to FY 2014. The decrease from FY 2014 is largely attributable to the fact that federal appropriations remained the same, while funding for older projects continue to be paid out year over year.

Total liabilities increased \$271,897 or 12.28% in FY 2015 when compared to FY 2014. The increase in liabilities from FY 2014 is due to an increase in payment requests for RCAP projects at or after the current year end compared to the requests received in the prior year.

Statements of Net Cost – The statements of net cost are designed to show separately the components of the net cost of the reporting entity's operations for the period. The net cost of operations is the gross cost incurred by the reporting entity less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that program plus any non-production costs that can be assigned to the program (non-production costs are costs linked to events other than the production of goods and services). The net cost of a program consists of gross cost less related exchange revenues. By disclosing the gross and net cost of the entity's programs, the statements of net cost provide information that can be related to the outputs and outcomes of the programs and activities.

Condensed Statements of Net Cost

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program Costs			
Intergovernmental gross costs	\$ 174,094	\$ 236,133	\$ 259,420
Net costs with the public	<u>18,933,914</u>	<u>18,154,556</u>	<u>17,245,679</u>
Total Program Costs	<u>19,108,008</u>	<u>18,390,689</u>	<u>17,505,099</u>
 Net Cost of Operations	 <u>\$ 19,108,008</u>	 <u>\$ 18,390,689</u>	 <u>\$ 17,505,099</u>

Net cost of operations decreased \$885,590 or 4.82% in FY 2015 when compared to FY 2014. The decrease is attributable to a decrease in RCAP project disbursements before current year end. In other words, funding requests received from RCAP grantees were received later for the current year as compared to the timing of requests received in prior year.

Statements of Changes in Net Position – The statements of changes in net position report the change in net position during the reporting period. Net position is affected by changes to its two components: cumulative results of operations and unexpended appropriations. The statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole.

Condensed Statements of Changes in Net Position

	<u>2013</u>		<u>2014</u>		<u>2015</u>	
	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>
Beginning Balance	\$ (29,790)	\$ 32,442,603	\$ (30,528)	\$ 28,792,490	\$ 38,936	\$ 27,610,036
Budgetary Financing Sources (Uses)	14,491,512	(3,425,289)	13,308,090	(1,119,675)	13,095,424	(1,095,424)
Other Financing Sources (Uses)	<u>4,615,758</u>	<u>(224,824)</u>	<u>5,152,063</u>	<u>(62,779)</u>	<u>4,333,034</u>	<u>250,471</u>
Total Financing Sources (Uses)	<u>19,107,270</u>	<u>(3,650,113)</u>	<u>18,460,153</u>	<u>(1,182,454)</u>	<u>17,428,458</u>	<u>(844,953)</u>
Net Cost of Operations	<u>19,108,008</u>	<u>-</u>	<u>18,390,689</u>	<u>-</u>	<u>17,505,099</u>	<u>-</u>
Net Change	<u>(738)</u>	<u>(3,650,113)</u>	<u>69,464</u>	<u>(1,182,454)</u>	<u>(76,641)</u>	<u>(844,953)</u>
Ending Balance	<u>\$ (30,528)</u>	<u>\$ 28,792,490</u>	<u>\$ 38,936</u>	<u>\$ 27,610,036</u>	<u>\$ (37,705)</u>	<u>\$ 26,765,083</u>

Financing sources of operations decreased \$1,031,695 or 5.58% in FY 2015 when compared to FY 2014. The decrease in financing sources is related to a decrease in disbursements of RCAP funds and a decrease of SEDAP funds expended for older projects during the current year.

Net position decreased \$921,594 or 3.33% in FY 2015 when compared to FY 2014. The decrease in net position is directly attributable to a decrease in financing sources and an increase in administrative and grant expenses.

Statements of Resources (Budgetary and Non-Budgetary) – The statements of resources (budgetary and non-budgetary) and related disclosures provide information about how budgetary resources were made available, as well as their statuses at the end of the period. It is the only financial statement predominantly derived from an entity's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into generally accepted accounting principles (GAAP) in the United States of America for the federal government.

Condensed Statements of Resources (Budgetary and Non-Budgetary)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Resources (Budgetary and Non-Budgetary Resources)	\$ 20,027,555	\$ 18,864,246	\$ 17,700,215
Total Status of Budgetary Resources	15,626,804	13,745,593	13,393,505
Total, Unpaid Obligated Balance, Net, End of Year	30,836,627	29,079,776	27,817,846
Net Outlays	14,520,605	14,070,545	12,695,042

The declining trend in Budgetary Resources has continued through FY 2015. DRA has experienced decreases since FY 2012 which are attributable to an increase in administrative and grant expenses, thereby reducing available resources and increasing obligation activity to re-appropriate and better utilize available funding from direct federal, pass-through federal and state sources.

Notes to Financial Statements – The notes to financial statements are an integral part of the financial statements. The notes explain some of the information in the financial statements and provide more detailed data.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for federal entities and the formats prescribed by the President's Office of Management and Budget, the statements are, in addition to the financial reports, used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that those are for a component unit of the U.S. Government, a sovereign entity.

Contacting DRA's Financial Management

This financial report is designed to fulfill the obligations of DRA as it relates to the *Accountability for Tax Dollars Act of 2002*. The report details the financial position of DRA as of September 30, 2015 and 2014, and demonstrates DRA's proper accountability for all the monies and appropriations received.

If you have any questions about this report or need additional information, please contact the Delta Regional Authority via telephone by calling (662) 624-8600 or mail by directing inquiries to:

Delta Regional Authority
236 Sharkey Avenue
Suite 400
Clarksdale, Mississippi 38614

SECTION 2 - PERFORMANCE SECTION

INTRODUCTION

The Government Performance and Results Act of 1993 (“GPRA”) requires all federal agencies to submit a report to Congress on actual program results at the end of each Fiscal Year along with its audited financial statements outlined in the Office of Management and Budget (OMB) Circular No. A-136. This report includes the following:

- Overview of the Delta Regional Authority;
- Summary of results on the following DRA programs and policy effort:
 - Funding Programs
 - States’ Economic Development Assistance Program (SEDAP)
 - Rural Community Advance Program (RCAP)
 - Policy and Program Efforts
 - Small Business & Entrepreneurship Initiative (SBE)
 - Delta Entrepreneurship Network (DEN)
 - Delta Doctors Program
 - Delta Leadership Institute (DLI)
 - Innovative Readiness Training Program (IRT)
 - Federal Technical Assistance Workshops
 - Jobs for America’s Graduates (JAG)
 - Delta Research Consortium
 - Today’s Delta 2.0

Overview of the Delta Regional Authority

Vision Statement

After decades of decline, the Delta Region will achieve a pattern of sustained growth. Increasing capital investment and productivity will establish the region as a magnet for talent and innovation, and will nurture a sense of place within each community.

Mission Statement

The DRA will serve as a regional focal point for resources, planning and ideas. The DRA will be a catalyst for investment in the communities and in the people of the Mississippi Delta.

The DRA, created by Congress in 2000, is a federal-state partnership serving 252 counties and parishes in an eight-state region. Led by presidentially appointed, senate confirmed Federal Co-Chairman (FCC) Chris Masingill; presidentially appointed Alternate Federal Co-Chairman (AFCC) Mike Marshall; State Co-Chairman Governor Phil Bryant; and the governors of each participating state <http://dra.gov/about-dra/board-members-and-alternates/>, the Authority is designed to remedy severe and chronic economic distress by stimulating economic development and fostering partnerships that will have a positive impact on the Region's economy.

The Authority helps economically distressed communities to leverage other federal and state programs and funding opportunities through the four funding priorities: basic public infrastructure, transportation infrastructure, business development, and workforce development and training. Federal law requires at least 75 percent of funds to be invested in distressed counties and parishes and identified pockets of poverty, with 50 percent of the funds earmarked for basic public infrastructure and transportation improvements. In Fiscal Year 2015 the DRA invested 93.9 percent of federal funding in distressed counties and parishes and pockets of poverty 46.0 percent of funds in basic public infrastructure and transportation improvements.

At the local level, the Authority coordinates efforts with a combination of community and federal agencies. Local development districts (LDDs), regional entities with a proven track record of helping small municipalities, counties and parishes improve basic infrastructure and stimulate growth, serve as the Authority's front-line partners for project development and management.

DRA maintains a strong partnership with USDA Rural Development (USDA-RD) through their network of state and local offices, which support the Authority's Rural Communities Assistance Program (RCAP). Additionally, the Authority works with federal, state, and local government entities to invest in projects that achieve the four funding priorities.

Economic Status of the Delta Region

The economic challenges facing the Delta region remain serious. Like the rest of the nation, incomes in much of the Delta have stagnated in recent years, as continued wage pressures from

foreign competition coupled with one of the most dramatic economic downturns in recent memory and a struggling recovery have conspired to keep wage rates low in the latter half of the decade. Despite these downward pressures, however, nominal per capita personal income (PCPI) growth in the 252 counties and parishes of the DRA region has actually outpaced that of the eight DRA states and the U.S. in recent years. Between 2006 and 2011, nominal PCPI in the DRA region counties increased at a compound annual growth rate (CAGR) of 2.7 percent, compared with 2.2 percent for the DRA states, and 2.0 percent for the nation.

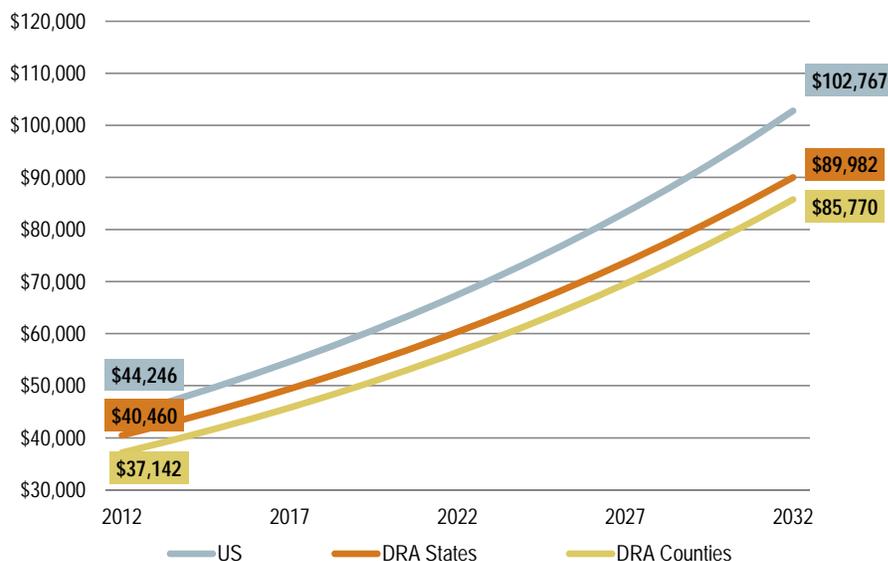
As encouraging as this data appears to be, unfortunately, these short-term gains are not likely to be sustained over the long-term, further proving the importance of efforts to increase public and private investment in the Delta region. This projection can be explained by the significant equalizing effect of the last recession. U.S. income levels grew rapidly in the 1990s and in the years leading up to the downturn. This period of economic expansion largely bypassed the DRA counties. As a result, the impact of the recession on income in the Delta counties as a group was less dramatic relative to the US.

Furthermore, much of the DRA region entered the recession later than the nation as a whole. While PCPI at the national level saw modest growth between 2007 and 2008, rising 3.6 percent, the average growth rate for the DRA counties was 7.0 percent. Similarly, the drop in income levels experienced during the height of the recession in 2009 was less severe across the Delta region than at the national level. PCPI for the U.S. decreased by 5.6 percent between 2008 and 2009, compared with just 1.7 percent for the Delta region.

