

Delta Regional Authority

Performance and Accountability Report
September 30, 2024

Delta Regional Authority
Performance and Accountability Report
September 30, 2024

Table of Contents

	<u>Pages</u>
Introduction	
Listing of Officials and Service Area	3-4
Agency Head Letter	5-6
DRA Org Structure	7-9
DRA Organization Chart	10
Section 1- Management Discussion and Analysis	11-14
Management and Financial Overview	
Chairman's Assurances	15
Section 2 - Financial Section	16-27
Auditor's Report and Financial Statement	28-47
General Fund Financial Statements	
Section 3 - Performance Report	
Program Goals, Objectives and Results	48-54

Delta Regional Authority

Listing of Officials

As of September 30, 2024

Federal Co-Chairman
Dr. Corey Wiggins

States' Co-Chair
Governor Andy Beshear

Alternate Federal Co-Chairman
Vacant

State Governors, Designees and Alternates

Alabama
Governor Kay Ivey
Mr. Kenneth Boswell (Designee)
Ms. Crystal Talley (Alternate)

Louisiana
Governor Jeff Landry
Mr. Kyle Ardoin (Designee)

Arkansas
Governor Sarah Huckabee Sanders
Mr. Clint O'Neal (Designee)
Ms. Amy Williams (Alternate)

Mississippi
Governor Tate Reeves
Mr. Sam Andrews (Designee)

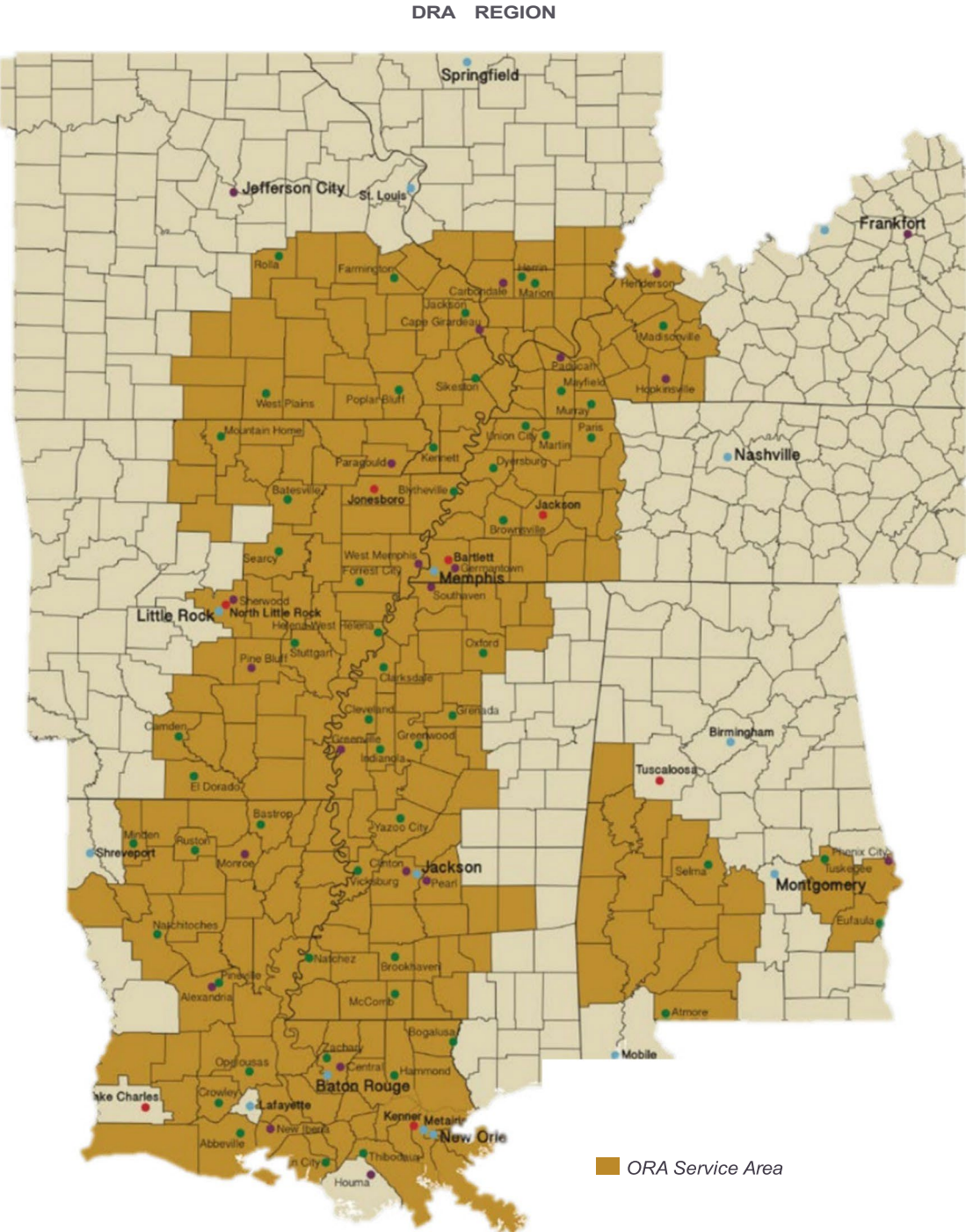
Illinois
Governor J.B. Pritzker
Ms. Brandi Bradley (Designee)
Ms. Lynne Chambers (Alternate)

Missouri
Governor Michael Parsons
Ms. Lesley Rone (Designee)
Mr. Robert Knodell (Alternate)

Kentucky
Governor Andy Beshear
Mr. Matt Sawyers (Designee)

Tennessee
Governor Bill Lee
Ms. Brooxie Carlton (Designee)

Delta Regional Authority Service Area





February 11, 2025

Russell Vought, Acting Director
The Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Director Vought:

The Delta Regional Authority (DRA or Authority) is an independent federal agency of the U.S. government. The DRA was established in 2000 as a formal framework for joint federal-state collaboration to promote and encourage the economic development of the lower Mississippi River and Alabama Black Belt regions. To fulfill this purpose, DRA invests in projects supporting transportation infrastructure, basic public infrastructure, workforce training, and business development. DRA works to create jobs, build communities, and improve the lives of those who reside in the region. DRA's region encompasses 255 counties and parishes in parts of Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

Enclosed, you will find the DRA's Performance and Accountability Report for fiscal year 2024. This report is an accurate and comprehensive account of the Authority's performance for fiscal year 2024 and includes comparative financial statements in fiscal year 2023 and fiscal year 2024.

DRA continues to be in full compliance with the Accountability for Tax Dollars Act of 2002, and it maintains its long-term commitment to setting and sustaining the highest standards in financial integrity and compliance. The report by the auditors of Allmond & Company, LLC contains an unmodified opinion of the financial statements in this document.

