

DELTA REGIONAL AUTHORITY
PERFORMANCE AND ACCOUNTABILITY REPORT
SEPTEMBER 30, 2016



DELTA REGIONAL AUTHORITY
PERFORMANCE AND ACCOUNTABILITY REPORT
SEPTEMBER 30, 2016

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DELTA REGIONAL AUTHORITY

OFFICE OF THE FEDERAL CO-CHAIRMAN

November 1, 2016

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 2016. For FY 2016, DRA saw an increase to its appropriation, moving DRA's funding from \$12,000,000 in FY 2015 to \$25,000,000 in FY 2016. This increase represents a vote of confidence from Congressional leaders who recognize the hard work the DRA has done and continues to do to strengthen opportunities for Delta communities and their local economies. This report is an accurate and comprehensive account of the Authority's performance for FY 2016 and includes comparative financial statements for FY 2015 and FY 2016. I am pleased to report that to date, each of DRA's independent, financial audits have been unmodified, and the last two have had no material weaknesses or significant deficiencies, demonstrating that DRA is a good steward of the people's investment in this agency. Further, during the last five audits, DRA has had zero exceptions for more than 1,400 compliance tests.

DRA governs a culturally and historically 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 help create jobs, build communities, and improve the lives of the nearly 10 million residents of the Delta region.

In FY 2016, the DRA—through its States' Economic Development Assistance Program (SEDAP) and Community Infrastructure Fund (CIF) – invested \$21,369,738 of its total appropriation into 88 projects in its eight-state region. This investment leveraged \$136,704,702 in other federal, state and local funds – a ratio of 6.4 to 1 for a total project investment of \$158,074,440. Additionally, the DRA's investments attracted private investments totaling \$137,900,000 – a ratio of 6.45 to 1. Ultimately, the DRA has leveraged \$274,604,702 in other public and private investments for a total investment ration of 12.85 to 1.

With these investments, the 2016 DRA funding opportunities are expected to help achieve the following results:

- Provide 23,428 families with access to improved water and sewer;
- Train 2,964 individuals for a 21st century workforce; and
- Help create and retain 5,059 jobs.

Over the course of 15 funding cycles, the DRA has invested \$162,799,857 in 1,053 projects in its eight-state region, leveraging \$1,025,119,174 in other federal, state and local funds at a ratio of 6.3 to 1. Additionally, this investment has attracted \$2,302,149,129 in private investment – a ratio of 14.14 to 1 – for a total of \$3,327,268,303 in leveraged public and private funds resulting in a leverage ratio of 20.44 to 1.

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

- 66,114 families provided with access to improved water and sewer;
- 7,372 individuals trained for a 21st century workforce; and
- 37,119 jobs created and retained.

In addition, the following future outcomes are projected:

- Provide 58,899 families with access to improved water and sewer;
- Train 24,518 individuals for a 21st century workforce; and
- Create and retain 13,287 jobs.

As evidence by this report, through the Rural Communities Advancement Program funding, numerous accomplishments in FY 2016 have been realized through the following programs and initiatives:

Delta Leadership Institute (DLI);
 Delta Entrepreneurship Network (DEN);
 Leading Economically Competitive and Resilient Communities (ECRC) trainings;
 Local Foods Local Places;
 Jobs for America's Graduates (JAG); and
 Local Development Districts (LDD) trainings.

It is with great pleasure that the DRA submits its FY 2016 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 help 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, 2016

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)

Ms. Maureen Neighbors (Alternate)

Louisiana

Governor John Bel Edwards

Ms. Leslie Durham

(Designee & Alternate)

Arkansas

Governor Asa Hutchinson

Mrs. Amy Fecher

(Designee & Alternate)

Mississippi

Governor Phil Bryant

Ms. Alice Perry

(Designee & Alternate)

Illinois

Governor Bruce Rauner

Mr. Victor Narusis (Designee)

Ms. Kim Watson (Alternate)

Missouri

Governor Jay Nixon

Mr. Bill Ransdall (Designee)

Kentucky

Governor Matt Bevin

Ms. Sandra Dunahoo

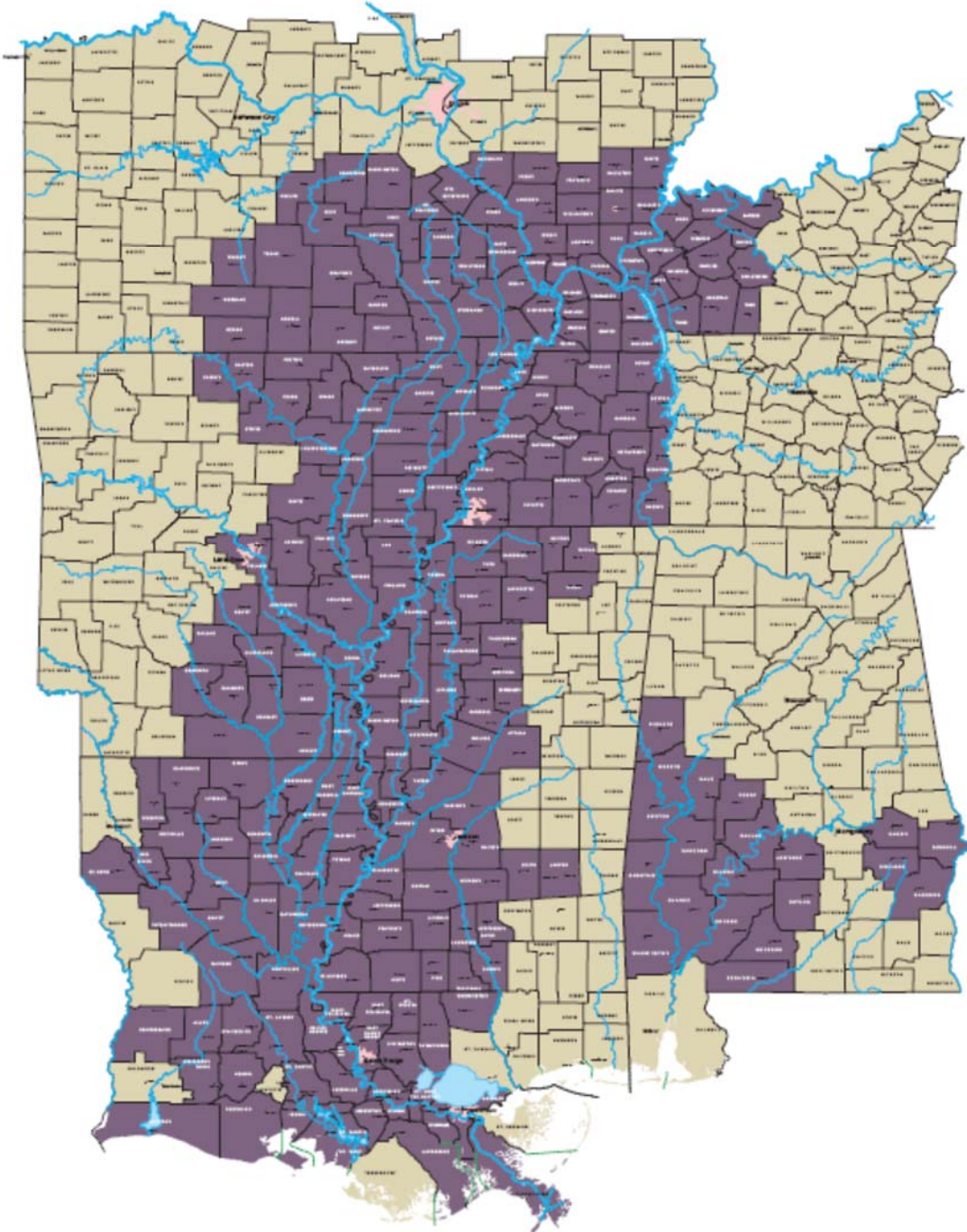
(Designee & Alternate)

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, 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 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 2016

In FY 2016, DRA – through its States' Economic Development Assistance Program (SEDAP) and Community Infrastructure Fund (CIF) – invested \$21,369,738 of its total appropriation into 88 projects in its eight-state region. This investment leveraged \$136,704,702 in other federal, state, and local funds – a ratio of 6.4 to 1 for a total project investment of \$158,074,440. Additionally, DRA's investments attracted private investments totaling \$137,900,000 – a ratio of 6.45 to 1. Ultimately, DRA has leveraged \$274,604,702 in other public and private investments for a total investment ratio of 12.85 to 1.

With these investments, the 2016 DRA funding opportunities are expected to help achieve the following results:

- Provide 23,428 families with access to improved water and sewer;
- Train 2,964 individuals for a 21st century workforce; and
- Create and retain 5,059 jobs.

Over the course of 15 funding cycles, DRA has invested \$162,799,857 in 1,053 projects in its eight-state region, leveraging \$1,025,119,174 in other federal, state and local funds at a ratio of 6.3 to 1. Additionally, this investment has attracted \$2,302,149,129 in private investment – a ratio of 14.14 to 1 – for a total of \$3,327,268,303 in leveraged public and private funds resulting in a leverage ratio of 20.44 to 1.

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

- 66,114 families provided with access to improved water and sewer;
- 7,372 individuals trained for a 21st century workforce; and
- 37,119 jobs created and retained.

In addition, the following future outcomes are projected:

- Provide 58,899 families with access to improved water and sewer;
- Train 24,518 individuals for a 21st century workforce; and
- Create and retain 13,287 jobs.