Finally, the performance of some individual counties has contributed to the region's overall

Figure 1: Projected per capita income

Based on 10-year, 1995-2005 CAGR (unadjusted), in current (2012) dollars



Source: US Bureau of Economic Analysis, US Bureau of Labor Statistics. Future income projections do not account for the impact of inflation.

improvement. In a number of cases, the “improvements” in PCPI have been the result of statistical quirks. For example, several parishes affected by Hurricane Katrina in 2005 saw dramatic increases in PCPI in subsequent years. This seeming incongruity likely reflects the influx of relief payments and new investment dollars measured against a diminished population. The 2009 revisions to the

National Income and Product Account, which changed how the financial effects of disasters are captured, may also have contributed to the region’s growth in PCPI during this time period. Other strong performances can be attributed to dramatic growth in energy-related industries, which have a significant influence on a number of the DRA counties.

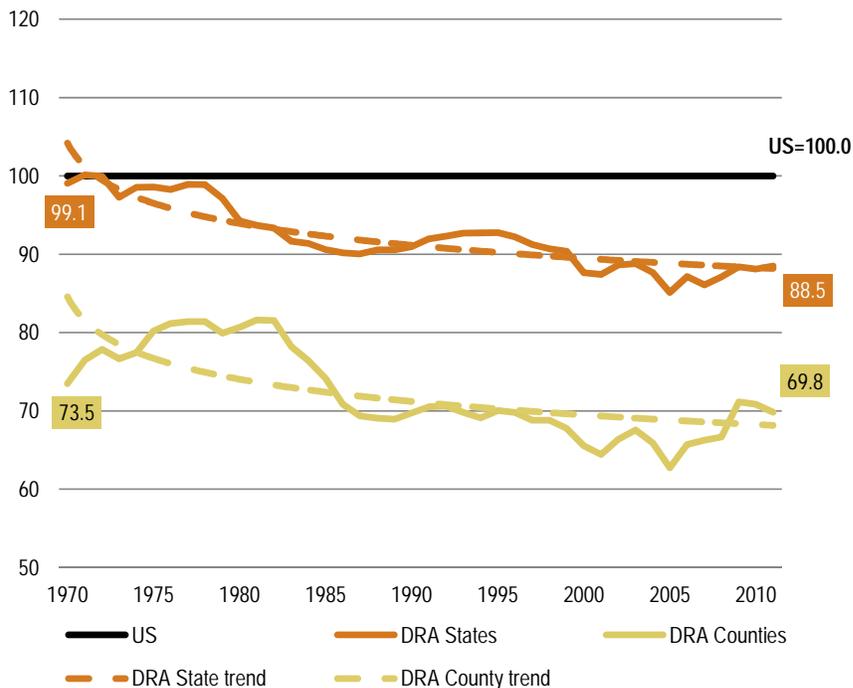
To help reduce the effect of these anomalies, the projections of nominal PCPI growth shown in Figure 1 were calculated using growth rates from a less volatile period. Under this scenario, income growth in the DRA region would begin to more closely parallel that of the eight DRA states over the next two decades. However, both would lag the U.S.

By 2032, PCPI for the U.S. is projected to reach \$102,767, while total PCPI for the Delta region is forecast to reach just \$85,770 over the same period, or 83 percent of national levels. By contrast, PCPI for the eight states would rise to \$89,982 or 88 percent of the US level (shown in Figure 1). With shrinking opportunities to earn more money relative to those outside the region, Delta residents with marketable skills will likely migrate elsewhere in search of better paying jobs, again emphasizing the need for the region to recruit private investment and increase opportunity for high-skilled, high-paying jobs.

One trend that has not improved in recent years is the region’s increasing dependence on public assistance relative to the DRA states and the U.S. To illustrate this point, Figure 2 shows the ratio of total wage and salary disbursements (earnings) to total government transfer payments for

Figure 2: Source of income index

Illustrates reliance on transfer payment as a source of income relative to the US



Source: US Bureau of Economic Analysis

the DRA region and the eight DRA states. The annual ratio for the U.S. is set to 100 and represents the baseline ratio of earned income to transfer payments. The lower an index falls below 100, the greater the region’s reliance on transfer payments relative to the rest of the country. It is obvious that both the states and the region are growing increasingly dependent on transfer payments as a source of income. The sharp decline in the regional index in the mid-2000s is likely the result of Hurricane Katrina related payments.

Although the index has recovered somewhat in recent years, the overall trend of the past several decades is clear: Delta residents are increasingly earning less income derived from work. These realities are further proof of the need for prioritizing economic and community development for the entire Delta region, attacking these discrepancies with a regional approach. In answering these needs, the Delta Regional Authority, with its federal, state, and local partners, strives to transform these economic realities by focusing investment in our four priority funding areas as well as improving the health of the region's people and workforce, providing the necessary resources to build a supportive environment for small businesses and entrepreneurs throughout the region, and strengthening and connecting our state and local leadership.

FEDERAL CO-CHAIRMAN'S ANNUAL REVIEW

FY 2015 has continued the success of DRA initiatives and brought new programs to Delta communities, leadership, workers, and families. Collaborating with an array of agency partners at the federal, state and local levels, DRA enhanced existing programs and embarked upon new policy initiatives that addressed important priorities like workforce development, entrepreneurship, and leadership development. Under the leadership of Federal Co-Chairman Chris Masingill and State Co-Chairman Governor Phil Bryant, DRA continues to expand its efforts in support of communities, businesses, and people in the Delta region by making targeted investments that support the development of a skilled, productive workforce, successful small businesses and entrepreneurs, and strong public and transportation infrastructure. Below are some highlights of the past year's accomplishments.

October 2014

One of the greatest barriers to entry for starting or growing a small business in the Delta region is the availability and accessibility of affordable capital. In rural Delta communities, there is often a lack of access to banking services, borrowing opportunities, and the capital needed to achieve business success. In October, the DRA launched a series of workshops entitled "Meet the Lenders" to help Delta businesses access funding for business growth. DRA worked with the U.S. Small Business Administration (SBA), the Community Development Financial Institutions Fund (CDFI), and regional community lenders to host targeted networking sessions for small business owners and conversations with stakeholders to identify opportunities to increase lending in the Delta

November 2014

DRA awarded more than \$9.6 million in investments in 72 projects across the eight-state region through the thirteenth cycle of the States' Economic Development Assistance Program (SEDAP). SEDAP is DRA's primary investment tool, which makes significant impact in creating jobs, building communities, and improving lives in the Delta. The projects focus on DRA's four investment priorities of basic public infrastructure, transportation infrastructure, workforce development and education, and small business and entrepreneurship. These DRA investments are leveraging an additional \$34.7 million in other public and private investments that contribute to job creation and retention, infrastructure development, workforce training, and business attraction.

December 2014

In continuation of its Reimagining the Delta Workforce summits, DRA announced more than \$1.5 million in investments into 12 communities across the region. These investments are directed at communities to train and connect their leadership in positive workforce development strategies and to begin planning and implementing regional workforce development systems. The investments come as a part of the Reimagining the Delta Workforce initiative, which is working through summits, investments, and stakeholder engagement to transform the level of skilled workers in Delta communities to attract and retain business investment in the region.

January 2015

As part of its Small Business and Entrepreneurship Initiative and in partnership with The Idea Village in New Orleans, DRA launched the Delta Entrepreneurship Network (DEN) to identify, connect, nurture, and grow entrepreneurs across the Delta region by addressing regional deficiencies in capital, training, and best practices through a connected infrastructure of support organizations, investors, and educators. The DEN identified 16 entrepreneurs and 15 entrepreneurship support organizations as DEN fellows who received access to emerging entrepreneurs, gained technical knowledge and training, expanded their entrepreneurship support network, and learned additional entrepreneurial ecosystem development strategies.

DRA launched a new website that provides residents, community leaders, entrepreneurs, and economic developers across the region with new tools and information to identify and secure investments and resources to support local and regional economic development. The new website enhances its services and makes a visitor's experience with DRA.gov more effective, efficient, and informative.

February 2015

The DEN hosted four Delta Challenge pitch competitions in communities across the region to identify entrepreneurs for the inaugural DEN fellowships. The Delta Challenge came to Linden, AL, Jonesboro, AR, Jackson, MS, and Cape Girardeau, MO. More than 40 entrepreneurs representing six states pitched their ideas and companies to an expert panel of judges. From this pool, top pitchers were selected for the sixteen DEN fellowships. Additionally, 15 entrepreneurship support organizations were selected to join the 16 entrepreneurs as part of the inaugural class of DEN fellows.

In coordination with the National Governors Association winter meeting, DRA held its annual quorum meeting with its board of governors to approve annual state allocations and county/parish designations of distress. The board welcomed Governors Asa Hutchinson (Arkansas) and Bruce Rauner (Illinois) as well as new board designee Amy Fecher (Arkansas).

March 2015

The DEN inaugural fellows had a full month of programming, participating in a two-day workshop on pitching and business development with presentations by DEN partners The Idea Village and Julie Kirk, Director of the U.S. Economic Development Administration's Office of Innovation and Entrepreneurship. The fellows then convened at the New Orleans Entrepreneur Week for three days of special programming for the DEN. The ESOs participated in a roundtable conversation about how to build a successful entrepreneurial ecosystem in the Delta region. Each entrepreneur pitched to a panel of judges, utilizing the training provided at the Memphis workshop, and received expert feedback on their pitches and business models. Five of these entrepreneurs were selected to pitch at the inaugural DEN Demo Day, where a hundred investors from across the region and country listened to the ideas and business models of the DEN fellows.

April 2015

The FY 2015 States' Economic Development Assistance Program opened its application period with a new online funding application portal launched as the second phase of the rebuild of DRA.gov. The new online portal eases an applicant's use of the application process and will better allow DRA to track projects from initial application, review, approval, and monitoring and compliance. DRA staff held training webinars for local development district staff and regional stakeholders to ensure effective use of the portal.

DRA was recognized by the National Rural Health Association with the 2015 Outstanding Rural Health Program award for its partnership with the U.S. Military to bring the Innovative Readiness Training program to communities throughout the Delta. Through 2014, the program had reached 50,000 Delta residents with medical, dental, and optical care provided by military reserve units. Additionally, Federal Co-Chairman Chris Masingill was awarded the Federal Leadership in Economic Development Programs award by the International Economic Development Council.

May 2015

DRA co-hosted the tenth annual Organization for Economic Co-operation and Development Rural Development Conference with the U.S. Department of Agriculture and White House Rural Council. The conference brought more than 400 foreign and domestic leaders in rural and regional development to Memphis, Tennessee, for a discussion around international strategies to address rural development challenges and needs. After the conference, DRA facilitated four regional tours for international leaders to explore cities and communities within the Delta region and learn about the different industries that are helping these communities to grow economically, including cultural tourism, innovation and entrepreneurship, and local food systems.

June 2015

In its seventh year, DRA's partnership with the U.S. Department of Defense and its military reserve forces kicked off a summer of Innovative Readiness Training medical missions in the Delta with a ten-day mission in three communities of the East Alabama Black Belt region. The missions in Clayton, Eufaula, and Tuskegee, reached 6,000 Alabamians with more than 18,000 medical, dental, and optical procedures. Additional missions were held in the southeast Missouri bootheel and in West Alabama, each of which served nearly 4,000 patients. In total, over the seven years of the partnership, the IRT program has served 65,000 Delta residents.

July 2015

DRA made two announcements with federal and national partners in July. As part of an ongoing investment in Jobs for America's Graduates, Chairman Masingill announced an additional \$300,000 invested into JAG's programs in six of DRA's eight states. This investment caps a \$1 million commitment to supporting JAG in its mission to increase high school graduation rates for at-risk youth and better prepare these youths for post-secondary education and working opportunities. The Investing in Manufacturing Communities Partnership announced its second round of community designations, which included two communities in DRA's footprint: the Greater Memphis region and south Louisiana. DRA will serve as a federal liaison for both of

these communities to help them access the information and funding opportunities that will support their efforts to grow their manufacturing industries.

The Delta Leadership Institute graduated 48 fellows from its Executive Academy during its final session in Alabama, which focused on transportation infrastructure. The graduates join the now 400-strong Delta Leadership Network of DLI alumni. The fellows for the 2015-2016 Executive Academy will begin their orientation in October.