This fiscal year 2024 Performance and Accountability Report is aligned with the performance goals and targets outlined in the *Regional Development Plan IV: Navigating the Currents of Opportunity*. DRA's *Regional Development Plan IV*, approved by the governors of DRA's member states, outlines the agency's strategic priorities and actions through fiscal year 2027. The goals outlined in the *Regional Development Plan IV* are as follows:

GOAL 1: Invest in Public Infrastructure

DRA will expand and invest in the region's public infrastructure to improve residents' quality of life and increase economic opportunity. This includes utilities (e.g., water, sewer), digital communication (e.g., broadband, cellular), and transportation (e.g., road improvements, public transit).

GOAL 2: Nurture Local Workforce Ecosystems

DRA will improve networks of agencies, organizations, businesses, and educational institutions providing workforce development opportunities. It will promote access to services, funding, and programs that enable career stability that will support the regional economy.

GOAL 3: Promote Business Growth and Entrepreneurship

DRA will strengthen the competitiveness of the region's employers, attract new employers to the region, and support the long-term growth of micro and small businesses, especially those that maximize local industry opportunities.

GOAL 4: Support Community Placemaking and Capacity Building

DRA will invest in and support local placemaking and regional capacity building that improves opportunities for capital and federal investment in the DRA region to support economic development.

DRA has responded effectively to the region's challenges through its programs and investments, as evidenced in this report. DRA's impact in the region is not just limited to the quantitative outputs from the agency's investments, but it is also connected to DRA's reputation as a regional partner working closely with local governments and local development districts to help find solutions to the challenges experienced in the region.

Respectfully submitted,



Corey Wiggins, Ph.D.
Federal Co-Chairman

**Regional Headquarters
(Mailing Address)**

236 Sharkey Avenue, Suite 400
|Clarksdale, MS 38614
T 662.966.4976

Washington, DC Office

444 North Capitol, NW, Suite 546
|Washington, DC 20001
T 202.434.4870

**Alabama • Arkansas • Illinois • Kentucky
Louisiana • Mississippi • Missouri • Tennessee**

www.dra.gov

Delta Regional Authority

DRA Organizational Structure

Year Ended September 30, 2024

Introduction

As management of Delta Regional Authority (DRA or the Authority), we offer readers of DRA's Performance and Accountability Report this narrative overview and analysis of the financial activities of DRA for the fiscal year ended September 30, 2024. We encourage the readers to consider the information presented here in conjunction with information furnished within this report.

DRA is an Independent federal agency of the U.S. Government. DRA was established in 2000 as a formal framework for joint Federal-State collaboration to promote and encourage the economic development of the lower Mississippi River and Alabama Black Belt regions. To fulfill this purpose, DRA invests in projects supporting transportation infrastructure, basic public infrastructure, workforce training, and business development. DRA works to create jobs, build communities, and improve the lives of those that reside in the region. DRA's region encompasses 252 counties and parishes in parts of Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

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 the 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 reauthorization was extended by the Agricultural Act of 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.

Fiscal Year 2024 Counties and Parishes

DRA calculates distress criteria on an annual basis. To be deemed distressed, counties and parishes must meet the following criteria:

1. An unemployment rate of one percent higher than the national average for the most recent 24-month period.
2. Have a per capita income of 80 percent or less of the most recent national per capita income level.

DRA's enabling legislation requires the Authority to update its distressed and non-distressed county as well as isolated areas designation annually. The tabulation for fiscal year 2024 resulted in 227 distressed counties and parishes and 25 non-distressed counties and parishes and 648 isolated areas within non-distressed counties and parishes (see list below)

Delta Regional Authority

DRA Organizational Structure

Year Ended September 30, 2024

Non-Distressed List as of September 30, 2024

Alabama: None

Arkansas: Arkansas, Pulaski

Illinois: Hamilton, White

Kentucky: Carlisle, Hickman, McCracken

Louisiana: Ascension, Assumption, Cameron, De Soto, East Baton Rouge, Jefferson, Orleans, Plaquemines, Pointe Coupee, Rapides, Red River, St. Charles, St. James, West Baton Rouge

Mississippi: Madison, Rankin

Missouri: None

Tennessee: Fayette, Shelby

Distressed List as of September 30, 2024

Alabama: Barbour, Bullock, Butler, Choctaw, Clarke, Conecuh, Dallas, Escambia, Greene, Hale, Lowndes, Macon, Marengo, Monroe, Perry, Pickens, Russell, Sumter, Washington, Wilcox

Arkansas: Ashley, Baxter, Bradley, Calhoun, Chicot, Clay, Cleveland, Craighead, Crittenden, Cross, Dallas, Desha, Drew, Fulton, Grant, Greene, Independence, Izard, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Marion, Mississippi, Monroe, Ouachita, Phillips, Poinsett, Prairie, Randolph, St. Francis, Searcy, Sharp, Stone, Union, Van Buren, White, Woodruff

Illinois: Alexander, Franklin, Gallatin, Hardin, Jackson, Johnson, Massac, Perry, Pope, Pulaski, Randolph, Saline, Union, Williamson

Kentucky: Ballard, Caldwell, Calloway, Christian, Crittenden, Fulton, Graves, Henderson, Hopkins, Livingston, Lyon, McLean, Marshall, Muhlenberg, Todd, Trigg, Union, Webster

Louisiana: Acadia, Allen, Avoyelles, Beauregard, Bienville, Caldwell, Catahoula, Claiborne, Concordia, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Lafourche, La Salle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Ouachita, Richland, St. Bernard, St. Helena, St. John the Baptist, St. Landry, St. Martin, St. Mary, Tangipahoa, Tensas, Union, Vermillion, Washington, Webster, West Carroll, West Feliciana, Winn

Mississippi: Adams, Amite, Attala, Benton, Bolivar, Carroll, Claiborne, Coahoma, Copiah, Covington, DeSoto, Franklin, Grenada, Hinds, Holmes, Humphreys, Issaquena, Jasper, Jefferson, Jefferson Davis, Lafayette, Lawrence, Leflore, Lincoln, Marion, Marshall, Montgomery, Panola, Pike, Quitman, Sharkey, Simpson, Smith, Sunflower, Tallahatchie, Tate, Tippah, Tunica, Union, Walthall, Warren, Washington, Wilkinson, Yalobusha, Yazoo

Missouri: Bollinger, Butler, Cape Girardeau, Carter, Crawford, Dent, Douglas, Dunklin, Howell, Iron, Madison, Mississippi, New Madrid, Oregon, Ozark, Pemiscot, Perry, Phelps, Reynolds, Ripley, Scott, Shannon, Ste. Genevieve, St. Francois, Stoddard, Texas, Washington, Wayne, Wright

Tennessee: Benton, Carroll, Chester, Crockett, Decatur, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, McNairy, Obion, Tipton, Weakley

Delta Regional Authority

DRA Organizational Structure
Year Ended September 30, 2024

Organizational Structure

The Federal member and Governors of each of the states in the eight-state region, jointly referred to as “the Authority,” establish a formal framework for joint Federal-State collaboration in meeting and focusing national attention on the economic development needs of the region.