Fiscal Year 2016 Counties and Parishes

Distressed counties are defined as those counties that are one percent higher (7.2%) than the national average (6.2%) for unemployment for the most recent 24-month period and/or 80% or less than the national per capita income. Non-distressed counties are those under one percent of the national average for unemployment and more than 80% of national per capita income.

The DRA Enabling Legislation requires the Authority to update its distressed and non-distressed county designation annually. The tabulation for FY 2016 resulted in 217 distressed counties and parishes and 36 non-distressed counties (see list below).

Distressed List as of September 30, 2016

Alabama (20)	Izard	Caldwell	Natchitoches	Jefferson Davis	Oregon
Barbour	Jackson	Calloway	Red River	Lafayette	Ozark
Bullock	Jefferson	Christian	Richland	Lawrence	Pemiscot
Butler	Lawrence	Crittenden	St Bernard	Leflore	Perry
Choctaw	Lee	Fulton	St. Helena	Lincoln	Phelps
Clarke	Lincoln	Graves	St. James	Marion	Reynolds
Conecuh	Lonoke	Henderson	St. Martin	Marshall	Ripley
Dallas	Marion	Hopkins	St. John, Baptist	Montgomery	Shannon
Escambia	Mississippi	Livingston	St. Landry	Panola	St. Francois
Greene	Monroe	Lyon	Tangipahoa	Pike	Stoddard
Hale	Ouachita	Marshall	Tensas	Quitman	Texas
Lowndes	Phillips	Muhlenberg	Union	Sharkey	Washington
Macon	Poinsett	Todd	Vermillion	Simpson	Wayne
Marengo	Randolph	Trigg	Washington	Smith	Wright
Monroe	Searcy	Louisiana (41)	Webster	Sunflower	Tennessee (20)
Perry	Sharp		West Carroll	Tallahatchie	
Pickens	St. Francis	Allen	West Feliciana	Tate	Benton
Russell	Stone	Assumption	Winn	Tippah	Carroll
Sumter	Union	Avoyelles	Mississippi (45)	Tunica	Chester
Washington	Van Buren	Beauregard		Adams	Union
Wilcox	White	Bienville	Amite	Walthall	Decatur
Arkansas (38)	Woodruff	Caldwell	Amite	Warren	Dyer
	Illinois (13)	Catahoula	Attala	Washington	Fayette
Ashley		Claiborne	Benton	Wilkinson	Gibson
Baxter	Alexander	Concordia	Bolivar	Yalobusha	Hardeman
Bradley	Franklin	Desoto	Carroll	Yazoo	Hardin
Calhoun	Gallatin	East Carroll	Claiborne	Missouri (25)	Haywood
Chicot	Hardin	East Feliciana	Coahoma		Henderson
Clay	Johnson	Evangeline	Copiah	Bollinger	Henry
Cleveland	Massac	Franklin	Covington	Carter	Lake
Craighead	Perry	Grant	Desoto	Crawford	Lauderdale
Crittenden	Pope	Iberville	Franklin	Dent	McNairy
Dallas	Pulaski	Jackson	Grenada	Douglas	Obion
Desha	Randolph	Jefferson Davis	Hinds	Dunklin	Shelby
Drew	Saline	La Salle	Holmes	Howell	Tipton
Fulton	Union	Lincoln	Humphreys	Iron	Weakley
Grant	Williamson	Livingston	Issaquena	Madison	
Greene	Kentucky (15)	Madison	Jasper	Mississippi	
Independence		Ballard	Morehouse	Jefferson	New Madrid

Non-Distressed List as of September 30, 2016

Alabama (0)

All counties in Alabama are designated as distressed

Arkansas (4)

Arkansas
Cross
Prairie
Pulaski

Illinois (3)

Hamilton
Jackson
White

Kentucky (6)

Carlisle
Hickman

McCracken
McLean
Union
Webster

Louisiana (16)

Acadia
Ascension
Cameron
East Baton Rouge
East Feliciana
Iberia
Jefferson
LaFourche
Orleans
Ouachita
Plaquemines
Pointe Coupee

Rapides
St. Charles
St. Mary
West Baton Rouge

Mississippi (2)

Madison
Rankin

Missouri (4)

Butler
Cape Girardeau
Scott
Ste. Genevieve

Tennessee (1)

Madison

Organizational Structure of 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.

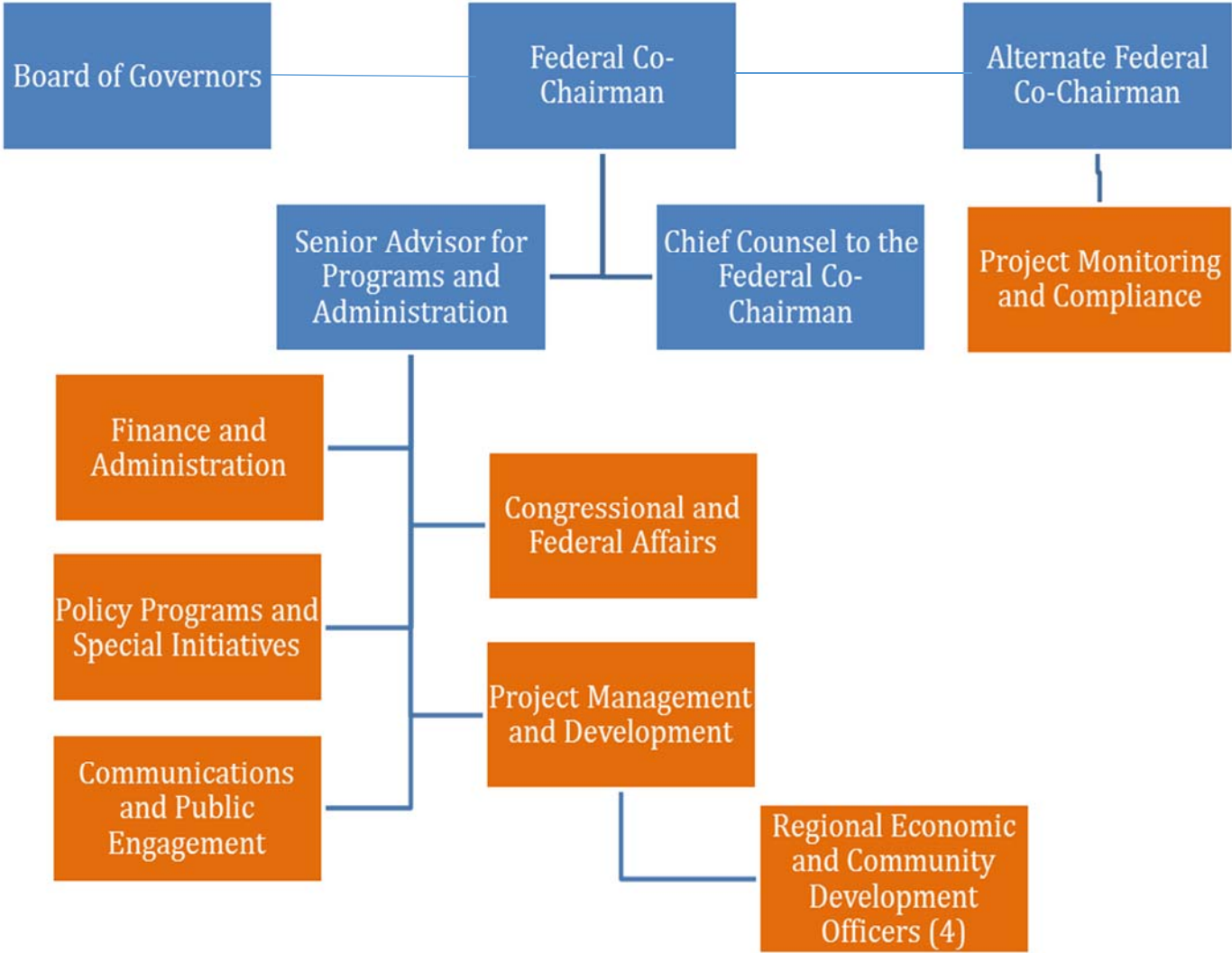
The relationship between the Federal Co-Chairman and Governors is a partnership where all board members share the fiduciary responsibility of the Authority. Moreover, the Board's responsibilities are: to establish and approve investments for economic development to the region; assess the state of the 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 2016 employed four full-time federal employees. Additionally, the DRA office employs nineteen 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 Delta Regional Authority

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 Director of Finance and Administration.

DRA has just completed its fourteenth 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, 2016, as compared to the prior year:

- Total assets increased \$10,839,414 or 37.10% in 2016 compared to a decrease of \$649,697 or 2.18% in 2015;
- Total liabilities increased \$36,342 or 1.46% in 2016 compared to an increase of \$271,897 or 12.28% in 2015;
- Net cost of operations increased \$2,500,159 or 14.28% in 2016 compared to a decrease of \$885,590, or 4.82% in 2015;
- Financing sources of operations increased \$2,587,969 or 14.85% in 2016 compared to a decrease of \$1,031,695 or 5.58% in 2015; and
- Net position increased \$10,803,072 or 40.42% in 2016 compared to a decrease of \$921,594 or 3.33% in 2015.

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).