August 2015

DRA launched the Today's Delta online research tool as a follow-up to the written publication that was released in April. The new online tool allows users to access and compare demographic and economic data for each of DRA's 252 counties and parishes as well as on regional, state, and national levels. The tool improves much-needed access to the research and data that help economic developers, community leaders, policy makers, educators, and students understand the challenges and opportunities of the region, make strategic decisions towards economic development, and tell the story of their communities and the Delta region. DRA staff hosted demonstration webinars to ensure regional stakeholders know how to effectively use the tool and to gather feedback on further updates and possible features.

September 2015

The Delta Entrepreneurship Network kicked off its second season of programming with the first Delta Challenge pitch competition in Memphis, Tennessee. Five additional Delta Challenge competitions will be held in Cleveland, MS, Murray, KY, Selma, AL, Little Rock, AR, and Lafayette, LA. The kickoff event includes the final conversation of the inaugural ESO fellows on building entrepreneurial ecosystems within the region and pitch training for local entrepreneurs not yet involved in the DEN.

STATES' ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM

With the completion of the FY 14 SEDAP cycle, DRA staff has taken time to reflect on the outcomes and obstacles from the previous year. While there were many improvements over the FY 13 cycle, there is always more DRA can do to increase efficiencies and effectiveness. For FY 15, DRA once again raised the administrative standard of the Authority and refocused the attention on DRA's fundamental core principles: regionalism, leveraging additional funds, and creating measurable results.

In FY 14, a decrease in the overall leverage of other public and private funds and a decrease in overall job creation and/or retention seemed to signal a negative trend in the quality of applications received. To combat this perceived trend, DRA leadership adopted the administrative recommendations of the Director of Project Development & Management for the FY 15 investment cycle. These fundamental shifts and a more robust web portal will help to realign DRA's fiduciary responsibilities to maximize the impact of funds appropriated by Congress.

The open funding cycle meets the real-time needs of individual projects, while also increasing application quality, enhancing DRA technical assistance, and expediting SEDAP dollars, allowing award recipients to better match up with other funding cycles. The tiered designation highlights DRA's current federal priorities, which allows for greater impact. Specifically, Tier 1 applications 1) create/retain jobs, which are guaranteed with a participation agreement; 2) leverage other public and/or private funding; and 3) demonstrate a regional impact. Additionally, Tier 1 applications can demonstrate a health or safety impact, which is documented as such by a federal or state agency. DRA expects to see a return to high-quality project applications with impactful outcome metrics.

The new DRA funding portal now captures more accurate outcome metrics, leveraged-fund details, and additional outcomes including population impacted. The data is more readily accessible in the new portal for DRA staff as well as board members and LDD partners. New features include the ability to send reminders for quarterly reports, among others. With last year's improvements and additions to the monitoring and compliance program, the standard forms created, reduction in staff response times to inquiries and the ongoing, ever-improving, LDD professional development course, DRA is poised for an incredible year of investment in community projects. State member support of the key concepts described above is critical in demonstrating the collective commitment to the region and its stakeholders. DRA continues to exemplify that more can be done with less. With acknowledged constraints, such as limited staff and budget, prior-year audits confirm that DRA makes the right choices when it comes to administering SEDAP.

Governors' project recommendations, which are in line with Chairman Masingill and the President's priorities, demonstrate the Authority's continued emphasis of the four funding priority areas:

- Basic Public Infrastructure
- Transportation Infrastructure
- Business Development - emphasis on entrepreneurship
- Workforce Development

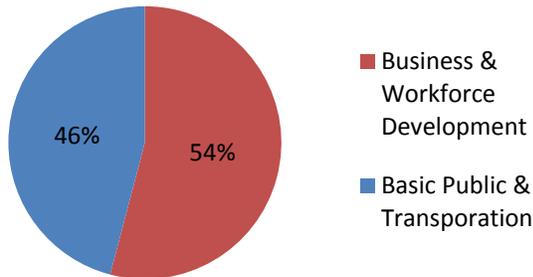


Figure 3. Share of SEDAP funding by federal priority

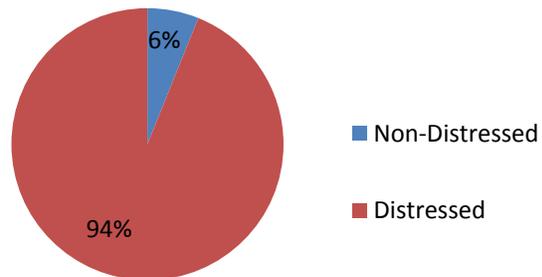


Figure 4. Share of SEDAP funding by distress status

As seen in figures 3 and 4, basic public and transportation infrastructure project investments totaled \$4,046,688 (46.0 percent of SEDAP investments) and funding for distressed counties and parishes was \$8,250,147 (93.9 percent of investments) for Fiscal Year 2015. The total project funding allocation is \$8,790,147. SEDAP funds leveraged \$48,824,865 in additional project funding, a ratio of 5.6 to 1, and \$167,102,249 in private investment, a ratio of 19.0 to 1. With these investments, the 2015 DRA States' Economic Development Assistance Program is expected to help achieve the following results:

- Provide 3,717 families with access to improved water and sewer;
- Train 2,574 individuals for a 21st century workforce; and
- Create and retain 3,495 jobs.

Over the course of 14 funding cycles, the DRA has invested \$137,584,920 in 930 projects in its eight-state region, leveraging \$751,559,205 in other federal, state and local funds at a ratio of 5.5 to 1. Additionally, this investment has attracted \$2,202,973,037 in private investment – a ratio of 16.0 to 1 – for a total of \$2,954,532,242 in leveraged public and private funds resulting in a leverage ratio of 21.5 to 1.

Since inception, the DRA Federal Grant and States' Economic Development Assistance Programs have accomplished the following:

- 33,178 families provided with access to improved water and sewer;
- 5,530 individuals trained for a 21st century workforce; and
- 18,415 jobs created and retained.

In addition, the following future SEDAP outcomes are projected:

- Provide 67,762 families with access to improved water and sewer;
- Train 23,198 individuals for a 21st century workforce; and
- Create and retain 28,804 jobs.

Rural Community Advancement Program (RCAP)

Beginning in 2003, Congress designated a portion of U.S. Department of Agriculture Rural Development - Rural Community Advancement Program (RCAP) funds for use by Delta Regional Authority within the same program. There are numerous programs in the RCAP umbrella, all of which are eligible with DRA funding. To-date, DRA has funded three types of RCAP projects:

1. Rural Business Opportunity Grants-RBOG
2. Rural Business Enterprise Grants-RBEG
3. Community Facility Grants

Over the last twelve years, DRA has successfully applied for more than \$28 million in RCAP funding, which supported 250 projects. Traditionally, each year DRA allocates a portion of the RCAP dollars to fund various programmatic as well as region-wide projects determined by the Federal Co-Chairman. Examples of funded projects include: Local Development District (LDD) training, Delta Entrepreneurship Network (DEN), Delta Leadership Institute, and the Delta Development Highway System.

The remaining portion of RCAP funding is used to fund projects submitted to DRA by each State Director of Rural Development. These projects are typically approved projects by Rural Development, but were left unfunded due to fiscal year budget constraints.

Internal meetings were held to upgrade to RCAP with the intent to streamline and improve administrative processes thereby placing greater emphasis on project development and management. Consequently, DRA will conduct site visits with more frequency.

SMALL BUSINESS AND ENTREPRENEURSHIP INITIATIVE

Program Overview

DRA's Small Business and Entrepreneurship (SBE) Policy Framework focuses on program areas aimed at creating an entrepreneurial ecosystem in the Delta region. The core mission of economic development policy is to enhance economic well-being by creating jobs and personal income, which improve the quality of lives, businesses, and communities. The initiative addresses five key priority areas to guide this initiative:

- *Developing a pipeline of educated and skilled entrepreneurs* – For the Delta region to have a thriving entrepreneurial economy, it must have a supply of entrepreneurs who are capable of building successful companies in sufficient numbers to create wealth for the entire economy;
- *Cultivating technology exchange and innovation* – Technology provides entrepreneurs with new tools to improve the efficiency and productivity of their business or with new platforms on which to build their ventures. The importance of innovation has grown in recent years, as those who create and apply new knowledge capture more and more of the value generated in the economy;
- *Improving access to affordable capital* – Some small business credit markets have improved, and the demand for small business loans start to increase, supply is not meeting demand for small business credit from the borrower's perspective. Capital to innovators and entrepreneurs is a must for without it, nothing happens. There are market gaps and access to traditional bank financing is limited in the Delta region. Capacity to attract and develop source of capital such as microfinance, angel investment, and venture capital are essential for today's delta entrepreneurs;
- *Promoting awareness and advancing regional market opportunities* – Especially in rural communities, leaders must make concerted efforts to publicize the economic and social impact of entrepreneurs and entrepreneurship. An excellent tool to inspire idea generation and accelerate enterprise development is business competitions. This will provide them the opportunity to test the feasibility of their start-up concepts and connect with coaching mentors; and
- *Optimizing the regulatory environment* – Effective entrepreneurial ecosystems require an environment that enables the entrepreneur to create, operate, and manage a business within a context where taxes and regulations do not adversely affect the competitiveness of the venture. The local regulatory environment should encourage entrepreneurs to formalize their business, try new ideas, and take calculated risks, keeping administrative burdens to a minimum.

Expectations for FY 2016 and 2017

Looking to the future for SBE, the DRA looks to develop a region-wide strategy of programs to support small businesses and further integrate the strategies and programs of our federal and non-profit partners. The following principles will guide development of programs and investments:

- Long-Term Commitment
- Local Capacity and Investment
- Transparency
- Accountability and Sustainability
- Regional Collaboration and Alignment
- Inclusion
- Program Outreach

Goals and Outcomes

The small business strategy aims to integrate the current work of federal partners and develop innovative programs to close the success gap for small business owners in the DRA footprint.

DELTA ENTREPRENEURSHIP NETWORK

Program Overview

The Delta Entrepreneurship Network program aims to identify, connect, nurture, and grow entrepreneurs and support organizations from across the Mississippi River Delta and the Alabama Black Belt regions by addressing regional deficiencies in capital, training, and best practices through a connected infrastructure of support organizations, investors, and educators. In the pilot year of a three-year partnership with The Idea Village out of New Orleans, LA, the Delta Entrepreneurship Network launched a competitive fellowship program to identify entrepreneurs and entrepreneurship support organizations in the region.

This fellowship identifies entrepreneurs and entrepreneurship support organizations to receive a fellowship to participate in a special segment of New Orleans Entrepreneur Week (NOEW) with programmatic workshops and mentorship from panelists and industry experts.

For Entrepreneurs: Applicants will compete in a series of pitch competitions in the region, known as The Delta Challenge. These regional pitch competitions will identify entrepreneurs that have highly scalable, investable ventures throughout the region. The top three winners of the respective competitions will receive a \$1,500 fellowship to attend New Orleans Entrepreneur Week. While at NOEW, these entrepreneurs will have the opportunity to showcase their ideas to a panel of investors and network with panelists, experts, mentors, and other entrepreneurs.

For Entrepreneurship Support Organizations: Applicants will be individuals or organizations that promote, nurture, and grow entrepreneurs and the entrepreneurship ecosystem in their communities. Those that provide direct entrepreneurship support or education services are encouraged to apply. Up to sixteen individuals or organization representatives will be identified to represent the eight-state region and will receive a \$1,500 fellowship to attend New Orleans Entrepreneur Week.

By participating in the Delta Entrepreneurship Network, fellows will have access to industry experts, gain technical knowledge, expand their entrepreneurial network, and enhance the entrepreneurial ecosystem of the DRA region. Through the DEN fellows will experience the development of a more connected, comprehensive network among entrepreneurs and entrepreneurial support service providers and educators. The end result will promote the five key concepts of creating a successful entrepreneurial ecosystem as outlined in DRA's Small Business and Entrepreneurship Policy Framework, Strengthening Our Local Economies.

Goals and Outcomes

Through a connected infrastructure of support organizations, investors, and educators, the DEN aims to give entrepreneurs and support organizations access to affordable capital, technical training, mentorship, experiential best practices, and programmatic events to encourage new entrepreneurial activity and strengthen the entrepreneurial ecosystem in the DRA region.