The DRA Board is comprised of Governors from the eight states in the DRA region along with the Federal member, or Federal Co-Chairman, who is appointed by the President and confirmed by the U.S. Senate. The Governors annually appoint a States' Co-Chairman, and in fiscal year 2024, Governor Andy Beshear of Kentucky was elected to serve as the fifteenth States' Co-Chairman.

DRA statute requires the Board to hold an annual quorum meeting, which mandates the attendance of a majority of the states' Governors. For all other DRA meetings, Governors may appoint an alternate to serve in their absence.

Pursuant to 7 U.S.C. §2009aa-1. (d), the Authority shall-

- (1) Develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other federal, state, and local planning and development activities in the region;
- (2) Not later than 220 days after December 21, 2000, establish priorities in a development plan for the region (including 5-year regional outcome targets)
- (3) Assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by federal, state, and local agencies, universities, local development districts, and other nonprofit groups;
- (4) Formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;
- (5) Work with state and local agencies in developing appropriate model legislation;
- (6) (A) Enhance the capacity of, and provide support for, local development districts in the region; or (B) if no local development district exists in an area in a participating state in the region, foster the creation of a local development district;
- (7) Encourage private investment in industrial, commercial, and other economic development projects in the region; and
- (8) Cooperate with and assist State governments with economic development programs of participating States.

DRA maintains two office locations:

Main Office:
236 Sharkey Ave
Suite 400
Clarksdale, Mississippi 38614

Washington D.C. Office:
Hall of States Building, 444 North Capitol Street NW
Suite 546
Washington, D.C. 20001

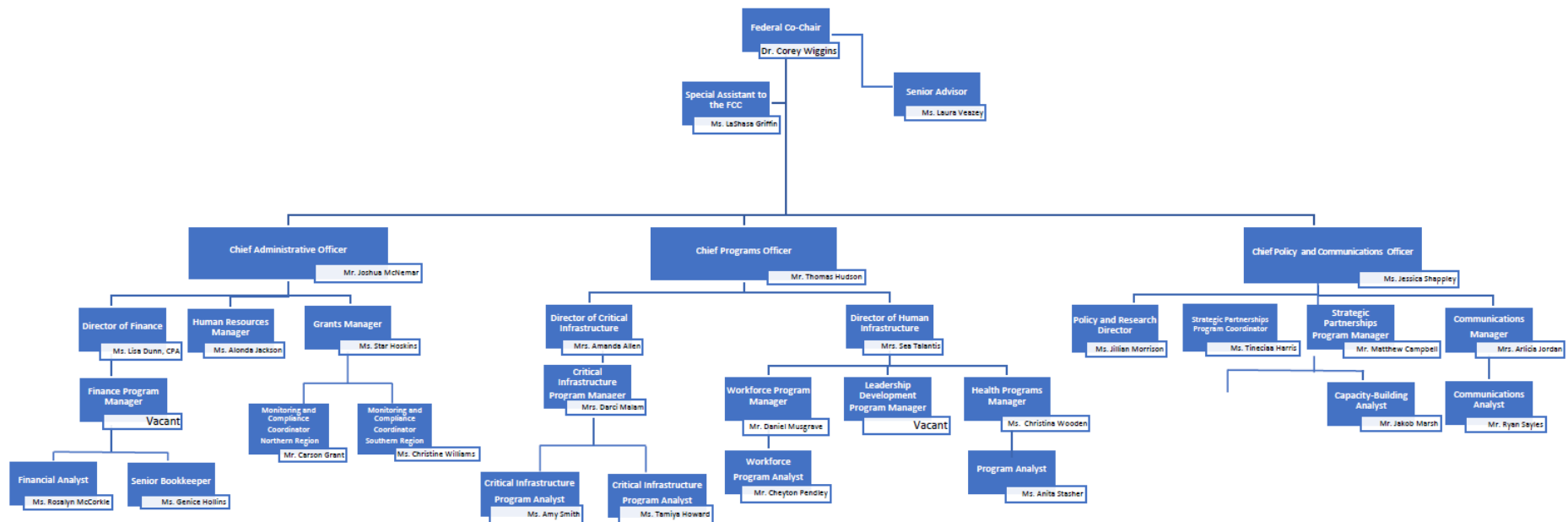
DRA maintains three federal employee positions, the Federal Co-Chairman, the Alternate Federal Co-Chairperson (currently vacant) and a Senior Advisor to the Federal Co-Chairman. For continuity of operations, DRA is structured to employ 30 non-federal employees who administer the purposes of the agency. DRA currently employs 26 non-federal employees dedicated to serving the communities of DRA’s region.

Delta Regional Authority

DRA Organizational Chart

Year Ended September 30, 2024

Delta Regional Authority Organizational Chart 2023-2024



Section 1
Management's Discussion and Analysis

Delta Regional Authority

Management's Discussion and Analysis

Year Ended September 30, 2024

Management of Delta Regional Authority

DRA contracts with the General Services Administration (GSA) to perform the Commission's accounting and financial reporting regarding DRA's economic development obligations, disbursements, and the financial reporting of its federally-appropriated dollars. DRA has made tremendous efforts under the current federal co-chair's administration to bring DRA into full compliance with the U.S. Department of Treasury laws and regulations.

The agency's approach is to make management controls an integral part of the entire cycle of planning, budgeting, management, accounting, and auditing. DRA's leadership has established a goal of maintaining the highest standards of accountability and transparency in which all employees help ensure that government resources are used efficiently and effectively to achieve intended program results with minimal potential for waste, fraud, and mismanagement.

Financial Highlights

The following is a summary of changes in assets, liabilities, revenues, expenditures and net position at September 30, 2024, as compared to the prior year:

- Total assets increased \$6,909,661 or 3% in 2024 compared to an increase of \$4,225,887 or 2% in 2023;
- Total liabilities decreased 2,419,962 or -26% in 2024 compared to an increase of \$4,184,739 or 80% in 2023;
- Total net program costs increased \$2,231,569 or 6% in 2024 compared to an increase of \$13,329,159 or 62% in 2023;
- Financing sources of operations increased \$1,449,490 or 4% in 2024 compared to an increase of \$13,329,159 or 62% in 2023; and
- Net position increased \$9,329,623 or 4% in 2024 compared to an increase of \$41,148 or .02% in 2023.

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 budgetary resources, and (5) notes to financial statements. DRA also includes in this report additional information to supplement the principal statements.

Grants Oversight and New Efficiency Act

The objective of the Grants Oversight and New Efficiency (GONE) Act is to identify and close out expired grants. The covered grants are those within an agency's cash payment management system that have been expired for two or more years and have not been closed out. DRA reviews quarterly its Obligation Aging Report, and collaborates with Program staff to close-out and de-obligate grants that are either completed or have been rescinded.

The Anti-Deficiency Act

Public Law 31 U.S.C. §1341, Limitations on Expending and Obligating Amounts, 31 U.S.C. §1342, Limitation on Voluntary Services, and 31 U.S.C. §1517, Prohibited Obligations and Expenditures, and 31 U.S.C. §1501, Documentary Evidence Requirement for Government Obligations make up the core of this Act.