**Delta Regional Authority
Condensed Balance Sheets
As of September 30,**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	2016 over (under) <u>2015</u>	2016 % over/under <u>2015</u>
Total Assets	\$ 29,863,620	\$ 29,213,923	\$ 40,053,337	\$ 10,839,414	37.1%
Total Liabilities	\$ 2,214,648	\$ 2,486,545	\$ 2,522,887	\$ 36,342	1.5%
Net Position					
Unexpended appropriations/state funds	27,610,036	26,765,083	37,556,986	10,791,903	40.3%
Cumulative results of operations	38,936	(37,705)	(26,536)	11,169	-29.6%
Total Net Position	<u>27,648,972</u>	<u>26,727,378</u>	<u>37,530,450</u>	<u>10,803,072</u>	40.4%
Total Liabilities and Net Position	<u>\$ 29,863,620</u>	<u>\$ 29,213,923</u>	<u>\$ 40,053,337</u>	<u>\$ 10,839,414</u>	37.1%

Total assets increased \$10,839,414 or 37.1% in FY 2016 compared to FY 2015 and decreased \$649,697 or 2.18% in FY 2015 compared to FY 2014. The FY 2016 increase is largely attributable to federal appropriations increasing for economic development purposes, while the FY 2015 decrease is attributable to federal appropriations remaining the same while funding for older projects continued to be paid out year over year.

Total liabilities increased \$36,342 or 1.5% in FY 2016 compared to FY 2015 and \$271,897 or 12.3% in FY 2015 as compared to FY 2014, due to an increase in payment requests for RCAP projects near 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.

Management's Discussion and Analysis | 2016

Delta Regional Authority Condensed Statement of Net Costs For the year ended September 30, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>	2015 over (under) 2014	2015 % over (under) 2014	2016 over (under) 2015	2016 % over (under) 2015
Program Costs	\$ 236,133	\$ 259,420	\$ 237,092	\$ 23,287	9.86%	\$ (22,328)	-8.6%
Intergov'mntal gross costs	18,154,556	17,245,679	19,768,166	(908,877)	-5.01%	2,522,487	14.6%
Net costs with the public	<u>18,390,689</u>	<u>17,505,099</u>	<u>20,005,258</u>	<u>(885,590)</u>	-4.82%	<u>2,500,159</u>	14.3%
Total Program Costs	<u>\$ 18,390,689</u>	<u>\$ 17,505,099</u>	<u>\$ 20,005,258</u>	<u>\$ (885,590)</u>	-4.8%	<u>\$ 2,500,159</u>	14.3%

Net cost of operations increased \$2,500,159 or 14.3% in FY 2016 compared to FY 2015. The increase is attributable to an increase in RCAP project disbursements. Net cost of operations decreased \$885,590 in FY 2015 when compared to FY 2014. The decrease was attributable to a decrease in RCAP project disbursements before the fiscal year-end. In other words, funding requests received from RCAP grantees were received later for this fiscal year than the timing for requests received in the 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.

Delta Regional Authority Condensed Statements of Changes in Net Position (\$000) For the year ended September 30,

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2015 over (under) 2014</u>				<u>2016 over (under) 2015</u>			
	Cum'tve	Unexp'd	Cum'tve	Unexp'd	Cum'tve	Unexp'd	Cum'tve	Unexp'd	Cum'tve	Unexp'd	Cum'tve	Unexp'd	Cum'tve	Unexp'd
	Results of	Appro'tms/ Ops	Results of	Appro'tms/ Ops	Results of	Appro'tms/ Ops	Results of Ops	%	Apro'tions	Fds	Results of Ops	%	Apro'tions	Fds
Beginning balance	\$ (31)	\$ 28,792	\$ 39	\$ 27,610	\$ (38)	\$ 26,765	\$ 70	-227.9%	\$ (1,182)	-4.1%	\$ (77)	-197.4%	\$ (845)	-3.1%
Bud'try fin'cing source/(uses)	13,308	(1,119)	13,095	(1,095)	14,445	10,555	(213)	-1.6%	24	-2.1%	1,350	10.3%	11,650	-1063.9%
Othr fin'cing source/(use)	5,152	(63)	4,333	250	5,571	237	(819)	-15.9%	313	-496.8%	1,238	28.6%	(13)	-5.2%
Ttl fin'cing sources (uses)	<u>18,460</u>	<u>(1,182)</u>	<u>17,428</u>	<u>(845)</u>	<u>20,016</u>	<u>10,792</u>	<u>(1,032)</u>	-5.6%	<u>337</u>	-28.5%	<u>2,588</u>	14.8%	<u>11,637</u>	-1377.2%
Net cost of operations	18,391	-	17,505	-	20,005	-	(886)	-4.8%	-	-	2,500	14.3%	-	-
Net change	69	(1,182)	(77)	(845)	11	10,792	(146)	-211.6%	337	-28.5%	88	114.3%	11,637	-1377.2%
Ending balance	<u>\$ 39</u>	<u>\$ 27,610</u>	<u>\$ (38)</u>	<u>\$ 26,765</u>	<u>\$ (27)</u>	<u>\$ 37,557</u>	<u>\$ (77)</u>	-198.7%	<u>\$ (845)</u>	-3.1%	<u>\$ 11</u>	128.9%	<u>\$ 10,792</u>	40.3%

Financing sources of operations increased \$2,587,969 or 14.8% in FY 2016 compared to FY 2015. The increase in financing sources is related to an increase in disbursements of RCAP funds and an increase of SEDAP funds expended for projects during the current year. Financing sources of operations decreased \$1,031,695 or 5.58% in FY 2015 when compared to FY 2014. The decrease in financing sources was related to a decrease in disbursements of RCAP funds and a decrease of SEDAP funds expended for projects during the current year.

Net position increased \$10,803,072 or 40.4% in FY 2016 compared to FY 2015. The increase in net position is directly attributable to an increase in financing sources and a decrease in administrative and grant expenses. Net position decreased \$921,594 or 3.33% in FY 2015 when compared to FY 2014. This decrease in net position was 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 year. 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.

Delta Regional Authority							
Condensed Statement of Resources							
(Budgetary and Non-Budgetary)							
For the year ended September 30,							
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2015 Over/(Under)</u>		<u>2016 Over/(Under)</u>	
				<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Total Resources (Budgetary & Non-Budgetary Resources)	\$ 18,864,246	\$ 17,700,215	\$ 33,201,413	\$(1,164,031)	-6.2%	\$ 15,501,198	87.6%
Total Status of Bud'try Resrces	13,745,593	13,393,505	27,656,769	(352,088)	-2.6%	14,263,264	106.5%
Total, Unpaid Ob'gtd Bal, Net End of year	29,079,776	27,817,846	37,095,635	(1,261,930)	-4.3%	9,277,789	33.4%
Net Outlays	14,070,545	12,695,042	14,071,390	(1,375,503)	-9.8%	1,376,348	10.8%

The declining trend in Budgetary Resources abated during FY 2016. DRA had experienced decreases since FY 2012, which were attributable to increases 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, 2016 and 2015, and demonstrates DRA's accountability for all funds and appropriations received.

If you have any questions about this report or need additional information, please contact 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

DRA PERFORMANCE REVIEW

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 a summary of results on the following DRA programs and policy efforts:

- Regional Development Plan III (RDP III)
- Regional Economic and Community Development Officers (RDO)
- Local Development District Trainings (LDD)
- Policy and Research
 - Delta Research Consortium
 - *Today’s Delta 2.0*
- Workforce Development
- Jobs for America’s Graduates (JAG)
- Small Business and Entrepreneurship Initiative (SB&E)
- Delta Entrepreneurship Network (DEN)
- Leading Economically Competitive and Resilient Communities (ECRC)
- Cultural Tourism
 - Mississippi River Geotourism
 - *Delta Sky Magazine*
- DeltaCorps
- Innovative Readiness Training Program (IRT)
- Local Foods, Local Places
- Delta Doctors Program
- Delta Leadership Institute (DLI)

REGIONAL DEVELOPMENT PLAN III

The Delta Regional Authority has completed the process of updating its strategic plan for the next five years, approved by the DRA board during its February 2016 Quorum meeting. DRA's Delta Regional Development Plan III (RDP III) builds upon its previous strategic plan (RDP II) which has helped to shape the DRA's priorities since 2008. The RDP II resulted in the creation of DRA's guiding principles, which remain in place as the foundational framework for RDP III:

- Goal 1 – Advance the productivity and economic competitiveness of the Delta workforce
- Goal 2 – Strengthen the Delta's physical and digital connections to the global economy
- Goal 3 – Facilitate capacity building within Delta communities

The RDP III updates and further builds upon these foundational goals of the RDP II, ensuring that these three core goals remain relevant and are prioritized, and expands them into more targeted policy recommendations and actionable plans. Now approved by the DRA board, the RDP III will become DRA's updated five-year comprehensive strategic plan and will set actionable guidelines, priorities, strategies and benchmarks for DRA as it continues its work to bolster the economic development of the Delta region.

LOCAL DEVELOPMENT DISTRICT TRAININGS

Per DRA's statute, local development districts (LDDs) are the Authority's front-line project developers and managers. The LDDs within the DRA footprint provide technical assistance, application support and review, and other services to DRA and the entities in their district wishing to apply for DRA funding. LDDs help identify effective and impactful economic development projects for consideration for DRA investment. All projects, regardless of the funding source, are developed in coordination with the appropriate LDD. LDD staff review and certify that each project is legitimate and meets the parameters of DRA programs.