Expectations for FY 2016

Delta Entrepreneurship Network Fellowship 2016 applications opened in July 2015. Two new strategic partners have been brought on to serve as hosts for Delta Challenges. Delta Challenge dates have been set for the following:

September 18	Memphis, TN	4 pm	StartCo. Headquarters
October 6	Murray, KY	6 pm	Murray State University
October 8	Selma, AL	6 pm	Arsenal Place Accelerator
October 27	Cleveland, MS	6 pm	Delta State University
November 5	Little Rock, AR	6 pm	AR Venture Center
November 14	Lafayette, LA	3 pm	Innova8 Acadiana

The DEN is set to expand in the second year by identifying up to twenty entrepreneurs and 15 ESOs, providing more in-depth technical assistance workshops to prepare fellows for New Orleans Entrepreneur Week and working with The Idea Village staff to build more Delta-specific workshops and speakers within the overall NOEW programming.

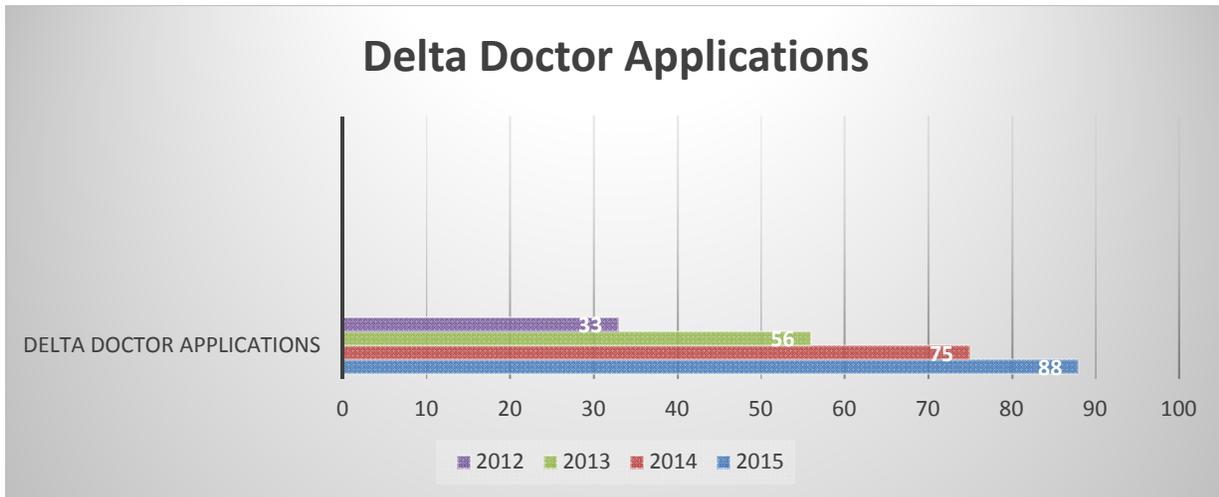
Expectations for the FY 2017

The DEN aims to continue to expand the number of entrepreneurs and entrepreneurship support organizations in the third year of the partnership with The Idea Village. The DEN hopes to expand DRA technical assistance programming in preparation for New Orleans Entrepreneur Week. In the third year of the partnership, DRA hopes not only to expand the DRA-specific programming within NOEW but also to expand the reach of NOEW to other cities within the DRA footprint.

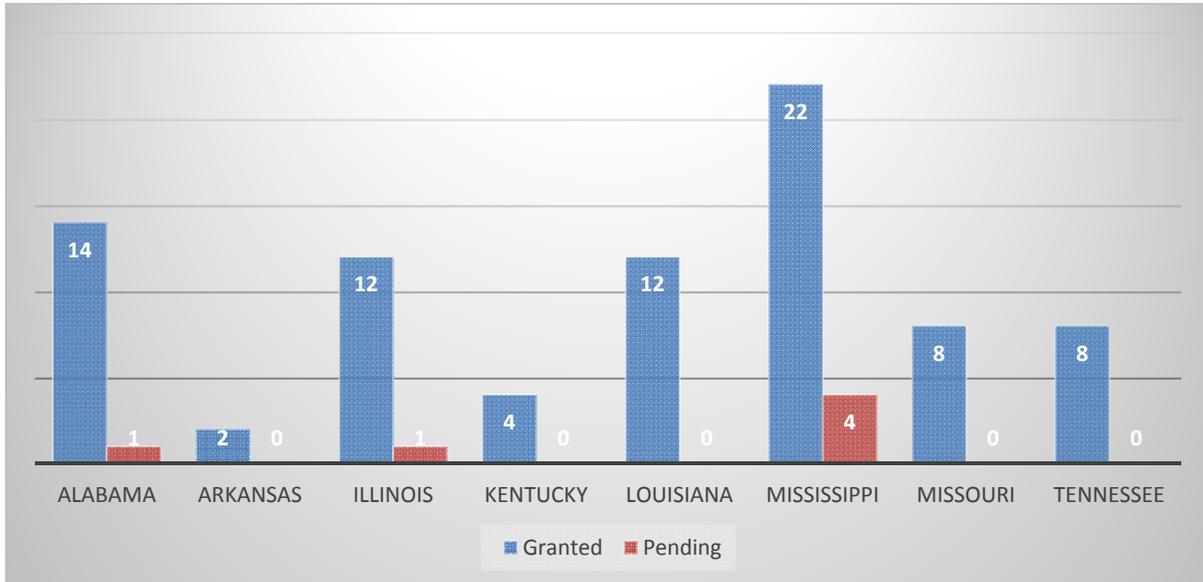
Delta Doctors Program

In an attempt to increase the number of doctors serving Delta residents, the Delta Regional Authority implemented the Delta Doctors program in 2003. The program allows foreign physicians who are trained in this country to work in medically underserved areas for three years. Most choose to stay far longer once they develop a patient base. Those in the Delta Doctors program do not take jobs away from U.S.-born physicians. Instead, they provide services in areas where otherwise there would be a shortage of physicians.

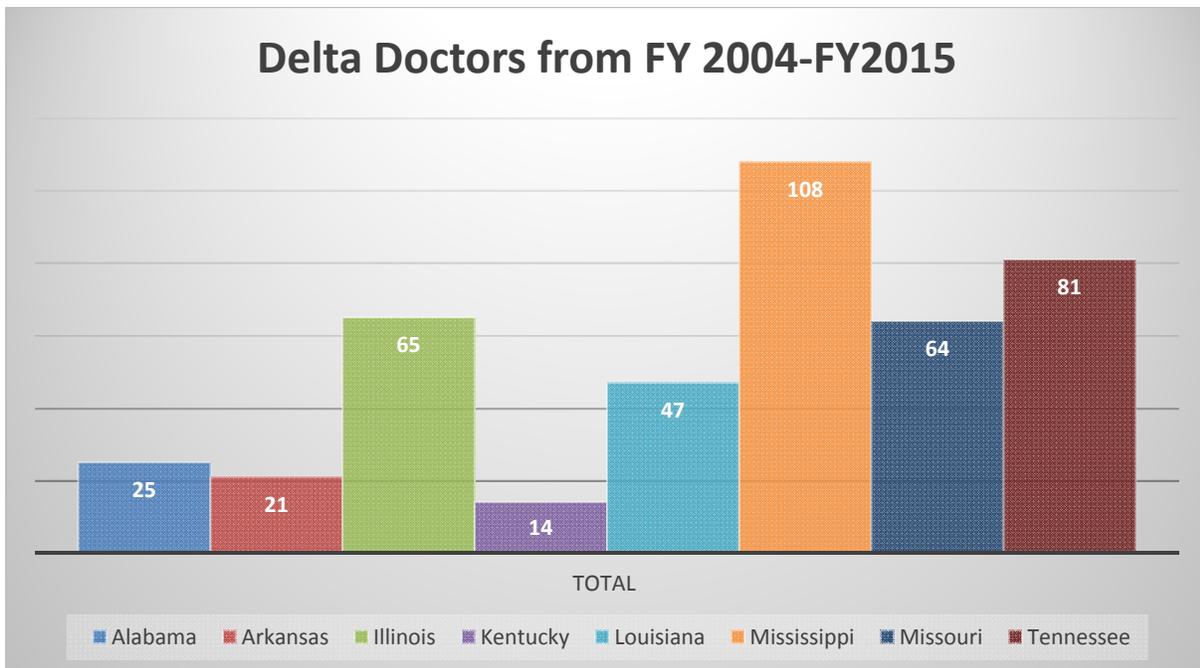
This year has been another extremely busy with Delta Doctor J-1 applications, as you can see from the graph below application to the program have more than doubled since FY2012 and have easily outpaced those of FY2013 and FY2014. In an effort to expand the knowledge of the DRA Delta Doctors program, in FY2015 staff has educated and informed groups in and around the region, attended conferences designed to promote this program and spoke at meetings about the Delta Doctors J-1 programs policy and procedures.



Below is a chart showing the complete breakdown by state for FY2015 of applications granted and pending.



Total Delta Doctors applications granted since the start of the program state by state:



Delta Leadership Institute

The Delta Leadership Institute (DLI) is a body of fellows and alumni leaders who participate in a year-long Executive Academy program and continue to communicate and collaborate after the academy's completion in order to foster and strengthen cross-cultural, inter-governmental bonds throughout the region. Since 2005, the DLI has worked to improve the decisions made by community leaders across the Delta by building a corps of alumni that have a regional and national perspective of the Delta, a toolkit of resources for addressing issues facing their local communities, and the training and professional development needed to extend the pipeline of skilled local leadership within our rural communities. The motivation for the creation of this Executive Academy and, later, the Delta Leadership Network (DLN) under the Delta Leadership umbrella was to have a corps of well-informed community leaders who understand not only their issues but the region's issues as well. Over the course of the Executive Academy academic year, participants attend six sessions and engage in training, case study discussion, and on-the-ground field studies of priority issue areas including workforce training and education, small business and entrepreneurship, transportation and basic public infrastructure, healthcare, and policy and governance. Upon beginning DLI's Executive Academy, fellows become members of the Delta Leadership Network, where they engage with community leaders both within their state and across the Delta. With more than 350 alumni, the DLN commits time, talent, service, and often financial resources to initiatives like Emergency Preparedness and Innovative Readiness Training missions and has become the voice for the region and DRA.

DLI is designed to improve the decisions made by leaders across the region by broadening their understanding of regional issues, creating a corps of leaders with a regional and national perspective

The Executive Academy have held six sessions over the course of FY 15 that focused on transportation and infrastructure, public health and education, small business and entrepreneurship, culture and tourism, and public policy and governance. To support the eleventh year of the Delta Leadership Institute Executive Academy, the new and improved Delta Leadership Institute website along with a new application portal was launched and started receiving applications at the end of June.

Through the completion of the FY 15 program, the Executive Academy will exhibit enhanced leadership skills in the following competencies:

- **Competency #1: Problem solving** – The effective leader is a life-long learner who educates, empowers, and motivates others to realize their full potential as well as sustainable solutions to complex issues within their state and the Delta region.
- **Competency #2: Resource Steward** – The effective leader builds networks of resources across sectors and promotes creative thinking on a regional scale.

- **Competency #3: Change Agent** – The effective leader understands the relationship between the local and global environments in which change must take place.
- **Competency #4. Collaborator** – The effective leader is a communicator who builds collaborative relationships for inclusive approaches to community action.

Delta Leadership Network

Following the announcement of the transition from an alumni advisory board to a regional advisory council in FY 14, the newly launched DLN Regional Advisory Council began accepting nominations in September 2015 for the 2016 Fiscal Year. Additionally, DLN members will be invited to participate in an executive education program at Harvard University’s John F. Kennedy School of Government (HKS) in Cambridge, MA, from November 15-18, 2015. This program, designed and led by Harvard faculty, focuses on cutting-edge leadership principles in the U.S., and a curriculum has been tailored to the DLN cohort that focuses on the needs of the Delta region.

Background

In FY 14, the DLI team and Chairman Masingill met with the DLN Board to discuss the possibilities for growing DLI and DLN. Working with current DLN leadership, the group was able to identify necessary structural adjustments and begin to take next steps. Several potential challenges including legal, technical, and structural were brought to the attention of DRA leadership, and it was determined that a transition from a “board” to an “advisory council” was necessary to protect the agency, DLI, and current federal programing opportunities.