31 U.S.C., Section 1341, Limitations on Expending and Obligating Amounts

An officer or employee of the U.S. Government or of the District of Columbia government may not---

- Make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; or
- Involve either government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law.

31 U.S.C., Section 1342, Limitation on Voluntary Services

An officer or employee of the U.S. Government or of the District of Columbia government may not accept voluntary

Delta Regional Authority

Management's Discussion and Analysis

Year Ended September 30, 2024

services for either government or employ personal services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property.

31 U.S.C., Section 1517, Prohibited Obligations and Expenditures

An officer or employee of the U.S. Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding---

- An apportionment; or
- The amount permitted by regulations prescribed under section 1514(a) of this title.

31 U.S.C., Section 1501, Documentary Evidence Requirement for Government Obligations

An amount shall be recorded as an obligation of the U.S. Government only when supported by documentary evidence of---

- A binding agreement;
- A loan agreement;
- Order required by law;
- A grant or subsidy;
- A liability from litigation;
- Employment of persons;
- Public utilities services; or
- Other.

Violations of the Anti-Deficiency Act

Making or authorizing an obligation or expenditure:

- In excess of an appropriation;
- Before an appropriation is made;
- In excess of an apportionment;
- In excess of agency regulations (e.g., allotment); or
- Accepting voluntary services (except in an emergency); employing personal services.

Violations of these rules will subject the officer or employee to:

- Appropriate administrative discipline;
- Suspension from duty without pay; or
- Removal from office.

Intentional violation of the Anti-Deficiency Act will subject the officer or employee to:

- Fines up to \$5,000;
- Imprisonment up to 2 years;
- Or both.

Delta Regional Authority

Management's Discussion and Analysis

Year Ended September 30, 2024

Reporting a Violation

A violation report has to be prepared by the head of the offending agency and sent to:

- The President (through OMB);
- The Speaker of the House;
- The President of the Senate; or
- The Comptroller General.

The violation report must contain:

- Date, amount, account involved in violation;
- The name and position of the person responsible;
- Discipline imposed;
- Statement about the adequacy of administrative control system; and
- Statement of actions taken to prevent it from ever happening again.

For the year ended September 30, 2024, DRA complied with the Anti-Deficiency Act.

The Prompt Payment Act

The Prompt Payment Act (PPA) was enacted to ensure the federal government makes timely payments. Bills are to be paid within 30 days after receipt and acceptance of material and/or services, or after receipt of a proper invoice whichever is later. When payments are not made timely, interest should be automatically paid. The basic requirements of the PPA for government finance offices are to:

- Date-stamp all incoming invoices;
- Make payments no earlier than 23 days and no later than 30 days from the invoice date;
- Take discounts only within the terms offered;
- Pay interest automatically when payment is late; and
- Report performance based on statistical sampling to the OMB.

Procedures and Guidelines DRA uses to comply with the Prompt Payment Act

All invoices for services and/or materials are date-stamped and processed on a bi-weekly basis to ensure compliance with the Prompt Payment Act. DRA's payments are processed through the U.S General Services Administration, who automatically calculates interest due when payments are late. DRA is in compliance with the Prompt Payment Act.

Data Accountability and Transparency Act of 2014 31 U.S.C. §6101, PL 113-101

The purpose of the Data Accountability and Transparency Act (DATA Act) is to establish government-wide financial data standards and increase the availability, accuracy, and usefulness of federal spending information. The DATA Act's vision was to provide reliable, timely, secure, and consumable financial management data for the purpose of promoting transparency, facilitating better decision making, and improving operational efficiency.

DRA complied, with all material respects, with the DATA Act and reported information monthly, as required during the fiscal year.

Delta Regional Authority

Management's Discussion and Analysis

Year Ended September 30, 2024

Fraud Reduction and Data Analytics Act of 2015

Under the Fraud Reduction and Data Analytics Act (FRDAA) of 2015, agencies are required to report on efforts to reduce fraud. Standards require agencies to identify fraud risk factors and programs with increased susceptibility for fraud. The report must include information on the agency's progress in implementing:

- Financial and administrative controls established pursuant to the act,
- The fraud risk principle in the Standards for Internal Control in the Government, and OMB Circular A-123, Management's Responsibility for Internal Control, with respect to leading practices for managing fraud risk,
- Progress in identifying risks and vulnerabilities to fraud, including with respect to payroll, beneficiary payments, grants, large contracts, purchase and travel cards, and
- Progress on establishing strategies, procedures, and other steps to curb fraud.

DRA is currently updating the Financial Internal Control and Risk Management Plan and departmental Standard Operating Procedures to ensure that internal controls are in place and operating correctly to safeguard DRA's resources.

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, 2024 and 2023, 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 the Delta Regional Authority via telephone by calling 662-624-8600 or mail by directing inquiries to the Director of Finance, Delta Regional Authority, 236 Sharkey Avenue, Suite 400, Clarksdale, Mississippi 38614. Other information can be obtained by visiting www.dra.gov



February 7, 2025

Subject: Audit Statements

Management Assurance

DRA conducted its assessment of the effectiveness of internal control over financial reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circulars A-123, Management's Responsibility for Internal Control, and A-136, Financial Reporting Requirements. Based on the results of this evaluation, DRA can provide reasonable assurance, except for the one material weakness reported by the auditor in our internal controls over improvements needed in our grant accrual methodology, that internal controls over financial reporting as of September 30, 2024, were operating effectively.

Internal Control Over Financial Reporting

The Delta Regional Authority's management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). The Authority conducted its assessment of the effectiveness of internal controls and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on this evaluation, the Authority can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations, as of September 30, 2024, were operating effectively except for the one material weakness identified by the auditor in the internal controls over the financial reporting process.

A handwritten signature in blue ink, appearing to be "Corey Wiggins".

Corey Wiggins, PhD
Federal Co-Chairman
Delta Regional Authority

**Regional Headquarters
(Mailing Address)**

236 Sharkey Avenue, Suite 400
|Clarksdale, MS 38614
T 662.966.4976

Washington, DC Office

444 North Capitol, NW, Suite 546
|Washington, DC 20001
T 202.434.4870

**Alabama • Arkansas • Illinois • Kentucky
Louisiana • Mississippi • Missouri • Tennessee**

www.dra.gov

Section 2

Financial Section



ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

7501 FORBES BOULEVARD, SUITE 200
LANHAM, MARYLAND 20706

(301) 918-8200
FACSIMILE (301) 918-8201

Independent Auditor's Report

Federal Co-Chair and Chief Administrative Officer
Delta Regional Authority:

Report on the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Delta Regional Authority (DRA) financial statements. DRA financial statements comprise the balance sheets as of September 30, 2024; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, DRA's financial statements present fairly, in all material respects, DRA's financial position as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the DRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of DRA as of and for the fiscal year ended September 30, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on November 15, 2023. These statements were not audited, reviewed, or compiled by us; accordingly, we do not express an opinion or provide any form of assurance on them.