Based on guidance from the LDD Advisory Board, LDDs out of compliance with certification requirements are ineligible to submit applications for DRA funding. This compliance requirement has helped with the updating of the funding manuals and trainings that the Authority provides to the LDDs.

In April 2016, nearly 70 Designated District Staff from the 44 LDDs within the DRA footprint attended the annual LDD Training Academy in Memphis, TN hosted by DRA. Participants received certification as DRA project coordinators. These actions will help ensure that DRA

stakeholders are receiving the most up to date technical assistance from their LDD when applying for DRA funding.

REGIONAL ECONOMIC AND COMMUNITY DEVELOPMENT OFFICERS

Beginning in the Spring of 2016, DRA hired four Regional Economic and Community Development Officers (RDOs) to serve as the nexus between DRA and local, state, and federal stakeholders. RDOs are based throughout the Delta region and directly support communities by helping to identify and fill capacity needs in support of local and regional development efforts. RDOs have built a solid community of practice as a necessary first step to build trust with stakeholders in communities across the DRA footprint. As trust has developed and professional networks have been built, RDOs have gained significant situational awareness of the political, socio-economic, health, and education climate for their specific regions. Leveraging those networks has enabled RDOs to develop programmatic strategies with their communities of practice to assist with the institutionalization of broader state and regional economic development plans leveraging DRA and other federal partner support.

All RDOs maintain a rigorous schedule of community engagements across the DRA footprint. Since being hired in April 2016, RDOs have attended more than 100 in-person engagements, as well as multiple phone engagements, and webinars with partners in all 8 states, collectively traveling more than 40,000 miles within the Delta region. RDOs have established working relationships with field representatives for U.S. Senators and U.S. Representatives in their territories. The RDOs have liaised with a number of federal partners such as HUD, USDA, FEMA, EDA, and SBA, and they continue to support federal partner activities in their areas of operation. These partnerships have been essential for layering/leveraging resources and creating conditions necessary to provide a holistic approach and strategy to community development.

Because of the positive reception from the Delta communities the RDOs serve, DRA is expecting to hire two additional RDOs in the near future to better serve the Delta region.

POLICY AND RESEARCH

In an effort to stay up-to-date on ongoing policy initiatives in the region and at the national level, as well as to spearhead any research efforts by the Delta Regional Authority, DRA created a position in the spring of 2016 that manages the agency's policy and research development.

This department is responsible for overseeing the Delta Research Consortium, *Today's Delta*, updating policy briefings, maintaining accurate and relevant information surrounding issues affecting the Delta region, and representing DRA at relevant meetings and conferences.

Delta Research Consortium

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 DRA's footprint.

DRA co-hosted the kickoff leadership summit for the DRC in April 2015, 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 steps in creating a platform and structure for the DRC to their institutional leadership. The Consortium then hosted a Presidents Roundtable in October 2015 that secured buy-in from 20 institutions and helped to outline next steps for the Consortium. Those next steps include each institution signing a Memorandum of Understanding, and DRA hosting a convening with each of the institutions as well as economic developers at a policy summit in early 2017.

Today's Delta

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* is an online resource, with periodic print versions, showing county-level data and comparing it to state, regional, and national indicators. DRA is in the third phase of the *Today's Delta* research database and report originally completed and published in 2012 and updated in 2015. The *Today's Delta* project is in the final phase of an update to the database with 2015 data. These statistics will be published in an updated *Today's Delta* publication for distribution throughout the region in Fall 2016.

WORKFORCE DEVELOPMENT

DRA provided direct technical support and assistance for selected communities to assess their workforce's skill levels and plan for increased readiness. Selected communities included 15

awardees representing 7 states and 80 counties and parishes. The end result of the technical assistance to communities has been an increase in intervention programming aimed toward youth and young adults, as well as an increase in post-secondary credentials designed to help job seekers and incumbent workers move along a career ladder. DRA provided:

- 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.

DRA partnered with ACT in providing support to the selected communities through its ACT Work Ready Communities Academy (WRC). The Academy took a structured approach where ACT guided 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 provided tools to help the communities track their progress towards certification and present data for economic developers to show they have a qualified workforce valued by employers. Employer engagement is an essential to DRA's focus on workforce. To date, the Authority has engaged more than 583 employers within the Delta region. These employers span across multiple sectors to include, but is not limited to, healthcare, advanced manufacturing, transportation, distribution, and logistics, energy, maritime, hotel, retail, and accommodation, financial services, and civil services.

The DRA Workforce Development Initiative has resulted in an increase in the number of community leaders that have been trained through the ACT Work Ready Communities Academy and the number of Delta workers and students that have achieved National Career Readiness Certification (NCRC), an industry-recognized skill credential used by employers during their hiring process.

To date, the Authority has seen 27,125 post-secondary certificates earned. DRA, in partnership with ACT, divided NCRC credentialing into three major categories: **Emerging, Current, and Transitioning** workers.

- The **Emerging Workforce** includes high school juniors, seniors, or recent graduates. The category also includes college students or recent graduates. The NCRC is a credential that the emerging workforce can use to go directly into employment or they can use it as a

stepping-stone toward additional post-secondary training. Through DRA, 10,630 individuals in the emerging workforce have been credentialed.

-

Emerging NCRC	Total
Alabama	922
Louisiana	8,201
Mississippi	411
Tennessee	73
Arkansas	1,023
<i>Total:</i>	<i>10,630</i>

- The **Current Workforce** includes the currently employed: private and nonprofit and may also include local, state, or federal government. The NCRC can be used to move up a traditional career ladder and improve/highlight skills. Through DRA, 5,091 incumbent workers were credentialed.

-

Current NCRC	Total
Alabama	156
Louisiana	1,678
Mississippi	1,121
Tennessee	53
Arkansas	2,083
<i>Total</i>	<i>5,091</i>

- The **Transitioning Workforce** is among the most vulnerable in the DRA footprint. These workers represent the currently unemployed members of the DRA region. They participated in adult basic education or currently serving as an active duty military member. Additional participants are those in reentry programs from veteran services or a returning citizen from incarceration. Through DRA, 11,404 individuals in the emerging workforce were credentialed.

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Transitioning NCRC	Total
Alabama	176
Louisiana	3,596
Mississippi	1,805
Tennessee	95
Arkansas	5,732
<i>Total</i>	<i>11,404</i>

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 been delivered in five phases over the past several years, expanding JAG into 38 additional schools and reaching more than 3,000 students.

Phase V Partnership between DRA and JAG:

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

- A total of \$250,000 to support the opening of 10 to 12 new JAG schools in five states in the Delta region. This investment will increase youth served by an additional 350-450 students.
- In addition to DRA funding, Entergy also announced a \$250,000 commitment to support JAG programming in additional schools in Mississippi, Arkansas, and Louisiana.

SMALL BUSINESS AND ENTREPRENEURSHIP INITIATIVE

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 through DRA's Delta Entrepreneurship Network and HBCU Initiative:

- *Developing a pipeline of educated and skilled entrepreneurs*
By identifying 20 new rural entrepreneurs in the Delta region and connecting them with meaningful technical assistance training and support, DRA is helping create the pipeline of skilled entrepreneurs in the region.
- *Cultivating technology exchange and innovation*

As part of the expanded technical assistance Delta entrepreneurs are receiving in the 2016-2017 DEN Fellowship, entrepreneurs are utilizing an online portal that connects them to each other and mentors from around the region, allowing them to exchange ideas, provide feedback, and ask questions related to their business development.

- *Improving access to affordable capital*

An important part of the 2016-2016 DEN Fellowship and HBCU Initiative is to help entrepreneurs prepare and connect with investors and sources of capital available to them by closely reviewing business plans, financial reports, and

- *Promoting awareness and advancing regional market opportunities*

Participation in New Orleans Entrepreneur Week gives the DEN Fellows from the Delta region access to larger regional markets opportunities.

- *Optimizing the regulatory environment*

One way for DRA to help small businesses and entrepreneurs understand the regulatory environment they face is to understand that environment itself. By creating the Director of Policy and Research position within the agency this year, DRA is better able to keep up with the changing regulatory environment entrepreneurs face.

DELTA ENTREPRENEURSHIP NETWORK

The Delta Entrepreneurship Network program identifies, connects, nurtures, and grows 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 partnership with Idea Village, this program annually identifies 20 entrepreneurs and up to 16 entrepreneurship support organizations to receive a fellowship to represent the eight-state Delta region and participate in a special segment of New Orleans Entrepreneur Week (NOEW) with programmatic workshops and mentorship from panelists and industry experts.

For Entrepreneurs: Applicants competed in a series of pitch competitions in the region, known as The Delta Challenge. These regional pitch competitions identified 20 entrepreneurs that have scalable, investable ventures throughout the region. The top three winners of the respective competitions received a fellowship to attend New Orleans Entrepreneur Week. While at NOEW, these entrepreneurs had the opportunity to showcase their ideas to a panel of investors and network with panelists, experts, mentors, and other entrepreneurs for investment.

For Entrepreneurship Support Organizations: Applicants are 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.

Through a connected infrastructure of support organizations, investors, and educators, the DEN gave 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. Two DEN Fellows have signed contracts to sell their products in a number of Wal-Mart stores, one entrepreneur has received a book deal in order to highlight their business, and one biomedical team has received millions of dollars of investments in order to expand their current operations.