This transition does not change the mission and vision of the group, which is to serve as a conduit between DRA, existing DLI members, and DLI alumni. It changes from a board of directors-centric organization to utilizing the DLN leadership as a more effective tool for the region and the agency. This provides additional operational and organizational oversight and direction to the management of the DLI Network leadership. The DLN Advisory Council, which will be developed further over the next fiscal quarter, could function similarly to the local development district councils as well as continue to organize state meetings, provide feedback to DRA, and develop work committees to help carry out the mission of the DLN.

As a part of the transition, the DLN leadership took the initial step to close the business of the current DLN board of directors and to establish, with concurrence by DRA and DLI leadership, an Exploratory Advisory Council Committee. The Committee, with DRA oversight and engagement from Arkansas State and the DLI Director, will lead and advise on the role of the Advisory Council. Arkansas State will continue to supervise the DLN and Advisory Council.

INNOVATIVE READINESS TRAINING

Program Overview

In seven years of partnership, the DRA and the U.S. Department of Defense (DOD) have collaborated to bring the Innovative Readiness Training (IRT) program to the Delta communities. IRT medical missions deliver quality medical care, provided by licensed medical professionals serving in our reserve forces, at no charge to residents of rural communities that otherwise have little to no access to quality, affordable health care. IRT clinics operate for a temporary time frame (usually about ten days) during which patients can receive general medical, dental, and optical care for themselves and their family members, all of which are high-demand health care needs in the Delta.

Goals and Outcomes

Each mission will provide medical services including, but not limited to, general medical, dental, and optical care. Services will be provided on a first-come, first-serve basis with each location providing services that benefit those in the communities that are underserved and in need of medical attention. The expectation is that each mission will provide care to between four and five thousand patients in the region, with the exception of the Greyhound mission, which is expected to see 15,000 to 20,000 patients alone.

Fiscal Year 2015

IRT has decided to streamline its application process to make it easier for communities and organizations to apply. This summer saw the completion of three medical missions, two in Alabama and one in the Missouri Bootheel region. After the completion of the missions, to date, DRA and DOD's IRT missions have seen 65,000 Delta residents in seven years. Over 3,000 teeth were pulled this summer, and 8,000 pairs of eyeglasses were made.

DRA was recognized by the National Rural Health Association with the 2015 Outstanding Rural Health Program award for its partnership with the U.S. Military to bring the Innovative Readiness Training program to communities throughout the Delta region.

Fiscal Year 2016

Planning for Fiscal Year 2016 medical missions is currently underway with our most exciting mission to date, Operation Greyhound Medical. Operation Greyhound will take place in West Memphis, AR, and will last for a full 30 days. Most IRT missions usually only include 9-10 days of medical care. Operation Greyhound will also look to offer services at a tier-2 level of medical care. Additionally, missions will be held in Mississippi and Kentucky during the fiscal year.

Expectations for Fiscal Year 2017

DRA will begin to delve into the engineering side of IRT, in addition to medical missions. Currently 2017 missions have not yet been chosen.

IRT Federal Agency Partners in Addition to DRA

- U.S. Department of Defense
- U.S. Department of Health and Human Services (HRSA)

FEDERAL HEALTH FUNDING TECHNICAL ASSISTANCE WORKSHOPS

Program Overview

DRA is currently partnering with the U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) to host federal health funding workshops in the Delta region. The purpose of these workshops is to provide potential applicants for HRSA funding with detailed information about HRSA's funding opportunities, application process guidelines, strategies for writing a responsive application, and effective use of the resources HRSA has to offer.

These classroom-style technical assistance workshops are geared toward public and non-profit institutions such as Federally Qualified Health Centers, community colleges, health departments, planning and development districts, Area Agencies on Aging, economic development organizations, and any other potential HRSA applicants.

DRA held the first of three federal health funding workshops in Oxford, MS. The workshop was held jointly by DRA, HRSA, and ARC. The workshop was attended by more than 100 participants, and event content provided intensive overviews of HRSA funding opportunities with an emphasis on workforce programs.

Elements of the program agenda included:

- Strengthening Health Workforce in Underserved Communities – presented by HRSA's Bureau of Health Workforce
- Improving Access to Health Care in Rural Communities – presented by HRSA's Federal Office of Rural Health Policy
- Perspective from the Field: Experience of a HRSA Grantee – presented by Mike Bice, Network Director, Regional Health Care Network
- Session on How to Develop a Strong Program and Write an Effective Application
- Structured Networking to Connect with Peers and Successful HRSA Awardees

The next workshop will be held jointly by DRA and HRSA in Memphis on September 24, and workshop content will emphasize rural health funding opportunities.

Goals and Outcomes

The goal of this program is to help increase awareness of HRSA's programs and help improve the number of successful healthcare initiatives in the Delta. The first workshop held jointly by DRA, ARC, and HRSA was attended by more than 100 participants, demonstrating the high demand for these workshops in the Delta region.

WORKFORCE DEVELOPMENT CAPACITY BUILDING AND TECHNICAL ASSISTANCE FUND

Program Overview

DRA has been approved by USDA to utilize \$1,865,000 to provide direct technical support and assistance for selected communities to assess their workforce's skill levels and plan for increased readiness. The end result will be an increased level of worker employment rates, job retention, and increased salaries. Such technical assistance activities include:

- The generation of community-driven workforce development action plans that promote closing the skills gap;
- The design of career pathways programs that enable adults and displaced workers into specialty careers;
- The implementation of high quality on-the-job training programs;
- The design of accelerated and contextualized classroom-based learning opportunities; and
- Capacity building for workforce intermediaries.

Background

Selected communities include 15 awards representing 7 states and 80 counties and parishes. Each of the 15 projects have launched and are submitting progress reports per DRA's guidelines.

DRA has partnered with ACT in providing support to the selected communities through its ACT Work Ready Communities Academy (WRC). The Academy is a structured approach where ACT guides the selected communities through the ACT Work Ready Communities framework and how to leverage it to build their own unique, sustainable workforce development approach. Aside from the WRC process, ACT is providing tools to help the communities track their progress towards certification and presenting data for economic developers to show they have a qualified workforce valued by employers. The first three academies were held in March, June, and September with seven recipient communities participating.

As a part of DRA's Project Monitoring and Compliance program, site visits to the selected communities are being scheduled. These visits will serve as an opportunity to meet with leaders and provide any necessary technical assistance in implementing the projects.

Some of the expectations for the ACT Work Ready Communities include updating demographic data, planning the second round of WRC stakeholder meetings, and engaging and obtaining support from key stakeholders. The fourth and final Academy is scheduled for December 2015.

Goals and Outcomes

DRA expects the Workforce Development Capacity Building and Technical Assistance Fund to result in:

- Increased number of community leaders that have been trained through the ACT Work Ready Communities Academy;
- Increased number of Delta workers/students that have achieved National Career Readiness Certification; and
- Increased job creation for Delta communities and business location due to availability of highly skilled workforce.

JOBS FOR AMERICA'S GRADUATES

Jobs for America's Graduates, Inc. (JAG) is the nation's largest and, arguably, the most successful school-to-work system for at-risk and disadvantaged youth. JAG focuses on keeping students in school through graduation and equipping them with the academic and technical skills necessary to improve their employability, which parallels DRA's commitment to invest in strategies that boost employment and educational success.

DRA's investments into JAG have so far been delivered in four phases. The program substantially exceeded the core goal of the investment, which was to expand JAG services to high-risk youth in the DRA service area.

Phase IV Partnership between DRA and JAG:

Phase IV of the partnership is focused on boosting both employment and educational outcomes for high-risk youth. The investment includes:

- A. A total of \$240,000 to support the opening of 12 new JAG schools, at \$20,000 per school in the DRA service area within the seven states where JAG has long-standing and proven operations, and \$40,000 to the JAG National Organization. That \$40,000 will provide:
 1. JAG oversight and support for the implementation of the 12 new schools with monitoring, evaluation, technical assistance, training, and other assistance to our state JAG Affiliates.
 2. A selection process, managed by JAG, to establish a set of criteria and invite as many of the JAG states within the DRA service area (as approved by DRA) to submit proposals from new schools for review and approval. The criteria for DRA funding will include, but not be limited to:
 - A commitment to fully fund a staff member with their matching resources in the school to be dedicated to the implementation of the JAG model in that school, with whatever additional financial and other resources are required beyond the \$20,000 financial commitment from DRA;
 - Letters of support and commitment by the schools to meet all the requirements for successful implementation based on the proven JAG model criteria;
 - Identification of anticipated future financial resources to support the continuation of the program in future school years; and

- Recommendation by and a commitment from the JAG State Affiliate to provide extra oversight and support to assure the successful implementation and follow-up funding for the next school year.
- B. A \$20,000 commitment to the 2015 JAG National Training Seminar, held in July 2015. As with the previous grant in Phase I-Phase III, these funds were used to:
1. Assure the participation of the maximum number of JAG affiliate staff participants from the new DRA-supported JAG schools in the DRA service area;
 2. Create a training program specifically for those staff from the DRA service areas focused on meeting the particular employment and education success challenges at the National Training Seminar, facilitated by DRA representatives with special expertise; and
 3. Match support coming from the registration fees and travel/lodging paid for by the JAG state organizations in the participating states, in keeping with the overall theme of seeking matches and leveraging funding support.

Expectations for FY 2017

It is anticipated that the outcomes from the Phase IV Proposal will include:

1. Engaging a wide range of schools, within the DRA's seven states where JAG has operations, to fully inform them about the success of the JAG programs in their states, as they consider participation in JAG;
2. Engaging state leadership, including Governors and state education and workforce systems, to recognize the commitment of DRA and to highlight the one-time-only matching grant strategy, with its proven success over the past 30 years of Jobs for America's Graduates. As part of that process, other state resources will be sought that could be attractive in expanding the program in the DRA service area;
3. Serving an additional 450 or more high-risk youth in the DRA service area, who would have the opportunity to participate in the JAG program and benefit from the dramatic improvements in graduation, employment, and college attendance rates that JAG has demonstrated for more than 30 years. Total youth to be served in the 33-35 schools from Phases II, III and IV in the 2015-2016 school year will be over 1,500; and
4. Securing commitments to sustain the JAG program in 10 of the 12 new schools from other sources for the 2016-17 school year and beyond. Based on JAG's track record over the past 30 years, it is anticipated that at least 2,000 additional

high-risk youth will be served by the JAG program in the DRA service area as a result of this proposed grant over the following four years from the end of Phase IV in 2016

DELTA RESEARCH CONSORTIUM

Program Overview

In recognition of the need for better and more directed research in the economic, cultural, and social challenges, successes, and opportunities of Delta communities, DRA has partnered with Arkansas State University to develop a consortium of four-year colleges and universities throughout DRA's eight states to focus research endeavors on the Delta region. The consortium expects to utilize the shared capacity of institutions for research and innovation across sectors to elevate funding for Delta-focused research that can inform policies and development efforts throughout the DRA's footprint.

DRA sees this consortium as a valuable opportunity to support its current research database—Today's Delta—as well as provide the necessary capacity for institutions to focus research on the challenges Delta communities face so that we may cultivate meaningful and outcome-driven solutions together.

DRA co-hosted the kickoff leadership summit for the DRC in April, at which there were 50 representatives from 23 institutions and a number of economic development organizations represented as well. The summit was successful in building buy-in among the institutions present and motivating the research leadership to propose taking the next step in creating a platform and structure for the DRC to their institutional leadership.

Expectations for FY 2016

The Delta Research Consortium will hold a Presidents Roundtable—hosted by Chairman Masingill, ASU System President Chuck Welch, and University of Memphis President Mark Rudd—that will convene presidents and chancellors from many of the region's four-year colleges and universities to discuss what the DRC can and should look like and build buy-in among the top leadership. This meeting will occur on October 19.