Responsibilities of Management for the Financial Statements

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in DRA's Performance and Accountability

Report (PAR), and ensuring the consistency of that information with the audited financial statements and the RSI; and

- designing, implementing, and maintaining effective 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-02 will always detect a material misstatement or material weakness when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, we;

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to an audit 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 DRA's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial

statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

DRA's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in DRA's Performance Accountability Report. The other information comprises the *Chairman's Letter*, *Management and Discussion Analysis*, *Measuring Performance: Key Results for FY 2024*, and *Other Information* sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exist between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of DRA's financial statements, we considered DRA's internal control over financial reporting, consistent with the auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies¹ or to express an opinion on the effectiveness of DRA's internal control over financial reporting. Given these limitations, during our fiscal year 2024 audit, we identified a deficiency in internal

¹ A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

control that we consider to be a material weakness. This deficiency is described in the accompanying *Exhibit I, Findings and Recommendations – Material Weakness*, to this report.

We also identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency. This deficiency is described in the accompanying *Exhibit II, Findings and Recommendations - Significant Deficiency*, to this report. In addition, we identified a deficiency in DRA's internal control over financial reporting that we do not consider to be material weakness or significant deficiency that, nonetheless, warrant management's attention. We have communicated this matter to DRA management and, where appropriate, will report on them separately.

We considered the material weakness and significant deficiency in determining the nature, timing, and extent of our audit procedures on DRA's fiscal year 2024 financial statements. Although the material weakness and significant deficiencies in internal control did not affect our opinion on DRA's fiscal year 2024 financial statements, misstatements may occur in unaudited financial information reported internally and externally by DRA because of the internal control deficiencies described in this report.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to DRA's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

DRA management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of DRA's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. generally accepted government auditing standards, we considered DRA's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DRA's internal control over financial reporting. Accordingly, we do not express an opinion on DRA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that;

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and

- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of DRA's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of DRA's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of DRA's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2024 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to DRA. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

DRA management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to DRA.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to DRA that have a direct effect on the determination of material amounts and disclosures in DRA's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to DRA. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Allmond & Company, LLC

Lanham, MD
February 6, 2025

Improvements Needed in DRA's Grant Accrual Methodology (2024-02)

CONDITION

Improvements are needed in the Delta Regional Authority's (DRA) grant accrual methodology. DRA did not have a grant accrual methodology in place to estimate expenses incurred by grantees but have not yet been reimbursed as of September 30, 2024.

CRITERIA

The Federal Accounting Standards Advisory Board's (FASAB) *Federal Financial Accounting Technical Release-Technical Release 12: Accrual Estimates for Grant Programs* Paragraph 12 states,

“Agencies should document and maintain support for the data and assumptions used to develop grant accrual estimates. The documentation will facilitate the agency's review of the assumptions, a key internal control, and will also facilitate the auditor's testing of the estimates. Documentation should be complete and stand on its own, i.e., a knowledgeable independent person could perform the same steps and replicate the same results. If the documentation were from a source that would normally be destroyed, then copies should be maintained in the file for the purpose of reconstructing the estimates.”

In addition, the *FASAB Technical Release 12: Accrual Estimates for Grant Programs* Paragraph 14 states,

“Agencies must accumulate sufficient relevant and reliable data on which to base accrual estimates. Each agency should prepare grant accrual estimates based upon the best available data at the time the estimates are made.”

Furthermore, Section 23 of the *FASAB Technical Release 12: Accrual Estimates for Grant Programs* states,

“Documented procedures are important to communicate relevant information on the grant accrual estimation to employees and management as well as other interested parties, such as auditors. As an agency experiences employee turnover, these documented procedures can provide vital information for new employees on how to complete reliable, well supported grant accrual estimates. Such documentation may be used to establish consistent procedures for developing grant accrual estimates across grant programs with similar characteristics.”

Lastly, Section 26 of the *FASAB Technical Release 12: Accrual Estimates for Grant Programs* states,

“As part of agencies' internal control procedures to ensure that grant accrual estimates for the basic financial statements were reasonable, agencies should validate grant accrual

Findings and Recommendations – Material Weakness

estimates by comparing the estimates with subsequent grantee reporting.”

CAUSE

DRA was unaware that a grant accrual was necessary to record for expenses for grantees that have incurred expenses but have not yet reimbursed.

EFFECT

Failure to establish a grant accrual methodology has resulted in material misstatements in DRA's FY 2024 financial statements and footnotes. Specifically:

- The Other than Intragovernmental – Accounts Payable balance reported on DRA's Balance Sheet was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Gross Cost balance reported on DRA's Statement of Net Cost was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Net Cost of Operations balance reported on DRA's Statement of Net Cost and Statement of Changes in Net Position was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Unexpended Appropriations – Appropriations Used balance reported on DRA's Statement of Changes in Net Position was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Total Unexpended Appropriations balance reported on DRA's Balance Sheet and Statement of Changes in Net Position was overstated by approximately \$2,822,471.97 for fiscal year 2024.
- The Cumulative Results of Operations – Appropriations Used balance reported on DRA's Statement of Changes in Net Position was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Total Cumulative Results of Operations balance reported on DRA's Balance Sheet and Statement of Changes in Net Position was understated by approximately \$2,822,471.97 for fiscal year 2024.
- The Total Liabilities Covered by Budgetary Resources balance, along with the Total Liabilities balance, reported in DRA's Footnote 6 – Liabilities not Covered by Budgetary Resources were understated by \$2,822,471.97 for fiscal year 2024.

Findings and Recommendations – Material Weakness

- The Total Undelivered Orders, with the Public balance, along with the Total Liabilities balance, reported in DRA's Footnote 13 – Undelivered Orders at the End of the Period were overstated by \$2,822,471.97 for fiscal year 2024.
- The Total Net Operating Costs, and Other than Intragovernmental, (Increase)/Decrease in Liabilities not Affecting Budget Outlays, Accounts Payable balances reported in DRA's Footnote 15 – Reconciliation of Net Operating Cost and Net Budgetary Outlays were understated by \$2,822,471.97 for fiscal year 2024.

RECOMMENDATION

We recommend that DRA management officials:

1. Develop and implement a grant accrual methodology to be performed at least annually.
2. Develop and implement a “look-back” analysis to validate that the accrual by comparing the accrual estimate to actual subsequent grantee reporting.
3. Ensure that existing grants have been properly accrued and undelivered order balances are accurate and reasonable at year end.

MANAGEMENT'S RESPONSE

Management concurs and has added this process to the Finance Standard Operating Procedure (SOP).

AUDITOR'S RESPONSE

We will perform follow up procedures during FY 2025 to determine if corrective actions have been fully implemented.

Improvements Needed in DRA Entity Level Control Policies and Procedures (2024-01)**CONDITION:**

Improvements are needed in the Delta Regional Authority's (DRA) entity level controls. Entity-level controls are an integral part of an entity internal control systems and serves as a foundation of the processes management uses to guide its operations. These controls include the control environment, risk assessment, information and communication, control activities, and monitoring activities. We noted DRA has weaknesses in its entity-level controls within the following areas:

Design Appropriate Types of Control Activities – DRA did not have documented policies and procedures over significant processes, as it relates to Financial Reporting, Fund Balance with Treasury, Procurement, Revenue, Budget, and Payroll during the FY 2024 Financial Statement Audit.