Delta Entrepreneurship Network Fellowship 2017 applications opened in August 2016. Strategic partners have been brought on to serve as hosts for Delta Challenges in what is the most rural commitment of the three-year partnership. Delta Challenge dates have been set for the following:

September 13	North Little Rock, AR	Arkansas Regional Innovation Hub
September 28	Jackson, TN	Lane College
September 29	Oxford, MS	University of Mississippi
October 11	Livingston, AL	University of West Alabama
November 1	Ruston, LA	Louisiana Technical University
November 18	Cape Girardeau, MO	Codefi

The DEN expanded in 2016, the third year of the program, by advancing an inclusive strategy with regional Historically Black Colleges and Universities (HBCUs). The Historically Black Colleges and Universities Entrepreneurial Ecosystem Initiative (EEI) will engage the HBCU student populations and help expand their local entrepreneurial ecosystem. This model engages HBCU leaders, community leaders, and student entrepreneurs in a series of activities that support the growth of minority-owned businesses on college campuses. Strategic partners include Mississippi Valley State University (MVSU) and Allen Entrepreneurial Institute (AEI).

Six HBCUs have been selected as the pilot schools for the HBCU EEI. The selected schools are: Mississippi Valley State University (Itta Bena, MS); Rust College (Holly Springs, MS); Grambling State University (Grambling, LA); Southern University (Baton Rouge, LA); Philander Smith College (Little Rock, AR); and University of Arkansas Pine Bluff (Pine Bluff, AR). These campuses will receive technical assistance and host their own Delta Pitch competitions.

LEADING ECONOMICALLY COMPETITIVE AND RESILIENT COMMUNITIES

In October 2015, DRA launched one of its newest and most ambitious initiatives to date: The Leading Economically Competitive and Resilient Communities (ECRC) program. ECRC was a series of 32 two-day intensive training workshops designed for mayors, county executives, other local elected officials, and economic development leadership. ECRC was developed in partnership with the International Economic Development Council (IEDC).

In Fiscal Year 2016, ECRC reached 438 participants in eight months throughout the Delta region. The first round of training provided local officials with the necessary tools to take back to their communities and begin the implementation of economic development strategies in their communities.

It is important that the participants of ECRC Round One are given a chance to put into practice everything gathered through these workshops. A second round of workshops, in a continuing partnership with IEDC and EDA, is planned for 2017. These ECRC Round Two workshops will ensure that the local community leaders who participated in ECRC Round One have a chance to put into practice everything gathered through the first set of workshops, by helping them to develop these skills and provide the local community leaders with the technical assistance they need in order to attract new growth. The technical assistance will come in the form of strategic plans, in-depth retail analysis, workforce development, and other key topics.

CULTURAL TOURISM

Cultural tourism is using creative and cultural economies, made up of local artisans, writers, filmmakers, musicians, business owners, entrepreneurs, and the organizations that support them, which are an integral part of the Delta states' economies. DRA has a unique opportunity to showcase its culture and heritage while building local economies at the same time. In May 2015, international tourists spent more than \$18 billion on travel to, and tourism-related activities within, the United States. Creative economies and tourism are some of the best opportunities for economic development for rural communities. States in the Delta region, like Tennessee,

Arkansas, and Louisiana, are seeing hundreds of millions of dollars in tax revenue at the state and local level and tens of thousands of jobs related to the tourism industry.

In recognition of tourism as a major economic development opportunity for Delta communities big and small, DRA is investing resources into the infrastructure and small businesses that support visitors coming to the Delta region and is working with communities, businesses, and attractions to collectively promote the region as a great place to visit. DRA is also supporting the promotion of the Delta region as a prime destination for international and domestic travelers through numerous partnerships like the Mississippi River Geotourism initiative and the *Delta Sky* publication.

Mississippi River Geotourism

The Mississippi River Geotourism Program seeks to capture and promote the culture, heritage and ecological diversity of the people and places that are connected to the Mississippi River, through the voices and stories of the people that live along its shores.

The genesis of this program came from the establishment of a National Geographic Society co-branded website <http://mississippiriver.natgeotourism.com>. The content on this site was created and is curated in partnership with local organizations, businesses and residents to map the best travel experiences, stories and businesses along the Mississippi River.

The Vision for the Mississippi River Geotourism Program is:

Build on the Mississippi Rivers' global name recognition to increase awareness, appreciation and stewardship of the entire river; its history, cultures and natural wonders. To help connect people along the river and improve the capacity to offer high quality tourism experiences in the region. To develop and disseminate tools that make it easier for travelers to explore the region and in doing so, increase visitation and the economic impact of tourism along the Mississippi River.

Delta Sky Magazine

The June 2016 issue of *Delta Sky Magazine* featured a 36-page profile on the cultural and natural assets of the Delta region and highlighted some of the most unique attractions of each of the eight Delta states. Such as the Delta's trails and waterways from the Shawnee National Forest, famous for the Little Grand Canyon to Emerald Mound, a 35-foot high plateau not far from the Natchez Trace Parkway. This profile was made possible by a partnership between the Delta Regional Authority, *Delta Sky Magazine*, and the governors of the eight states, in order to

develop the potential of the Delta region to attract travelers throughout the United States and across the world.

Per Delta Airlines, its *Delta Sky Magazine*'s June 2016 issue was seen by 5 million people in 61 countries and six continents, giving readers the opportunity to learn about and fall in love with the Delta region. The magazine spread can be viewed online at <http://msp.imirus.com/Mpowered/book/vds2016/i6/p82>.

DELTACORPS

DeltaCorps, a new partnership between the Delta Regional Authority and the Corporation for National and Community Service, helps address economic and social needs of local communities in the eight states of the Mississippi River Delta region. A Memorandum of Understanding, signed on July 14, 2016, cemented this partnership, to deploy up to 100 AmeriCorps members to the Delta region over the next year.

DeltaCorps provides much needed “boots on the ground” as a tangible resource that communities, nonprofit organizations, public agencies, schools and universities can access to help build economic opportunities, access to healthy futures, and disaster response services, among many other things. The application process allows these organizations to apply directly to DRA with a project proposal for how DeltaCorps members will be utilized. Members earn a \$12,530 living allowance, receive health insurance, loan forbearance, and childcare assistance as well as a \$5,775 education award.

The first round in the application cycle launched in September, with six organizations submitting applications, for a total of 40 DeltaCorps members. Through an intense internal review process, DRA awarded five organizations located in Arkansas, Louisiana, and Tennessee with a total of 40 DeltaCorps members. The remaining organization received one-on-one technical assistance in revising their application for a more successful future submission. As this initiative expands, DRA will do more outreach to be able to utilize all 100 available member positions.

The awarded organizations and their member allotments are listed below:

1. **SBP (formerly known as St. Bernard Project):** Twenty-five DeltaCorps members will provide disaster recovery services to flood-impacted residents throughout the Baton Rouge area and continue long-term recovery operations in New Orleans. Through their work with DeltaCorps, the DeltaCorps members will maximize the impact of their service by leveraging 2,000 additional community volunteers.

2. **Hispanic Community Services, Inc:** Two DeltaCorps members will serve the Hispanic populations of Jonesboro and Pocahontas, Arkansas. In Pocahontas, the DeltaCorps member will provide translation and interpretation services to increase access to healthcare services as well as employment opportunities. In Jonesboro, the DeltaCorps member will provide youth leadership and education programs to high school students, playing an instrumental role in helping Hispanic students navigate the process of applying for scholarships, colleges, and the SAT/ACTs as they plan for college.
3. **Project Homecoming:** Project Homecoming (PHC), a nonprofit community development organization that focuses on poverty-related and disaster-related housing and workforce development in Orleans Parish, will utilize five additional DeltaCorps members to support their affordable housing, workforce development, and disaster-relief efforts. Project Homecoming will train unemployed local residents in the low entry point but high demand field of residential construction and ensure that displaced homeowners are returned to safe homes.
4. **The College Initiative:** Five DeltaCorps members will provide low-income high school students in the Delta Region with financial literacy services for future college success and financial independence. At the end of each year of this project, students will demonstrate increased financial literacy, knowledge of community and campus resources, and a thorough understanding of the college financial aid process as it pertains to the FAFSA, student loans, and scholarships in Crittenden, Cross, Lee, Mississippi, Poinsett, St. Francis, and Shelby County Schools in Arkansas and Tennessee.
5. **Pfeifer Kiwanis Camp:** Through DeltaCorps resources, three DeltaCorps members will enhance the Alternative Classroom Experience with environmental and conservation activities for economically disadvantaged, at-risk students in Pulaski County, Arkansas, who participate in Pfeifer Camp programs.

INNOVATIVE READINESS TRAINING

Through a partnership with the U.S. Department of Defense and the U.S. Military's reserve forces, the Delta Regional Authority's Innovative Readiness Training (IRT) program provides military medical personnel with in-field emergency response preparation while simultaneously providing quality healthcare services to communities throughout the Delta region. By utilizing their extensive resources, the military is able to meet some of the region's most urgent health and wellness needs.