Once presidential and chancellor support is confirmed, the DRC will host its first annual conference in the second quarter that will attract Provosts, Vice Presidents of Research, and their staff to come together to discuss the specific platforms proposed for data presentation and research sharing as well as to vote on organizational structure and other goals for the Consortium. The Consortium is looking for existing research platforms to host the groups' shared research in a source that DRA can provide access to for the region's economic developers, community leaders, and general public. These options will be showcased to the Presidents at the meeting on October 19, and the platforms are ready, upon President approval, to begin developing the research exchanges online.

TODAY'S DELTA 2.0

Program Overview

DRA has initiated a second phase of the Today's Delta research database and report originally completed and published in 2012. The Today's Delta 2.0 project initiated a new contract with the Institute for Economic Advancement to update all indicators compiled in the 2012 database as well as expand to additional indicators that all describe the demographic, economic, health, education, and poverty realities of the Delta region.

In order to plan and implement impactful economic and community development strategies for the future, DRA recognizes that community leaders must understand their current reality. Today's Delta 2.0 will provide an updated print publication that shows county-level data and compares it to state, regional, and national indicators.

To expand the reach and utilization of Today's Delta 2.0, DRA launched an online research tool in August 2015 that allows users to compare four levels of data between county, state, regional, and national statistics. The online tool will also provide analysis from various experts across sectors that live and work in Delta communities.

DRA staff has conducted demonstration webinars for the public to help users fully understand the mechanics of the tool and application of the tool's data.

Expectations for FY 2016

The research database is a dynamic set of data that DRA staff will work with members of the Delta Research Consortium to maintain and update when new data is available. DRA staff will also work with DRC members and economic development practitioners over the coming months to obtain analyses from local practitioners and sector experts on what the data means for economic and community development in Delta communities.

DRA sees this application tool as a natural platform for some of the research that is generated from partnerships within the Delta Research Consortium. DRA will work with DRC partners to identify other ways and available datasets to expand the Today's Delta offerings online and in the annual publication.

With the launch of the online tool and the webinars, much feedback has been received on other features that would be helpful to community members. Further funding for Today's Delta will allow DRA to expand the scope of this project to incorporate new datasets and expand the mapping and presentation capabilities of the data under the Today's Delta webpage and online tool.

*Note: The DRA's contract with IEA is complete, so we will be putting this project up for bids from research institutions in the region, with particular interest in DRC members.

SECTION 3 - FINANCIAL SECTION

Independent Auditor's Report

Federal and State Co-Chairs
and Members of the Board
Delta Regional Authority
Clarksdale, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Regional Authority (the Authority) as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Regional Authority as of September 30, 2015 and 2014, and its net cost and the changes in its financial position and its resources (budgetary and non-budgetary) for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 audits 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information presented in Section 2 – Performance Section, the combining financial statements, schedule of expenditures and schedule of grants made, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part

of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Authority's internal control over financial reporting and compliance.

BKD, LLC

Jackson, Mississippi
November 16, 2015

BASIC FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Intragovernmental		
Fund balance with Treasury	\$ 27,143,665	\$ 28,464,058
Cash	1,061,010	895,454
Interfund receivable	-	31,943
Receivables	<u>1,009,248</u>	<u>472,165</u>
TOTAL ASSETS	<u>\$ 29,213,923</u>	<u>\$ 29,863,620</u>
LIABILITIES		
Intragovernmental payable	\$ 251,904	\$ 251,904
Accounts payable	149,181	163,859
Grants and other payables	<u>2,085,460</u>	<u>1,798,885</u>
TOTAL LIABILITIES	2,486,545	2,214,648
NET POSITION		
Unexpended appropriations/state funds	26,765,083	27,610,036
Cumulative results of operations	<u>(37,705)</u>	<u>38,936</u>
TOTAL NET POSITION	<u>26,727,378</u>	<u>27,648,972</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,213,923</u>	<u>\$ 29,863,620</u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF NET COST
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	\$ 259,420	\$ 236,133
Less intragovernmental earned revenue	<u>-</u>	<u>-</u>
Intragovernmental net costs	259,420	236,133
Gross costs with the public	17,245,679	18,154,556
Less earned revenues from the public	<u>-</u>	<u>-</u>
Net costs with the public	<u>17,245,679</u>	<u>18,154,556</u>
TOTAL NET PROGRAM COSTS	<u>17,505,099</u>	<u>18,390,689</u>
NET COST OF OPERATIONS	<u>\$ 17,505,099</u>	<u>\$ 18,390,689</u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015		2014	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ 38,936	\$ 27,610,036	\$ (30,528)	\$ 28,792,490
BUDGETARY FINANCING SOURCES (USES)				
Appropriations received	-	12,000,000	-	12,000,000
Appropriations used	13,095,424	(13,095,424)	13,308,090	(13,119,675)
OTHER FINANCING SOURCES (USES)				
Cost of operations absorbed by member states and others	-	1,393,703	-	1,177,917
Cost of operations absorbed by RCAP	-	3,163,476	-	3,877,917
Imputed financing from costs absorbed by others	26,326	-	33,450	-
Disbursements of RCAP funds	3,135,451	(3,135,451)	3,896,313	(3,896,313)
Disbursements of funds provided by member states and others	1,171,257	(1,171,257)	1,222,300	(1,222,300)
TOTAL FINANCING SOURCES (USES)	17,428,458	(844,953)	18,460,153	(1,182,454)
NET COST OF OPERATIONS	17,505,099	-	18,390,689	-
NET CHANGE	(76,641)	(844,953)	69,464	(1,182,454)
NET POSITION, ENDING BALANCE	\$ (37,705)	\$ 26,765,083	\$ 38,936	\$ 27,610,036

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015				
	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
	Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
BUDGETARY RESOURCES					
Unobligated balance, beginning of year	\$ 207,573	\$ 649,936	\$ (53,695)	\$ -	\$ 803,814
Recoveries of prior year obligations	307,264	-	-	-	307,264
Budget authority					
Appropriations received	12,000,000	-	-	-	12,000,000
Spending authority from offsetting collections					
Collected	31,958	1,393,703	3,163,476	-	4,589,137
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	\$ 12,546,795	\$ 2,043,639	\$ 3,109,781	\$ -	\$ 17,700,215
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	\$ 12,022,805	\$ -	\$ -	\$ -	\$ 12,022,805
Unobligated balances/unexpended funds					
Apportioned	415,488	-	-	-	415,488
Unapportioned	108,500	-	-	-	108,500
Unexpended funds	-	872,382	(25,670)	-	846,712
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 12,546,793	\$ 872,382	\$ (25,670)	\$ -	\$ 13,393,505
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	\$ 28,256,485	\$ 23,198	\$ 800,093	\$ -	\$ 29,079,776
Obligations incurred	12,022,805	1,171,257	3,135,451	-	16,329,513
Gross outlays	(13,352,351)	(1,159,041)	(2,772,787)	-	(17,284,179)
Recoveries of prior year unpaid obligations, actual	(307,264)	-	-	-	(307,264)
Obligated balance, net, end of year					
Undelivered orders	25,629,832	-	-	-	25,629,832
Accounts payable	989,843	35,414	1,162,757	-	2,188,014
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF YEAR	\$ 26,619,675	\$ 35,414	\$ 1,162,757	\$ -	\$ 27,817,846
NET OUTLAYS					
Gross outlays	\$ 13,352,351	\$ 1,159,041	\$ 2,772,787	\$ -	\$ 17,284,179
Offsetting collections	(31,958)	(1,393,703)	(3,163,476)	-	(4,589,137)
TOTAL NET OUTLAYS	\$ 13,320,393	\$ (234,662)	\$ (390,689)	\$ -	\$ 12,695,042

See Notes to Financial Statements

2014

Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
\$ 459,310	\$ 694,319	\$ (35,299)	\$ -	\$ 1,118,330
690,042	-	-	-	690,042
12,000,000	-	-	-	12,000,000
-	1,177,957	3,877,917	-	5,055,874
<u>\$ 13,149,352</u>	<u>\$ 1,872,276</u>	<u>\$ 3,842,618</u>	<u>\$ -</u>	<u>\$ 18,864,246</u>
\$ 12,941,779	\$ -	\$ -	\$ -	\$ 12,941,779
207,573	-	-	-	207,573
-	649,936	(53,695)	-	596,241
<u>\$ 13,149,352</u>	<u>\$ 649,936</u>	<u>\$ (53,695)</u>	<u>\$ -</u>	<u>\$ 13,745,593</u>
\$ 29,849,717	\$ 20,796	\$ 966,114	\$ -	\$ 30,836,627
12,941,779	1,222,300	3,896,313	-	18,060,392
(13,844,969)	(1,219,116)	(4,062,334)	-	(19,126,419)
(690,042)	-	-	-	(690,042)
27,038,982	-	-	-	27,038,982
1,217,503	23,198	800,093	-	2,040,794
<u>\$ 28,256,485</u>	<u>\$ 23,198</u>	<u>\$ 800,093</u>	<u>\$ -</u>	<u>\$ 29,079,776</u>
\$ 13,844,969	\$ 1,219,116	\$ 4,062,334	\$ -	\$ 19,126,419
-	(1,177,957)	(3,877,917)	-	(5,055,874)
<u>\$ 13,844,969</u>	<u>\$ 41,159</u>	<u>\$ 184,417</u>	<u>\$ -</u>	<u>\$ 14,070,545</u>

DELTA REGIONAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Delta Regional Authority (DRA or the Authority) is a federal-state partnership serving a 252 county/parish area in an eight-state region. Led by a federal co-chairman and the governors of each participating state, DRA is designed to remedy severe and chronic economic distress by stimulating economic development and fostering partnerships that will have a positive impact on the region's economy. DRA helps economically distressed communities take advantage of other federal and state programs focused on basic infrastructure development and transportation improvements, business development and job training services.

The Authority is a party to allocation transfers with other federal agencies as a transferring (parent) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Department of Treasury (Treasury) as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations and budget apportionments are derived. The Authority allocates funds, as the parent, to the United States Department of Agriculture (USDA) and the U.S. Economic Development Administration (EDA).

Basis of Presentation

These basic statements have been prepared from the accounting records of DRA in accordance with accounting principles generally accepted in the United States of America (GAAP) and the form and content for entity financial statements specified by the President's Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*, as amended. GAAP, for federal entities, are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated as the official accounting standards setting body for the federal government by the American Institute of Certified Public Accountants (AICPA).

OMB Circular No. A-136 requires agencies to prepare basic statements, which include a balance sheet, statement of net cost, statement of changes in net position and statement of resources

(budgetary and non-budgetary). The balance sheets present, as of September 30, 2015 and 2014, amounts of future economic benefits owned or managed by DRA (assets), amounts owed by DRA (liabilities), and amounts which comprise the difference (net position). The statements of net cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within DRA and other reporting entities. The statement of changes in net position reflects financing sources available to DRA, the cost of its operations and the net change in its financial position. The statements of resources (budgetary and non-budgetary) report an agency's budgetary activity.

Management of Financial Records

Federal appropriations are managed for DRA by the General Services Administration (GSA). Using the government-wide standard general ledger system (SGL), accounting transactions are initiated at DRA and ultimately entered into the accounting records by GSA. These transactions are designated in the financial statements as "federal."

As described in Note 3, DRA invoices and receives funds from the various member states to be used to pay administrative costs. This process meets the requirement of originating legislation which stipulates that "IN GENERAL.- Administrative expenses of the Authority (except for the expenses of the federal co-chairperson, including expenses of the alternate and staff of the federal co-chairperson, which shall be paid solely by the federal government) shall be paid (A) by the federal government, in an amount equal to 50% of the administrative expenses; and (B) by the states in the region participating in the Authority, in an amount equal to 50% of the administrative expenses." The funds received from the states are maintained in a local bank account, and transactions are initiated and managed by the DRA staff. These transactions are designated in the financial statements as "State."

Basis of Accounting

Transactions are recorded on both the accrual and budgetary basis. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints on, and control of, the use of federal funds.

The accompanying balance sheets, statements of net cost and statements of changes in net position have been prepared on an accrual basis. The statements of resources (budgetary and non-budgetary) have been prepared in accordance with budgetary accounting rules.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Revenues and Other Financing Sources

DRA is a federal agency and receives appropriations. Other financing sources for DRA consist of imputed financing sources which are costs financed by other federal entities on behalf of DRA, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. DRA also had a reimbursable agreement with the United States Department of Transportation (DOT) during fiscal years 2015 and 2014.