Succession and Contingency Planning - DRA management did not have a comprehensive financial management succession plan to ensure appropriate personnel had access to key historical financial reporting decisions and maintained documentation in a manner that newly hired personnel would be able to assume the responsibilities of key financial positions at DRA. As a result, during significant process areas walkthroughs, DRA management and personnel were unable to explain how significant processes are performed at the agency.

CRITERIA:

U.S. Government Accountability Office (GAO), Standards for Internal Control in the Federal Government (issued September 2014), Principle 10 – Design Control Activities, Section 10.03 Design of Appropriate Types of Control Activities states that, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

U.S. Government Accountability Office (GAO), Standards for Internal Control in the Federal Government (issued September 2014), Principle 12 –Implement Control Activities, Sections 12.03 – 12.04 Documentation of Responsibilities Through Policies states, "Management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness. Each unit, with guidance from management, determines the policies necessary to operate the process based on the objectives and related risks for the operational process. Each unit also documents policies in the appropriate level of detail to allow management to effectively monitor the control activity. Those in key roles for the unit may further define policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process. Procedures may include the timing of when a control activity occurs and any follow-up corrective actions to be performed by competent personnel if deficiencies are identified. Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities."

Findings and Recommendations – Significant Deficiency

U.S. Government Accountability Office (GAO), Standards for Internal Control in the Federal Government (issued September 2014), Principle 12 –Implement Control Activities, Section 12.05 Periodic Review of Control Activities states, “Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks. If there is a significant change in an entity’s process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology. Regulators; legislators; and in the federal environment, the Office of Management and Budget and the Department of the Treasury may also change either an entity’s objectives or how an entity is to achieve an objective. Management considers these changes in its periodic review.

U.S. Government Accountability Office (GAO), Standards for Internal Control in the Federal Government (issued September 2014), Section 4 – Additional Considerations, Subsection OV4.08 Documentation Requirements, of the Greenbook states, “Documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Management uses judgment in determining the extent of documentation that is needed. Documentation is required for the effective design, implementation, and operating effectiveness of an entity’s internal control system.”

CAUSE:

DRA was not aware of the requirements to maintain up-to-date Standard Operating Procedures (SOPs) and policies and procedures over significant processes. In addition, due to a technological transition, DRA management did not maintain access to key historical financial reporting information and decisions.

EFFECT:

Without documented policies and procedures, DRA is at risk of having an ineffective internal control system. More specifically, DRA is susceptible to failing to design and implement control activities to achieve objectives and appropriately respond to risks.

Furthermore, management and other personnel are at risk of being unable to adequately fulfill appointed positions ultimately leaving the agency vulnerable to misstatements in financial reporting.

RECOMMENDATION:

We recommend that DRA management:

1. Document policies and procedures for all significant process areas; including outlining the responsibilities of DRA personnel and the responsibilities of DRA’s service providers.
2. Ensure that all management and personnel, directly and indirectly responsible for performing processes outlined, have read, and understand the documented policies and procedures.
3. Perform periodic review of policies and procedures, and policies and procedures are updated in a timely manner.

Exhibit II
Findings and Recommendations – Significant Deficiency

4. Develop process narratives to assist new and transitioning personnel in understanding their scope of responsibilities and job function as well as help management perform review.

MANAGEMENT'S RESPONSE

Management concurs with this assessment and recognizes the importance of implementing Policy and Procedure Manuals as well as Standard Operating Procedures for each department of DRA and have already begun the process of creating them.

The current Federal Co-Chairman recognized that due diligence was not being exercised by prior Financial Management. He has enacted changes in the structure, financial control, and internal control of the agency by hiring a new audit team and new administrative management. The new administration and finance management team under the leadership of Dr. Wiggins are reviewing policies, procedures, workflows, and internal controls to ensure proper fiduciary management of the agency's resources.

We are currently writing new Policy and Procedure Manuals and Standard Operating Procedures for each department within DRA that reflect the vision and mission of DRA and that will empower our employees to become a vital part of the mission. The manuals will ensure that appropriate procedures and internal controls are understood and followed by all employees in each department. These manuals are expected to be completed within the current fiscal year.

AUDITOR'S RESPONSE

We will perform follow up procedures during FY 2025 to determine if corrective actions have been fully implemented.



THE DELTA REGIONAL AUTHORITY

GENERAL FUND FINANCIAL STATEMENTS

As Of And For The Years Ended September 30, 2024, and 2023

Delta Regional Authority

BALANCE SHEETS

As Of September 30, 2024 and 2023
(in dollars)

		2024	2023 (Reclassified)
Assets:			
Intragovernmental Assets:			
Fund Balance With Treasury	(Note 2)	\$ 254,850,073.75	\$ 247,160,034.76
Accounts Receivable, net	(Note 3)	-	1,436,903.19
Advances and Prepayments		8,464.00	8,464.00
Total Intragovernmental Assets		254,858,537.75	248,605,401.95
Other than Intragovernmental Assets:			
Cash and Other Monetary Assets		354,781.42	252,587.00
Accounts Receivable, net	(Note 3)	97,291.00	135,688.70
Loans Receivable, net	(Note 4)	18,650.43	-
Property, Plant and Equipment, net	(Note 5)	534,166.08	66,173.00
Advances and Prepayments		114,906.67	8,821.67
Total Other than Intragovernmental Assets		1,119,795.60	463,270.37
Total Assets		\$ 255,978,333.35	\$ 249,068,672.32
Liabilities:	(Note 6)		
Intragovernmental Liabilities:			
Accounts Payable		\$ 123,468.66	\$ 123,813.41
Advances from Others and Deferred Revenue		232,064.91	3,431,293.59
Other Liabilities	(Note 7)	47,843.23	1,081.96
Total Intragovernmental Liabilities		403,376.80	3,556,188.96
Other than Intragovernmental Liabilities:			
Accounts Payable		4,618,790.81	4,828,786.56
Federal Employee Salary, Leave, and Benefits Paya	(Note 9)	284,512.19	190,186.97
Advances from Others and Deferred Revenue		1,189,525.33	835,183.95
Other Liabilities	(Notes 7 & 8)	494,179.71	-
Total Other than Intragovernmental Liabilities		6,587,008.04	5,854,157.48
Total Liabilities		\$ 6,990,384.84	\$ 9,410,346.44
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		\$ 249,060,562.24	\$ 239,553,755.18
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		(72,613.73)	104,570.70
Total Net Position		\$ 248,987,948.51	\$ 239,658,325.88
Total Liabilities and Net Position		\$ 255,978,333.35	\$ 249,068,672.32

The accompanying notes are an integral part of these statements.