DRA helped communities initiate and navigate the application process for three IRT programs in summer of 2016, bringing medical, dental, and optical care to Delta residents that are uninsured or underinsured and in need of quality healthcare at no cost to the patient:

- Greyhound Medical: June 6-25 in West Memphis, AR. The longest IRT mission to date, during 20 days of medical care, 400 servicemen and women from the U.S. Army, Army Reserve, Air Force Reserve, and Air National Guard served more than 6,500 patients from Arkansas, Mississippi, and Tennessee, performing over 15,500 procedures valued at more than \$1.5 million.
- Bluegrass Medical: July 18-27 in Bardwell, Mayfield, and Paducah, KY. During 10 days of medical care, over 200 servicemen and women from the U.S. Department of Defense served almost 4,500 patients from Kentucky, southern Illinois, and southeast Missouri, performing almost 13,000 procedures valued at more than \$1.5 million.
- Tricentennial Wellness: August 2-13 in Natchez, MS. During a 12-day period, servicemen and women from the U.S. Department of Defense served more than 3,000 patients from Louisiana and Mississippi, performing over 8,500 procedures valued at nearly \$1.4 million.

LOCAL FOODS, LOCAL PLACES

First announced in June 2014 during a White House Rural Council meeting in Washington, D.C., the Local Foods, Local Places (LFLP) program aims to boost economic opportunities for local farmers and businesses, to improve access to healthy foods, and to revitalize downtowns and traditional neighborhoods by supporting farmers markets, food hubs, community gardens, and community kitchens and improving accessibility of these amenities. The program assists the awarded communities to improve their livability by promoting economic development, preserving rural lands, and increasing access to locally grown food.

Under the leadership and guidance of the White House Rural Council, the Delta Regional Authority, in conjunction with five federal partners – the U.S. Department of Agriculture, the U.S. Environmental Protection Agency, the U.S. Department of Transportation, the Centers for Disease Control and Prevention, and the Appalachian Regional Commission – continues to jointly fund and support the LFLP program. For FY 2016, DRA committed \$100,000 to the LFLP program to supplement implementation funding for three Delta communities: Martin-Dresden, Tennessee, Gainesville, Missouri, and Lake Village, Arkansas. DRA also provided Clarksdale, Mississippi – a community designated in the previous round – with an additional \$15,000 to supplement their implementation endeavors for FY 2016.

DRA will continue to provide technical assistance to the awarded LFLP communities until their strategic plans are fully developed and implemented. DRA recognizes the LFLP program to be an important rural model that breaks down barriers to entry for small, rural communities seeking to leverage federal resources. Looking forward, DRA will continue to prioritize and offer technical assistance through the LFLP initiative and other similar related efforts through FY 2017.

DELTA DOCTORS

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.

2016 has been another extremely busy year for this program, with 78 Delta Doctor J-1 applications submitted to date. In an effort to expand awareness of the DRA Delta Doctors program, in FY2015 staff has educated and informed groups in and around the region by attending conferences and participating on panels designed to promote this program and spoke at local and regional meetings about the Delta Doctors J-1 programs policy and procedures.

DELTA LEADERSHIP INSTITUTE

Founded in 2005, the Delta Leadership Institute (DLI) is a body of local community leaders who participate in a year-long Executive Academy program and continue to communicate and collaborate after the Academy's completion through the DLI alumni group, the Delta Leadership Network (DLN), in order to foster and strengthen cross-cultural, inter-governmental bonds throughout the region. Over the course of the Executive Academy academic year, 50 participants attend seven sessions and engage in training, case study discussion, and on-the-ground field studies of priority issue areas including workforce training and education, entrepreneurship and disaster resilience for small businesses, transportation and basic public infrastructure, public health, culture and tourism, and policy and governance. With more than 450 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.

The Executive Academy have held six sessions over the course of 2015-2016 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 twelfth year of the Delta Leadership Institute Executive Academy, a new Delta Leadership Institute case study model will improve the institute’s ability to track and measure the quantifiable impact of the program in the daily lives of those participating.

Data collected following each meeting ensures that the training and experience are tailored to the needs of the cohort. The following table shows the overall mean for the 2015-2016 sessions.

Mean Score of 2015-2016 Executive Academies by Respondents, 1-5 scale

Executive Academy	Overall
Memphis	4.31
Vicksburg	3.88
New Orleans	3.98
Alabama Blackbelt	4.07
Washington, DC	4.09

Delta Leadership Network

In FY 15, the Delta Leadership Network Regional Advisory Council gathered in Memphis to define goals and discuss the long-time future of our alumni organization, now 450 strong. In partnership with DLI leadership and guided by the strategy set forth by the Regional Advisory Council, the State Advisory Council Co-Chair spent FY15 leading the planning and implementation of local alumni engagement initiatives and events to engage alumni as volunteers, donors and ambassadors. Over the past year, the level of communication and interaction has been exciting.

One of the top priorities covered during their strategic planning meeting was increased communication and engagement of our alumni. From monthly newsletters, to special invitations to state meetings, regional trainings and local announcements, there have been nearly 150 emails sent to date, with sixty percent of these emails being opened (a relatively high open rate for mass emails).

In February of 2016, the annual conference had an attendance of 175, including alumni, DRA staff and board; speakers and guests; an increase of approximately 75 percent over the 2014 and 2015 conferences. There have also been seven state meetings since January 2016.

In FY16, DLN will continue its commitment to sustain local and regional growth through leadership; it will place a strong emphasis on the vision, passion, and talents of its alumni community.

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, 2016 and 2015, 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. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits 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, 2016 and 2015, 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, are presented for purposes of additional analysis and are 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 January 19, 2017, 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, LLP

Jackson, Mississippi
January 19, 2017

BASIC FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Intragovernmental		
Fund balance with Treasury	\$ 38,119,613	\$ 27,143,665
Cash	1,591,266	1,061,010
Receivables	<u>342,458</u>	<u>1,009,248</u>
TOTAL ASSETS	<u><u>\$ 40,053,337</u></u>	<u><u>\$ 29,213,923</u></u>
LIABILITIES		
Intragovernmental payable	\$ 251,904	\$ 251,904
Accounts payable	446,849	149,181
Grants and other payables	<u>1,824,134</u>	<u>2,085,460</u>
TOTAL LIABILITIES	2,522,887	2,486,545
NET POSITION		
Unexpended appropriations/state funds	37,556,986	26,765,083
Cumulative results of operations	<u>(26,536)</u>	<u>(37,705)</u>
TOTAL NET POSITION	<u><u>37,530,450</u></u>	<u><u>26,727,378</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 40,053,337</u></u>	<u><u>\$ 29,213,923</u></u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF NET COST
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	\$ 237,092	\$ 259,420
Less intragovernmental earned revenue	<u>-</u>	<u>-</u>
Intragovernmental net costs	237,092	259,420
Gross costs with the public	19,768,166	17,245,679
Less earned revenues from the public	<u>-</u>	<u>-</u>
Net costs with the public	<u>19,768,166</u>	<u>17,245,679</u>
TOTAL NET PROGRAM COSTS	<u>20,005,258</u>	<u>17,505,099</u>
NET COST OF OPERATIONS	<u>\$ 20,005,258</u>	<u>\$ 17,505,099</u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016		2015	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ (37,705)	\$ 26,765,083	\$ 38,936	\$ 27,610,036
BUDGETARY FINANCING SOURCES (USES)				
Appropriations received	-	25,000,000	-	12,000,000
Appropriations used	14,443,527	(14,443,527)	13,095,424	(13,095,424)
OTHER FINANCING SOURCES (USES)				
Cost of operations absorbed by member states and others	-	1,790,730	-	1,393,703
Cost of operations absorbed by RCAP	-	3,989,345	-	3,163,476
Imputed financing from costs absorbed by others	28,255	-	26,326	-
Disbursements of RCAP funds	3,983,269	(3,983,269)	3,135,451	(3,135,451)
Disbursements of funds provided by member states and others	1,561,376	(1,561,376)	1,171,257	(1,171,257)
TOTAL FINANCING SOURCES (USES)	20,016,427	10,791,903	17,428,458	(844,953)
NET COST OF OPERATIONS	20,005,258	-	17,505,099	-
NET CHANGE	11,169	10,791,903	(76,641)	(844,953)
NET POSITION, ENDING BALANCE	\$ (26,536)	\$ 37,556,986	\$ (37,705)	\$ 26,765,083

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016				
	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	\$ 523,988	\$ 872,382	\$ (25,670)	\$ -	\$ 1,370,700
Recoveries of prior year obligations	1,050,638	-	-	-	1,050,638
Budget authority					
Appropriations received	25,000,000	-	-	-	25,000,000
Spending authority from offsetting collections					
Collected	-	1,790,730	3,989,345	-	5,780,075
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	\$ 26,574,626	\$ 2,663,112	\$ 3,963,675	\$ -	\$ 33,201,413
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	\$ 24,635,247	\$ -	\$ -	\$ -	\$ 24,635,247
Unobligated balances/unexpended funds					
Apportioned	888,742	-	-	-	888,742
Unapportioned	-	-	-	-	-
Unexpended funds	-	1,101,736	(19,594)	-	1,082,142
Unobligated balance not available	1,050,638	-	-	-	1,050,638
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 26,574,627	\$ 1,101,736	\$ (19,594)	\$ -	\$ 27,656,769
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	\$ 26,619,675	\$ 35,414	\$ 1,162,757	\$ -	\$ 27,817,846
Obligations incurred	24,635,247	1,561,376	3,983,269	-	30,179,892
Gross outlays	(14,024,053)	(1,495,089)	(4,332,323)	-	(19,851,465)
Recoveries of prior year unpaid obligations, actual	(1,050,638)	-	-	-	(1,050,638)
Obligated balance, net, end of year					
Undelivered orders	34,767,530	-	-	-	34,767,530
Accounts payable	1,412,701	101,701	813,703	-	2,328,105
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF YEAR	\$ 36,180,231	\$ 101,701	\$ 813,703	\$ -	\$ 37,095,635
NET OUTLAYS					
Gross outlays	\$ 14,024,053	\$ 1,495,089	\$ 4,332,323	\$ -	\$ 19,851,465
Offsetting collections	-	(1,790,730)	(3,989,345)	-	(5,780,075)
TOTAL NET OUTLAYS	\$ 14,024,053	\$ (295,641)	\$ 342,978	\$ -	\$ 14,071,390