Cash

At September 30, 2015 and 2014, cash consisted of deposit accounts with various financial institutions. At September 30, 2015, the Authority's cash accounts were not fully insured or otherwise collateralized.

General Property and Equipment

Substantially all of the facilities and equipment used by DRA are under an operating lease. Any potentially capitalizable equipment purchased by DRA has been immaterial and has been expensed as incurred.

Compensated Absences

The Authority's policies permit employees to accumulate annual and sick leave benefits that may be realized as paid time off. Expense and the related liability are recognized as annual leave benefits are earned. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. The maximum accrual of annual leave is 240 hours, and there is no maximum accumulation of sick leave. Compensated absence liabilities for annual leave are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as Social Security, Medicare taxes and retirement computed using rates in effect at that date.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on net costs.

NOTE 2 – FUND BALANCE WITH TREASURY

DRA’s fund balance with Treasury comes from appropriations and the reimbursable agreement with DOT. A summary of DRA’s fund balance with Treasury follows.

	<u>2015</u>	<u>2014</u>
Fund balance with Treasury		
Appropriated fund	<u>\$ 27,143,665</u>	<u>\$ 28,464,058</u>
Status of fund balance with Treasury		
Unobligated balance		
Available	\$ 415,488	\$ 207,573
Unavailable	108,500	-
Obligated balance not yet disbursed	<u>26,619,677</u>	<u>28,256,485</u>
	<u>\$ 27,143,665</u>	<u>\$ 28,464,058</u>

NOTE 3 – FUNDS RECEIVED AS ASSESSMENTS FROM MEMBER STATES

Funds received as assessments from the various member states are maintained in a bank account separate from all other cash. These assessments are included with cash in the accompanying balance sheets. The states are required, by originating legislation, to pay 50% of the administrative costs of DRA. Amounts billed to the states are calculated at the beginning of each fiscal year and are based on the states’ 50% assessment of DRA administrative costs. The following table indicates funds on hand received from member states.

	<u>2015</u>	<u>2014</u>
Balance of state funds on hand, beginning of year	\$ 258,643	\$ 185,810
Current year billed to and received from states	<u>885,789</u>	<u>807,603</u>
Total available from states	<u>\$ 1,144,432</u>	<u>\$ 993,413</u>
Balance of state funds on hand, end of year	<u>\$ 198,739</u>	<u>\$ 258,643</u>

NOTE 4 – LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources are liabilities for which congressional action (DRA appropriation bill) is needed before budgetary resources can be provided. Liabilities of DRA are classified as liabilities covered or not covered by budgetary resources (DRA state assessments, transfers/grants from other agencies) and are as follows:

	<u>2015</u>	<u>2014</u>
Liabilities not covered by budgetary resources		
Leave liability (federal)	\$ 37,706	\$ 33,542
Leave liability (state)	31,004	25,959
Other payables (state and other)	44,662	43,813
Deferred inflows from grants (RCAP and other)	265,937	90,766
Grants payable (RCAP)	<u>1,002,393</u>	<u>691,606</u>
Total liabilities not covered by budgetary resources	<u>1,381,702</u>	<u>885,686</u>
Liabilities covered by budgetary resources		
Accounts payable	129,179	140,360
Grants payable	721,880	915,988
Payroll and leave liability	21,719	40,549
Intragovernmental payable	<u>232,065</u>	<u>232,065</u>
Total liabilities covered by budgetary resources	<u>1,104,843</u>	<u>1,328,962</u>
Total liabilities	<u>\$ 2,486,545</u>	<u>\$ 2,214,648</u>

NOTE 5 – GRANTS AND OTHER PAYABLES

A summary of grants and other payables at September 30 follows.

	<u>2015</u>	<u>2014</u>
Federal		
Accrued funded payroll and leave - current	\$ 21,719	\$ 18,330
Accrued unfunded leave - noncurrent	37,706	33,542
Grants payable	<u>721,880</u>	<u>915,988</u>
Total federal	<u>781,305</u>	<u>967,860</u>
State and Other		
Accrued leave	31,004	25,959
Deferred inflows of grant funds	110,000	-
Other payables	<u>4,821</u>	<u>22,694</u>
Total state and other	<u>145,825</u>	<u>48,653</u>
Rural Community Assistance Program (RCAP)		
Deferred inflows of grant funds	155,937	90,766
Grants payable	<u>1,002,393</u>	<u>691,606</u>
Total RCAP	<u>1,158,330</u>	<u>782,372</u>
	<u>\$ 2,085,460</u>	<u>\$ 1,798,885</u>

NOTE 6 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

The direct obligations are obligations incurred against amounts apportioned under category A and category B on the latest Standard Form (SF) 132. The reimbursable obligations are those incurred against the reimbursable agreements with Treasury. A summary of these obligations at September 30 follows.

	<u>2015</u>	<u>2014</u>
Direct - category A	\$ -	\$ -
Direct - category B	<u>12,022,805</u>	<u>12,941,779</u>
Total obligations	<u>\$ 12,022,805</u>	<u>\$ 12,941,779</u>

NOTE 7 – EXPLANATION OF THE RELATIONSHIP BETWEEN LIABILITIES NOT COVERED BY BUDGETARY RESOURCES ON THE BALANCE SHEETS AND THE CHANGE IN COMPONENTS REQUIRING OR GENERATING RESOURCES IN THE FUTURE PERIODS

Liabilities not covered by budgetary resources totaled \$1,381,702, and the increase in components requiring resources in future periods totaled \$4,164 at September 30, 2015. Liabilities not covered by budgetary resources totaled \$885,686, and the decrease in components requiring resources in future periods totaled \$1,302 at September 30, 2014. The changes are the net increase/decrease of future funded expenses for annual leave and represent the difference between appropriations of annual funds for the prior and current annual funds. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

NOTE 8 – OPERATING LEASES

DRA leases its primary operating facilities, including substantially all furniture and fixtures used, under a 15-year operating lease arrangement with Coahoma County, Mississippi. DRA also leases space for the Washington D.C. office from State Services Organization, Inc. under a 6-year operating lease arrangement.

Future minimum lease payments at September 30, 2015, were:

2016	\$ 111,883
2017	84,175
2018	56,494
2019	57,765
2020	19,470
	<hr/>
	\$ 329,787
	<hr/> <hr/>

The lease with Coahoma County may be terminated by DRA should DRA fail to receive funding from the United States, the existence of DRA be terminated, or should the governing body of DRA choose to move DRA's office outside Coahoma County, Mississippi. However, the lease with State Services Organization, Inc. may also be terminated for the above reasons, and DRA will be liable for four months of base rent upon early termination of the lease agreement. Rental expense was \$115,555 and \$117,447 for the years ended September 30, 2015 and 2014, respectively.

NOTE 9 – PENSION PLANS

Plan Description

The Authority contributes to a defined contribution 401(k) plan covering all non-federal employees. Retirement expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan is administered by Advanced Data Processing, Inc. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the Plan Document and were established and can be amended by action of the Authority's governing body.

Additionally, the Authority's federal employees participate in the Federal Employees' Retirement System (FERS), a cost-sharing, multiple-employer defined benefit pension plan. FERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to the plan members and beneficiaries.

Funding Policy

Contribution rates for the Authority for the defined contribution 401(k) plan expressed as a percentage of covered payroll were 13.2% and 13.8% for the years ended September 30, 2015 and 2014, respectively. Contributions made by the Authority amounted to \$69,136 and \$57,795 for the years ended September 30, 2015 and 2014, respectively.

FERS covered employees are required to contribute 0.8% of their annual covered salary, and the Authority was required to contribute 11.2% of annual covered payroll. For the year ended September 30, 2014 and following, FERS covered employees make contributions based on their year of hire ranging from 0.8% to 4.4%, and the employer contribution ranges from 11.9% to 20.8%. Contribution rates for employees participating in the FERS plan expressed as a percentage of covered payroll were 14.1% and 13.6% for the years ended September 30, 2015 and 2014, respectively. The Authority's contributions to FERS for the years ended September 30, 2015 and 2014 were \$79,773 and \$73,263, respectively, which equaled the required contributions for each year.

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to errors and omissions and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 11 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

	<u>2015</u>	<u>2014</u>
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	\$ 12,022,805	\$ 12,941,779
Less spending authority from offsetting collections and recoveries	<u>(339,222)</u>	<u>(690,042)</u>
Net obligations	11,683,583	12,251,737
OTHER RESOURCES		
Imputed financing from costs absorbed by others	26,326	33,450
Cost of operations absorbed by member states and others	1,171,257	1,222,300
Cost of operations absorbed by RCAP	3,135,451	3,896,313
Other	<u>72,478</u>	<u>-</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	16,089,095	17,403,800
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>1,411,840</u>	<u>1,056,354</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	17,500,935	18,460,154
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	-	(68,163)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	<u>4,164</u>	<u>(1,302)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 17,505,099</u>	<u>\$ 18,390,689</u>

NOTE 12 – EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

Budgetary resources made available to DRA include current appropriations, unobligated appropriations and recoveries of prior year obligations. For FY 2014, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2016 President’s budget, which are rounded to the nearest million. As the FY 2017 President’s budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2015 data in the FY 2017 budget cannot be performed.

OTHER INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Intragovernmental					
Fund balance with Treasury	\$ 27,143,665	\$ -	\$ -	\$ -	\$ 27,143,665
Cash	-	748,455	312,555	-	1,061,010
Receivables	-	62,400	946,848	-	1,009,248
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 27,143,665</u>	<u>\$ 810,855</u>	<u>\$ 1,259,403</u>	<u>\$ -</u>	<u>\$ 29,213,923</u>
LIABILITIES					
Intragovernmental payable	\$ 251,904	\$ -	\$ -	\$ -	\$ 251,904
Interfund transfers	120,450	(242,766)	122,316	-	-
Accounts payable	109,340	35,414	4,427	-	149,181
Grants and other payables	781,305	145,825	1,158,330	-	2,085,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	1,262,999	(61,527)	1,285,073	-	2,486,545
NET POSITION					
Unexpended appropriations/state funds	25,918,371	872,382	(25,670)	-	26,765,083
Cumulative results of operations	(37,705)	-	-	-	(37,705)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>25,880,666</u>	<u>872,382</u>	<u>(25,670)</u>	<u>-</u>	<u>26,727,378</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 27,143,665</u>	<u>\$ 810,855</u>	<u>\$ 1,259,403</u>	<u>\$ -</u>	<u>\$ 29,213,923</u>

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Intragovernmental					
Fund balance with Treasury	\$ 28,464,058	\$ -	\$ -	\$ -	\$ 28,464,058
Cash	-	561,583	333,871	-	895,454
Interfund receivables	31,943	-	-	-	31,943
Receivables	1,714	40,456	429,995	-	472,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 28,497,715</u>	<u>\$ 602,039</u>	<u>\$ 763,866</u>	<u>\$ -</u>	<u>\$ 29,863,620</u>
LIABILITIES					
Intragovernmental payable	\$ 251,904	\$ -	\$ -	\$ -	\$ 251,904
Interfund payable	82,480	(99,948)	17,468	-	-
Accounts payable	142,740	3,398	17,721	-	163,859
Grants and other payables	967,860	48,653	782,372	-	1,798,885
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	1,444,984	(47,897)	817,561	-	2,214,648
NET POSITION					
Unexpended appropriations/state funds	27,013,795	649,936	(53,695)	-	27,610,036
Cumulative results of operations	38,936	-	-	-	38,936
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>27,052,731</u>	<u>649,936</u>	<u>(53,695)</u>	<u>-</u>	<u>27,648,972</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 28,497,715</u>	<u>\$ 602,039</u>	<u>\$ 763,866</u>	<u>\$ -</u>	<u>\$ 29,863,620</u>