Delta Regional Authority

STATEMENTS OF NET COST

For The Fiscal Years Ended September 30, 2024 and 2023
(in dollars)

		<u>2024</u>	<u>2023</u>
Gross Program Costs:			
Gross Costs	(Note 10)	\$ 39,076,096.93	\$ 36,498,656.00
Less: Earned Revenue		<u>2,069,261.33</u>	<u>1,723,389.00</u>
Net Program Costs		<u>37,006,835.60</u>	<u>34,775,267.00</u>
 Net Cost of Operations		 <u>\$ 37,006,835.60</u>	 <u>\$ 34,775,267.00</u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENTS OF CHANGES IN NET POSITION
For The Fiscal Years Ended September 30, 2024 and 2023
(in dollars)

FY 2024 (CY)

	<u>All Other Funds (Consolidated Totals)</u>	<u>Consolidated Total</u>
Unexpended Appropriations:		
Beginning Balance	\$ 239,553,755.18	\$ 239,553,755.18
Corrections of errors (+/-)	2,308,323.38	2,308,323.38
Beginning balance, as adjusted	<u>241,862,078.56</u>	<u>241,862,078.56</u>
Appropriations received	31,100,000.00	31,100,000.00
Appropriations transferred-in/out (+/-)	12,395,216.00	12,395,216.00
Appropriations used	<u>(36,296,732.32)</u>	<u>(36,296,732.32)</u>
Net Change in Unexpended Appropriations	<u>7,198,483.68</u>	<u>7,198,483.68</u>
Total Unexpended Appropriations	<u><u>\$ 249,060,562.24</u></u>	<u><u>\$ 249,060,562.24</u></u>
Cumulative Results from Operations		
Beginning Balances	\$ 104,570.70	\$ 104,570.70
Corrections of errors (+/-)	505,372.26	505,372.26
Beginning balances, as adjusted	<u>609,942.96</u>	<u>609,942.96</u>
Appropriations used	36,296,732.32	36,296,732.32
Nonexchange Revenue	447.31	447.31
Imputed Financing	27,545.39	27,545.39
Other (+/-)	(446.11)	(446.11)
Net Cost of Operations	<u>(37,006,835.60)</u>	<u>(37,006,835.60)</u>
Net Change in Cumulative Results of Operations	<u>(682,556.69)</u>	<u>(682,556.69)</u>
Total Cumulative Results of Operations	<u>(72,613.73)</u>	<u>(72,613.73)</u>
Net Position	<u><u>\$ 248,987,948.51</u></u>	<u><u>\$ 248,987,948.51</u></u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENTS OF CHANGES IN NET POSITION
For The Fiscal Years Ended September 30, 2024 and 2023
(in dollars)

FY 2023 (PY)

	<u>All Other Funds (Consolidated Totals)</u>	<u>Consolidated Total</u>
Unexpended Appropriations:		
Beginning Balance	\$ 239,617,176.31	\$ 239,617,176.31
Appropriations received	30,100,000.00	30,100,000.00
Appropriations transferred-in/out (+/-)	5,660,286.00	5,660,286.00
Other Adjustments (+/-)	(4,541,757.13)	(4,541,757.13)
Appropriations used	<u>(31,281,950.00)</u>	<u>(31,281,950.00)</u>
Net Change in Unexpended Appropriations	<u>(63,421.13)</u>	<u>(63,421.13)</u>
Total Unexpended Appropriations	<u>\$ 239,553,755.18</u>	<u>\$ 239,553,755.18</u>
Cumulative Results from Operations		
Beginning Balances	\$ -	\$ -
Adjustments: (+/-)		
Corrections of errors (+/-)	<u>5,049.00</u>	<u>5,049.00</u>
Beginning balances, as adjusted	<u>5,049.00</u>	<u>5,049.00</u>
Appropriations used	31,281,950.00	31,281,950.00
Imputed Financing	16,293.71	16,293.71
Other (+/-)	3,576,544.99	3,576,544.99
Net Cost of Operations	<u>(34,775,267.00)</u>	<u>(34,775,267.00)</u>
Net Change in Cumulative Results of Operations	<u>99,521.70</u>	<u>99,521.70</u>
Total Cumulative Results of Operations	<u>104,570.70</u>	<u>104,570.70</u>
Net Position	<u>\$ 239,658,325.88</u>	<u>\$ 239,658,325.88</u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENTS OF BUDGETARY RESOURCES

For The Fiscal Years Ended September 30, 2024 and 2023
(in dollars)

		<u>2024</u> <u>Budgetary</u>	<u>2023</u> <u>Budgetary</u>
Budgetary resources:			
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 12) \$	143,897,407.53	\$ 166,572,633.63
Appropriations (discretionary and mandatory)		34,100,000.00	30,100,000.00
Spending authority from offsetting collections (discretionary and mandatory)		2,612,138.33	2,472,232.25
Total budgetary resources		<u>\$ 180,609,545.86</u>	<u>\$ 199,144,865.88</u>
Status of budgetary resources:			
New obligations and upward adjustments (total)	(Note 11) \$	66,193,013.69	\$ 73,298,919.07
Unobligated balance, end of year:			
Apportioned, unexpired account		109,760,287.45	125,845,946.81
Unapportioned, unexpired accounts		4,656,244.72	-
Unexpired unobligated balance, end of year		114,416,532.17	125,845,946.81
Unobligated balance, end of year (total)		114,416,532.17	125,845,946.81
Total budgetary resources		<u>\$ 180,609,545.86</u>	<u>\$ 199,144,865.88</u>
Outlay, net:			
Outlays, net (total) (discretionary and mandatory)		<u>\$ 35,702,982.59</u>	<u>\$ 28,378,547.14</u>
Agency outlays, net (discretionary and mandatory)		<u>\$ 35,702,982.59</u>	<u>\$ 28,378,547.14</u>

The accompanying notes are an integral part of these statements.

Note 1 – Significant Accounting Policies

Reporting Entity

The Delta Regional Authority (DRA or the Authority) is a federal-state collaborative 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 to leverage other federal and state programs, which are focused on basic infrastructure development and transportation improvements, business development and job training services. DRA is not a federal executive branch agency (as defined in Title 5 and 31 of the United States Code and by the Department of Justice).

The Authority is a party to allocation transfers with 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 (U.S. 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).

The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government.

Budgets and Budgetary Accounting

DRA receives an annual congressional appropriation from which it makes financial assistance awards and carries out activities, funds the administrative costs of the Office of the Federal Co-Chairman, the non-federal programmatic costs, and half the cost of the non-federal administrative costs. Contributions from member states in the Authority cover 50% of the administrative budget.

Note 1 – Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

Funds appropriated to DRA are available without fiscal year limitation and remain available until expended. Because of the no-year status of the funds, unobligated amounts are not returned to the U.S. Treasury.

Fund Accounting Structure

DRA's financial activities are accounted for by utilizing individual funds and fund accounts in reporting to the U.S. Treasury and the Office of Management and Budget (OMB). For financial statement purposes, these funds are classified as all other funds, which consist of area development program funds and funding for the Office of the Federal Co-Chair.

Accounting Policies

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. Effects of this implementation are disclosed in Notes 5, 6, 7, and 8.