See Notes to Financial Statements

2015

Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
\$ 207,573	\$ 649,936	\$ (53,695)	\$ -	\$ 803,814
307,264	-	-	-	307,264
12,000,000	-	-	-	12,000,000
<u>31,958</u>	<u>1,393,703</u>	<u>3,163,476</u>	<u>-</u>	<u>4,589,137</u>
<u>\$ 12,546,795</u>	<u>\$ 2,043,639</u>	<u>\$ 3,109,781</u>	<u>\$ -</u>	<u>\$ 17,700,215</u>
\$ 12,022,805	\$ -	\$ -	\$ -	\$ 12,022,805
415,488	-	-	-	415,488
108,500	-	-	-	108,500
-	872,382	(25,670)	-	846,712
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,546,793</u>	<u>\$ 872,382</u>	<u>\$ (25,670)</u>	<u>\$ -</u>	<u>\$ 13,393,505</u>
\$ 28,256,485	\$ 23,198	\$ 800,093	\$ -	\$ 29,079,776
12,022,805	1,171,257	3,135,451	-	16,329,513
(13,352,351)	(1,159,041)	(2,772,787)	-	(17,284,179)
(307,264)	-	-	-	(307,264)
25,629,832	-	-	-	25,629,832
<u>989,843</u>	<u>35,414</u>	<u>1,162,757</u>	<u>-</u>	<u>2,188,014</u>
<u>\$ 26,619,675</u>	<u>\$ 35,414</u>	<u>\$ 1,162,757</u>	<u>\$ -</u>	<u>\$ 27,817,846</u>
\$ 13,352,351	\$ 1,159,041	\$ 2,772,787	\$ -	\$ 17,284,179
<u>(31,958)</u>	<u>(1,393,703)</u>	<u>(3,163,476)</u>	<u>-</u>	<u>(4,589,137)</u>
<u>\$ 13,320,393</u>	<u>\$ (234,662)</u>	<u>\$ (390,689)</u>	<u>\$ -</u>	<u>\$ 12,695,042</u>

DELTA REGIONAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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. Accounting principles generally accepted in the United States of America (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, 2016 and 2015, 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 statements of changes in net position reflect 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 2016 and 2015.

Cash

At September 30, 2016 and 2015, cash consisted of deposit accounts with various financial institutions. At September 30, 2016, the Authority's cash accounts were 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.

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>2016</u>	<u>2015</u>
Fund balance with Treasury		
Appropriated fund	\$ <u>38,119,613</u>	\$ <u>27,143,665</u>
Status of fund balance with Treasury		
Unobligated balance		
Available	\$ 888,742	\$ 415,488
Unavailable	1,050,638	108,500
Obligated balance not yet disbursed	<u>36,180,233</u>	<u>26,619,677</u>
	<u>\$ 38,119,613</u>	<u>\$ 27,143,665</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>2016</u>	<u>2015</u>
Balance of state funds on hand,		
beginning of year	\$ 198,739	\$ 258,643
Current year billed to and received from states	<u>1,245,335</u>	<u>885,789</u>
Total available from states	<u>\$ 1,444,074</u>	<u>\$ 1,144,432</u>
Balance of state funds on hand,		
end of year	<u>\$ 342,023</u>	<u>\$ 198,739</u>

Included in accounts receivable at September 30, 2016 was \$61,764 due from one state for a portion of its 2016 share of SEDAP funding assessment.

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>2016</u>	<u>2015</u>
Liabilities not covered by budgetary resources		
Leave liability (federal)	\$ 27,727	\$ 37,706
Leave liability (state)	47,339	31,004
Other payables (state and other)	118,214	44,662
Deferred inflows from grants (RCAP and other)	408,596	265,937
Grants payable (RCAP)	<u>410,071</u>	<u>1,002,393</u>
Total liabilities not covered by budgetary resources	<u>1,011,947</u>	<u>1,381,702</u>
Liabilities covered by budgetary resources		
Accounts payable	53,598	129,179
Grants payable	1,176,525	721,880
Payroll and leave liability	48,752	21,719
Intragovernmental payable	<u>232,065</u>	<u>232,065</u>
Total liabilities covered by budgetary resources	<u>1,510,940</u>	<u>1,104,843</u>
Total liabilities	<u>\$ 2,522,887</u>	<u>\$ 2,486,545</u>

NOTE 5 – GRANTS AND OTHER PAYABLES

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

	<u>2016</u>	<u>2015</u>
Federal		
Accrued funded payroll and leave - current	\$ 24,424	\$ 21,719
Accrued unfunded leave - noncurrent	27,727	37,706
Grants payable	<u>879,879</u>	<u>721,880</u>
Total federal	<u>932,030</u>	<u>781,305</u>
State and Other		
Accrued leave	47,339	31,004
Deferred inflows of grant funds	21,477	110,000
Other payables	<u>24,328</u>	<u>4,821</u>
Total state and other	<u>93,144</u>	<u>145,825</u>
Rural Community Assistance Program (RCAP)		
Deferred inflows of grant funds	387,119	155,937
Grants payable	410,071	1,002,393
Other payables	<u>1,770</u>	<u>-</u>
Total RCAP	<u>798,960</u>	<u>1,158,330</u>
	<u>\$ 1,824,134</u>	<u>\$ 2,085,460</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>2016</u>	<u>2015</u>
Direct - category B Grants	\$ 22,370,126	\$ 10,322,189
Direct - category B Administration	<u>2,265,121</u>	<u>1,700,616</u>
Total obligations	<u>\$ 24,635,247</u>	<u>\$ 12,022,805</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 \$1,011,947, and the decrease in components requiring resources in future periods totaled \$9,979 at September 30, 2016. 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. 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, 2016, were:

2017	\$ 84,175
2018	56,494
2019	57,765
2020	<u>19,470</u>
	<u>\$ 217,904</u>

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 \$106,200 and \$115,555 for the years ended September 30, 2016 and 2015, 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 10.3% and 13.2% for the years ended September 30, 2016 and 2015, respectively. Contributions made by the Authority amounted to approximately \$97,000 and \$69,000 for the years ended September 30, 2016 and 2015, 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 14.2% and 14.1% for the years ended September 30, 2016 and 2015, respectively. The Authority's contributions to FERS for the years ended September 30, 2016 and 2015 were approximately \$75,000 and \$80,000, 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

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc., made by the Authority in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Authority in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the Authority employees that will be funded by Office of Personnel Management (OPM). Changes in budgetary resources obligated for goods, services and benefits ordered but not yet provided represent the difference between the beginning and ending balances of undelivered orders (i.e., goods and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and net cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represent financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial [proprietary] accounting) is as follows (note: in prior years, this information was presented as a separate financial statement [the statement of financing]).

	<u>2016</u>	<u>2015</u>
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	\$ 24,635,247	\$ 12,022,805
Less spending authority from offsetting collections and recoveries	<u>(1,050,638)</u>	<u>(339,222)</u>
Net obligations	23,584,609	11,683,583
OTHER RESOURCES		
Imputed financing from costs absorbed by others	28,255	26,326
Cost of operations absorbed by member states and others	1,561,376	1,171,257
Cost of operations absorbed by RCAP	3,983,269	3,135,451
Other	<u>-</u>	<u>72,478</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	29,157,509	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>(9,141,082)</u>	<u>1,411,840</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	20,016,427	17,500,935
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	(1,190)	-
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	<u>(9,979)</u>	<u>4,164</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 20,005,258</u>	<u>\$ 17,505,099</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 2015, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2017 President’s budget, which are rounded to the nearest million. As the FY 2018 President’s budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2016 data in the FY 2018 budget cannot be performed.