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2015

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	\$ 259,420	\$ -	\$ -	\$ -	\$ 259,420
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>259,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,420</u>
Gross costs with the public	12,938,971	1,171,257	3,135,451	-	17,245,679
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	<u>12,938,971</u>	<u>1,171,257</u>	<u>3,135,451</u>	<u>-</u>	<u>17,245,679</u>
TOTAL NET PROGRAM COSTS	<u>13,198,391</u>	<u>1,171,257</u>	<u>3,135,451</u>	<u>-</u>	<u>17,505,099</u>
NET COST OF OPERATIONS	<u>\$ 13,198,391</u>	<u>\$ 1,171,257</u>	<u>\$ 3,135,451</u>	<u>\$ -</u>	<u>\$ 17,505,099</u>

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	\$ 236,133	\$ -	\$ -	\$ -	\$ 236,133
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>236,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,133</u>
Gross costs with the public	13,035,943	1,222,300	3,896,313	-	18,154,556
Less earned revenues from the public	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net costs with the public	<u>13,035,943</u>	<u>1,222,300</u>	<u>3,896,313</u>	<u>-</u>	<u>18,154,556</u>
TOTAL NET PROGRAM COSTS	<u>13,272,076</u>	<u>1,222,300</u>	<u>3,896,313</u>	<u>-</u>	<u>18,390,689</u>
NET COST OF OPERATIONS	<u>\$ 13,272,076</u>	<u>\$ 1,222,300</u>	<u>\$ 3,896,313</u>	<u>\$ -</u>	<u>\$ 18,390,689</u>

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

	Federal		State and Other		Rural Community Assistance Program		Eliminations		Combined	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended State Funds	Cumulative Results of Operations	Unexpended RCAP Funds	Cumulative Results of Operations	Unexpended Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ 38,936	\$ 27,013,795	\$ -	\$ 649,936	\$ -	\$ (53,695)	\$ -	\$ -	\$ 38,936	\$ 27,610,036
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	12,000,000	-	-	-	-	-	-	-	12,000,000
Appropriations used	13,095,424	(13,095,424)	-	-	-	-	-	-	13,095,424	(13,095,424)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,393,703	-	-	-	-	-	1,393,703
Cost of operations absorbed by RCAP	-	-	-	-	-	3,163,476	-	-	-	3,163,476
Imputed financing from costs absorbed by others	26,326	-	-	-	-	-	-	-	26,326	-
Disbursements of RCAP funds	-	-	-	-	3,135,451	(3,135,451)	-	-	3,135,451	(3,135,451)
Disbursements of funds provided by member states and others	-	-	1,171,257	(1,171,257)	-	-	-	-	1,171,257	(1,171,257)
TOTAL FINANCING SOURCES (USES)	13,121,750	(1,095,424)	1,171,257	222,446	3,135,451	28,025	-	-	17,428,458	(844,953)
NET COST OF OPERATIONS	13,198,391	-	1,171,257	-	3,135,451	-	-	-	17,505,099	-
NET CHANGE	(76,641)	(1,095,424)	-	222,446	-	28,025	-	-	(76,641)	(844,953)
NET POSITION, ENDING BALANCE	\$ (37,705)	\$ 25,918,371	\$ -	\$ 872,382	\$ -	\$ (25,670)	\$ -	\$ -	\$ (37,705)	\$ 26,765,083

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

	Federal		State and Other		Rural Community Assistance Program		Eliminations		Combined	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended State Funds	Cumulative Results of Operations	Unexpended RCAP Funds	Cumulative Results of Operations	Unexpended Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ (30,528)	\$ 28,321,885	\$ -	\$ 694,319	\$ -	\$ (35,299)	\$ -	\$ (188,415)	\$ (30,528)	\$ 28,792,490
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	12,000,000	-	-	-	-	-	-	-	12,000,000
Appropriations used	13,308,090	(13,308,090)	-	-	-	-	-	188,415	13,308,090	(13,119,675)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,177,917	-	-	-	-	-	1,177,917
Cost of operations absorbed by RCAP	-	-	-	-	-	3,877,917	-	-	-	3,877,917
Imputed financing from costs absorbed by others	33,450	-	-	-	-	-	-	-	33,450	-
Disbursements of RCAP funds	-	-	-	-	3,896,313	(3,896,313)	-	-	3,896,313	(3,896,313)
Disbursements of funds provided by member states and others	-	-	1,222,300	(1,222,300)	-	-	-	-	1,222,300	(1,222,300)
TOTAL FINANCING SOURCES (USES)	13,341,540	(1,308,090)	1,222,300	(44,383)	3,896,313	(18,396)	-	188,415	18,460,153	(1,182,454)
NET COST OF OPERATIONS	13,272,076	-	1,222,300	-	3,896,313	-	-	-	18,390,689	-
NET CHANGE	69,464	(1,308,090)	-	(44,383)	-	(18,396)	-	188,415	69,464	(1,182,454)
NET POSITION, ENDING BALANCE	\$ 38,936	\$ 27,013,795	\$ -	\$ 649,936	\$ -	\$ (53,695)	\$ -	\$ -	\$ 38,936	\$ 27,610,036

DELTA REGIONAL AUTHORITY
COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2015

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	\$ 12,022,805	\$ -	\$ -	\$ -	\$ 12,022,805
Less spending authority from offsetting collections and recoveries	<u>339,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,222</u>
Net obligations	11,683,583	-	-	-	11,683,583
OTHER RESOURCES					
Imputed financing from costs absorbed by others	26,326	-	-	-	26,326
Cost of operations absorbed by member states and others	-	1,171,257	-	-	1,171,257
Cost of operations absorbed by RCAP	<u>72,478</u>	<u>-</u>	<u>3,135,451</u>	<u>-</u>	<u>3,207,929</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	11,782,387	1,171,257	3,135,451	-	16,089,095
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>1,411,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411,840</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	13,194,227	1,171,257	3,135,451	-	17,500,935
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	<u>4,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,164</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 13,198,391</u>	<u>\$ 1,171,257</u>	<u>\$ 3,135,451</u>	<u>\$ -</u>	<u>\$ 17,505,099</u>

DELTA REGIONAL AUTHORITY
COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	\$ 12,941,779	\$ -	\$ -	\$ -	\$ 12,941,779
Less spending authority from offsetting collections and recoveries	<u>690,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,042</u>
Net obligations	12,251,737	-	-	-	12,251,737
OTHER RESOURCES					
Imputed financing from costs absorbed by others	33,450	-	-	-	33,450
Cost of operations absorbed by member states	-	1,222,300	-	-	1,222,300
Cost of operations absorbed by others	<u>-</u>	<u>-</u>	<u>3,896,313</u>	<u>-</u>	<u>3,896,313</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	12,285,187	1,222,300	3,896,313	-	17,403,800
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>1,056,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,354</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	13,341,541	1,222,300	3,896,313	-	18,460,154
RESOURCES THAT FINANCE THE ACQUISITION OF ASSETS	(68,163)	-	-	-	(68,163)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Increase in annual leave liability	<u>(1,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,302)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 13,272,076</u>	<u>\$ 1,222,300</u>	<u>\$ 3,896,313</u>	<u>\$ -</u>	<u>\$ 18,390,689</u>

DELTA REGIONAL AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2015

<u>Description</u>	<u>Paid From</u>			<u>Total All Funds</u>
	<u>Federal Funds</u>	<u>State and Other Funds</u>	<u>Rural Community Assistance Program</u>	
Grants, subsidies and contributions	\$ 11,347,093	\$ -	\$ 3,135,451	\$ 14,482,544
Consulting and other services	355,956	233,009	-	588,965
Employee benefits	294,905	91,446	-	386,351
Personnel services	791,745	320,449	-	1,112,194
Seminars and meetings	-	105,871	-	105,871
Travel and transportation of persons	236,756	122,689	-	359,445
Rent, communications and utilities	88,001	213,153	-	301,154
Supplies and materials	23,336	45,851	-	69,187
Printing and reproduction	43,425	11,480	-	54,905
Office expense	17,174	27,309	-	44,483
	<u>\$ 13,198,391</u>	<u>\$ 1,171,257</u>	<u>\$ 3,135,451</u>	<u>\$ 17,505,099</u>

DELTA REGIONAL AUTHORITY
SCHEDULES OF GRANTS MADE*
YEARS ENDED SEPTEMBER 30, 2015, 2014 AND 2013

Funding Priorities - Public Law 100-460: Sec. 382C.(b) (2) (A)-(D).
(7 U.S.C. 2009 aa, as amended)

	2015			2014			2013		
	<u>DRA Obligated</u>	<u>Total Project Funds</u>	<u>Funding Priority %</u>	<u>DRA Obligated</u>	<u>Total Project Funds</u>	<u>Funding Priority %</u>	<u>DRA Obligated</u>	<u>Total Project Funds</u>	<u>Funding Priority %</u>
A. Basic Public Infrastructure	\$ 2,626,867	\$ 13,609,503	29.9%	\$ 3,646,737	\$ 10,200,003	38.3%	\$ 2,915,806	\$ 649,450,560	32.0%
B. Transportation Infrastructure	1,069,821	65,576,025	12.2%	1,935,455	4,845,450	20.3%	2,035,412	70,517,811	22.3%
C. Business Development	2,590,722	110,369,396	29.5%	3,161,202	11,578,025	33.2%	2,883,616	226,731,630	31.6%
D. Work Development	1,755,746	20,149,361	20.0%	788,022	1,104,742	8.3%	1,276,885	6,997,425	14.0%
E. Other	746,991	18,105,894	8.5%	-	-	0.0%	-	-	0.0%
	<u>\$ 8,790,147</u>	<u>\$ 227,810,179</u>	<u>100.0%</u>	<u>\$ 9,531,417</u>	<u>\$ 27,728,221</u>	<u>100.0%</u>	<u>\$ 9,111,719</u>	<u>\$ 953,697,426</u>	<u>100.0%</u>

	2015			2014			2013		
	<u>DRA Obligated</u>	<u>State Allocation</u>	<u>State %</u>	<u>DRA Obligated</u>	<u>State Allocation</u>	<u>State %</u>	<u>DRA Obligated</u>	<u>State Allocation</u>	<u>State %</u>
State Allocations									
Alabama	\$ 1,106,966	\$ 1,006,718	11.5%	\$ 963,323	\$ 1,007,128	10.7%	\$ 979,248	\$ 979,248	10.9%
Arkansas	1,434,397	1,434,397	16.4%	1,436,247	1,409,639	14.9%	1,415,326	1,415,326	15.8%
Illinois	-	-	0.0%	744,740	744,740	7.9%	706,184	706,148	7.9%
Kentucky	874,446	874,466	10.0%	867,003	867,005	9.2%	839,893	839,894	9.4%
Louisiana	1,557,975	1,594,207	18.3%	1,796,438	1,596,439	16.9%	1,644,478	1,644,478	18.3%
Mississippi	1,383,363	1,087,955	12.5%	1,336,206	1,386,207	14.7%	1,342,547	1,342,557	15.0%
Missouri	1,087,955	1,383,363	15.9%	1,088,953	1,088,953	11.5%	1,039,830	1,039,830	11.6%
Tennessee	1,345,045	1,345,045	15.4%	1,298,506	1,348,507	14.3%	994,213	994,215	11.1%
	<u>\$ 8,790,147</u>	<u>\$ 8,726,151</u>	<u>100.0%</u>	<u>\$ 9,531,416</u>	<u>\$ 9,448,618</u>	<u>100.0%</u>	<u>\$ 8,961,719</u>	<u>\$ 8,961,696</u>	<u>100.0%</u>

* Grant obligation process for 2015 not completed as of audit report date. Illinois had not made project selections.
Totals may not add due to rounding.

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

Federal and State Co-Chairs
and Members of the Board
Delta Regional Authority
Clarksdale, Mississippi

We have audited, 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, the basic financial statements of Delta Regional Authority (the Authority), which comprise the balance sheet as of September 30, 2015, and the related statements of net cost, changes in net position, and resources (budgetary and non-budgetary) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Authority's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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. Given these limitations, during our audit, we did not identify any

deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 14-02.

We noted certain matters that we reported to the Authority's management in a separate letter dated November 16, 2015.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLC

Jackson, Mississippi
November 16, 2015