OTHER INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	<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	\$ 38,119,613	\$ -	\$ -	\$ -	\$ 38,119,613
Cash	-	1,217,620	373,646	-	1,591,266
Receivables	<u>1,190</u>	<u>91,092</u>	<u>250,176</u>	<u>-</u>	<u>342,458</u>
 TOTAL ASSETS	 <u>\$ 38,120,803</u>	 <u>\$ 1,308,712</u>	 <u>\$ 623,822</u>	 <u>\$ -</u>	 <u>\$ 40,053,337</u>
LIABILITIES					
Intragovernmental payable	\$ 251,904	\$ -	\$ -	\$ -	\$ 251,904
Interfund transfers	158,156	12,131	(170,287)	-	-
Accounts payable	330,405	101,701	14,743	-	446,849
Grants and other payables	<u>932,030</u>	<u>93,144</u>	<u>798,960</u>	<u>-</u>	<u>1,824,134</u>
 TOTAL LIABILITIES	 1,672,495	 206,976	 643,416	 -	 2,522,887
NET POSITION					
Unexpended appropriations/state funds	36,474,844	1,101,736	(19,594)	-	37,556,986
Cumulative results of operations	<u>(26,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,536)</u>
 TOTAL NET POSITION	 <u>36,448,308</u>	 <u>1,101,736</u>	 <u>(19,594)</u>	 <u>-</u>	 <u>37,530,450</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 38,120,803</u>	 <u>\$ 1,308,712</u>	 <u>\$ 623,822</u>	 <u>\$ -</u>	 <u>\$ 40,053,337</u>

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 payable	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 STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 237,092	\$ -	\$ -	\$ -	\$ 237,092
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>237,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,092</u>
Gross costs with the public	14,223,521	1,561,376	3,983,269	-	19,768,166
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	<u>14,223,521</u>	<u>1,561,376</u>	<u>3,983,269</u>	<u>-</u>	<u>19,768,166</u>
TOTAL NET PROGRAM COSTS	<u>14,460,613</u>	<u>1,561,376</u>	<u>3,983,269</u>	<u>-</u>	<u>20,005,258</u>
NET COST OF OPERATIONS	<u>\$ 14,460,613</u>	<u>\$ 1,561,376</u>	<u>\$ 3,983,269</u>	<u>\$ -</u>	<u>\$ 20,005,258</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016

	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	\$ (37,705)	\$ 25,918,371	\$ -	\$ 872,382	\$ -	\$ (25,670)	\$ -	\$ -	\$ (37,705)	\$ 26,765,083
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	25,000,000	-	-	-	-	-	-	-	25,000,000
Appropriations used	14,443,527	(14,443,527)	-	-	-	-	-	-	14,443,527	(14,443,527)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,790,730	-	-	-	-	-	1,790,730
Cost of operations absorbed by RCAP	-	-	-	-	-	3,989,345	-	-	-	3,989,345
Imputed financing from costs absorbed by others	28,255	-	-	-	-	-	-	-	28,255	-
Disbursements of RCAP funds	-	-	-	-	3,983,269	(3,983,269)	-	-	3,983,269	(3,983,269)
Disbursements of funds provided by member states and others	-	-	1,561,376	(1,561,376)	-	-	-	-	1,561,376	(1,561,376)
TOTAL FINANCING SOURCES (USES)	14,471,782	10,556,473	1,561,376	229,354	3,983,269	6,076	-	-	20,016,427	10,791,903
NET COST OF OPERATIONS	14,460,613	-	1,561,376	-	3,983,269	-	-	-	20,005,258	-
NET CHANGE	11,169	10,556,473	-	229,354	-	6,076	-	-	11,169	10,791,903
NET POSITION, ENDING BALANCE	\$ (26,536)	\$ 36,474,844	\$ -	\$ 1,101,736	\$ -	\$ (19,594)	\$ -	\$ -	\$ (26,536)	\$ 37,556,986

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 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 24,635,247	\$ -	\$ -	\$ -	\$ 24,635,247
Less spending authority from offsetting collections and recoveries	<u>1,050,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050,638</u>
Net obligations	23,584,609	-	-	-	23,584,609
OTHER RESOURCES					
Imputed financing from costs absorbed by others	28,255	-	-	-	28,255
Cost of operations absorbed by member states and others	-	1,561,376	-	-	1,561,376
Cost of operations absorbed by RCAP	<u>-</u>	<u>-</u>	<u>3,983,269</u>	<u>-</u>	<u>3,983,269</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	23,612,864	1,561,376	3,983,269	-	29,157,509
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>(9,141,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,141,082)</u>
TOTAL RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS	14,471,782	1,561,376	3,983,269	-	20,016,427
RESOURCES THAT FINANCE THE ACQUISITION OF ASSETS	(1,190)	-	-	-	(1,190)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	<u>(9,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,979)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 14,460,613</u>	<u>\$ 1,561,376</u>	<u>\$ 3,983,269</u>	<u>\$ -</u>	<u>\$ 20,005,258</u>

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	-	1,171,257	-	-	1,171,257
Cost of operations absorbed by others	72,478	-	-	-	72,478
Cost of operations absorbed by RCAP	<u>-</u>	<u>-</u>	<u>3,135,451</u>	<u>-</u>	<u>3,135,451</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 ITEMS NOT PART OF 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					
Increase 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
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2016

<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	\$ 12,265,405	\$ -	\$ 3,983,269	\$ 16,248,674
Consulting and other services	364,551	266,476	-	631,027
Employee benefits	338,904	107,427	-	446,331
Personnel services	950,675	502,055	-	1,452,730
Seminars and meetings	-	101,117	-	101,117
Travel and transportation of persons	324,922	213,377	-	538,299
Rent, communications and utilities	91,340	212,543	-	303,883
Supplies and materials	46,439	56,048	-	102,487
Printing and reproduction	53,308	19,109	-	72,417
Office expense	25,069	83,224	-	108,293
	<u>\$ 14,460,613</u>	<u>\$ 1,561,376</u>	<u>\$ 3,983,269</u>	<u>\$ 20,005,258</u>

DELTA REGIONAL AUTHORITY
SCHEDULES OF GRANTS MADE*
YEARS ENDED SEPTEMBER 30, 2016, 2015 AND 2014

	2016			2015			2014		
	<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	\$ 4,375,155	\$ 98,374,292	42.4%	\$ 2,710,867	\$ 13,629,503	28.3%	\$ 3,646,737	\$ 10,200,003	38.3%
B. Transportation Infrastructure	1,658,999	44,428,541	16.1%	1,759,543	66,251,025	18.4%	1,935,455	4,845,450	20.3%
C. Business Development	1,639,757	46,595,849	15.9%	2,590,722	110,369,396	27.1%	3,161,202	11,578,025	33.2%
D. Work Development	1,275,062	4,650,168	12.4%	1,755,746	20,149,361	18.4%	788,022	1,104,742	8.3%
E. Other	1,361,512	13,138,568	13.2%	746,991	18,105,894	7.8%	-	-	0.0%
	<u>\$ 10,310,485</u>	<u>\$ 207,187,418</u>	<u>100.0%</u>	<u>\$ 9,563,869</u>	<u>\$ 228,505,179</u>	<u>100.0%</u>	<u>\$ 9,531,417</u>	<u>\$ 27,728,221</u>	<u>100.0%</u>

	2016			2015			2014		
	<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	\$ 1,085,395	\$ 1,085,396	10.5%	\$ 1,106,966	\$ 1,006,718	10.6%	\$ 963,323	\$ 1,007,128	10.7%
Arkansas	1,522,320	1,522,320	14.7%	1,434,397	1,434,397	15.1%	1,436,247	1,409,639	14.9%
Illinois	768,862	838,670	8.1%	773,722	773,722	8.1%	744,740	744,740	7.9%
Kentucky	918,441	918,441	8.8%	874,446	874,466	9.2%	867,003	867,005	9.2%
Louisiana	1,795,360	1,795,360	17.3%	1,557,975	1,594,207	16.8%	1,796,438	1,596,439	16.9%
Mississippi	1,635,176	1,635,177	15.8%	1,383,363	1,087,955	11.5%	1,336,206	1,386,207	14.7%
Missouri	1,147,049	1,147,050	11.1%	1,087,955	1,383,363	14.6%	1,088,953	1,088,953	11.5%
Tennessee	1,437,882	1,437,882	13.9%	1,345,045	1,345,045	14.3%	1,298,506	1,348,507	14.3%
	<u>\$ 10,310,485</u>	<u>\$ 10,380,296</u>	<u>100.0%</u>	<u>\$ 9,563,869</u>	<u>\$ 9,499,873</u>	<u>100.0%</u>	<u>\$ 9,531,416</u>	<u>\$ 9,448,618</u>	<u>100.0%</u>

* Grant obligation process for 2016 not completed as of audit report date.

Totals may not add due to rounding.

DELTA REGIONAL AUTHORITY
SCHEDULES OF GRANTS MADE (CONTINUED)*
COMMUNITY INFRASTRUCTURE FUND (CIF)
YEAR ENDED SEPTEMBER 30, 2016

		2016		
		<u>DRA</u>	<u>Total</u>	<u>Funding</u>
		<u>Obligated</u>	<u>Project Funds</u>	<u>Priority %</u>
A.	Basic Public Infrastructure	\$ 8,520,150	\$ 86,404,125	85.9%
B.	Transportation Infrastructure	1,400,000	3,480,500	14.1%
C.	Business Development	-	-	0.0%
D.	Work Development	-	-	0.0%
E.	Other	-	-	<u>0.0%</u>
		<u>\$ 9,920,150</u>	<u>\$ 89,884,625</u>	<u>100.0%</u>

		2016		
		<u>DRA</u>	<u>State</u>	<u>State</u>
		<u>Obligated</u>	<u>Allocation</u>	<u>%</u>
State Allocations				
	Alabama	\$ -	\$ -	0.0%
	Arkansas	1,355,500	1,355,500	13.7%
	Illinois	120,150	120,150	1.2%
	Kentucky	800,000	800,000	8.1%
	Louisiana	1,364,000	1,364,000	13.7%
	Mississippi	5,030,500	5,030,500	50.7%
	Missouri	1,250,000	1,250,000	12.6%
	Tennessee	-	-	<u>0.0%</u>
		<u>\$ 9,920,150</u>	<u>\$ 9,920,150</u>	<u>100.0%</u>

* 2016 is the first year of the CIF grant program.

**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, 2016, 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 January 19, 2017.

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. 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. 15-02. 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. 15-02.

We noted certain matters that we reported to the Authority's management in a separate letter dated January 19, 2017.

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, LLP

Jackson, Mississippi
January 19, 2017