Basis of Presentation

These financial statements have been prepared from the accounting records of the DRA in accordance with U.S. generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2024, and 2023, amounts of future economic benefits owned or managed by the DRA (assets), amounts owed by the DRA (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports 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 the DRA and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Note 1 – Significant Accounting Policies (continued)

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with standard government practice. 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. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

The DRA is an appropriated fund and receives appropriations. Other financing sources for the DRA consist of imputed financing sources which are costs financed by other Federal entities on behalf of the DRA, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government. DRA also has received funds from the 2022 Infrastructure Investment and Jobs Act., the Economic Development Administration (EDA) in FY18-FY23, and the Department of Labor (DoL) in FY19-FY24.

Advances and Prepayments

Advances are cash outlays made by the Authority to its employees, contractors, grantees, or others to cover a part or all the recipients' anticipated expenses or as advance payments for the costs of goods and services the entity receives. Prepayments are payments made by the Board to cover certain periodic expenses before those expenses are incurred. Financing payments (such as progress payments, performance-based payments, etc.) on work in process are generally recognized as a cost for work performed and not included in advances and prepayments.

Fund Balance with U.S. Treasury

The fund balance with Treasury is the amount in the Authority's accounts with the Treasury that is available for making expenditures and paying liabilities.

Cash and Other Monetary Assets

The Authority maintains a commercial bank account for the purpose of processing its non-federal employee payroll and benefits.

Note 1 – Significant Accounting Policies (continued)

Property, Plant, and Equipment, Net

Property and equipment is stated at cost, less accumulated depreciation. DRA capitalizes property and equipment with an acquisition cost of \$5,000 or more and a useful life exceeding two years. Depreciation is charged to expense using the straight-line method over the estimated useful life of five years for equipment. Leasehold improvements are amortized over the estimated period of occupancy or the life of the improvement, whichever is less. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Liabilities

Liabilities represent probable amounts to be paid by DRA as a result of past transactions. Liabilities covered by budgetary or other resources are those for which Congress has appropriated funds or funding is otherwise available to pay amounts due. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds of other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other funding.

Accounts Payable

Accounts payable consists of amounts owed to grantees and amounts owed to federal and nonfederal entities for goods and services received by DRA.

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 320 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 1 – Significant Accounting Policies (continued)

Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amounts of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations are the net results of the Authority's operations since inception.

Net Cost of Operations

Earned revenues arise from the collection of state contributions and other inter-agency agreements are deducted from the full cost of the Authority's major programs to arrive at net program cost. Earned revenues are recognized by the Authority to the extent reimbursements are payable from the public, as a result of costs incurred for services performed on the public's behalf.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Tax Exempt Status

As an instrumentality of the federal government, the Authority is exempt from income taxes imposed by any governing body whether it is a federal, state, commonwealth, local, or foreign government and exempt from sales and use taxes of the District of Columbia.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 1 – Significant Accounting Policies (continued)

Reclassification of Prior Year Amounts

These financial statements for FY 2024 and FY 2023 (prior year) are presented on a comparative basis. DRA has reclassified the FY 2023 balance sheet data related to Federal Employee Salary, Leave, and Benefits payable for a comparable format in accordance with U.S. Treasury's updated U.S. Standard General Financial Statement Crosswalk for FY 2024. DRA has also included other reclassification to the presentation of FY 2023 statements to conform with Circular A-136.

Note 2 – Fund Balance with Treasury

DRA's fund balance with treasury comes from appropriations and the reimbursable agreements with DoT, EDA, and DOL.

	2024	2023
A. Fund Balance with Treasury		
General Fund	\$ 254,850,073.75	\$ 247,160,034.76
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	109,742,668.03	125,845,946.62
b) Unavailable	4,403,657.72	-
2) Obligated Balance not yet Disbursed	140,703,748.00	121,314,088.14
Total	\$ 254,850,073.75	\$ 247,160,034.76

Note 3 – Accounts Receivable, Net

Intragovernmental Accounts Receivable represents an amount due from USDA under a grant agreement. Other than intragovernmental accounts receivable represents amounts due from current employees. No allowance for doubtful accounts has been established. The balance as of September 30, 2024, and 2023, are as follows:

	2024	2023
Intragovernmental accounts receivable	\$ -	\$ 1,436,903.19
Other than intragovernmental accounts receivable	97,291.00	135,688.70
Total accounts receivable, net	\$ 97,291.00	\$ 1,572,591.89

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 4 – Loans Receivable, Net

Loans receivable includes outstanding payroll claims from a previous employee for which an installment agreement has been executed. The terms require monthly payments of \$528.33 for 37 months at a rate of 3.00% per annum beginning November 2023, through November 2024. The outstanding amount receivable as of September 30, 2024, was \$18,650.43.

Note 5 – Property, Plant, and Equipment, Net (PP&E)

The Authority's total cost, accumulated depreciation, and net book value for PP&E for the fiscal years ended September 30, 2024, and 2023 is as follows. Depreciation and amortization expense for the fiscal years ended September 30, 2024, and 2023, was \$104,675.87 and \$7,621, respectively.

2024	Equipment	Furniture & Fixtures	Right-to-Use Lease Assets	Total
Cost balance, beginning of the year	\$ 68,745.00	\$ 6,999.00	\$ -	\$ 75,744.00
Additions	-	-	\$ 563,097.95	\$ 563,097.95
Cost balance, end of year	68,745.00	6,999.00	563,097.95	\$ 638,841.95
Accumulated depreciation	(15,242.00)	(3,900.00)	(85,533.87)	\$ (104,675.87)
Net Book Value	\$ 53,503.00	\$ 3,099.00	\$ 477,564.08	\$ 534,166.08

2023	Equipment	Furniture & Fixtures	Total
Cost balance, beginning of the year	\$ 52,895.00	\$ 6,999.00	\$ 59,894.00
Additions	68,465.00	-	68,465.00
Dispositions	(52,615.00)	-	(52,615.00)
Cost balance, end of year	68,745.00	6,999.00	75,744.00
Accumulated depreciation	(7,621.00)	(1,950.00)	(9,571.00)
Net Book Value	\$ 61,124.00	\$ 5,049.00	66,173.00

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 6 – Liabilities Not Covered by Budgetary Resources

Accrued liabilities of the Authority are comprised of program expense accruals, payroll accruals and unfunded annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid. The liabilities not covered by budgetary resources is the unfunded leave and the lease liability as shown below.

Liabilities as of September 30, 2024 and 2023 consisted of the following:

	2024	2023
Other than Intragovernmental		
Unfunded Leave	\$ 131,250.53	\$ 186,798.00
Lessee Lease Liability	494,179.71	-
Total liabilities not covered by budgetary resources	625,430.24	186,798.00
Total liabilities covered by budgetary resources	6,364,954.60	9,223,548.44
Total Liabilities	<u>\$ 6,990,384.84</u>	<u>\$ 9,410,346.44</u>

Note 7 – Other Liabilities

Other Intragovernmental Liabilities for the year ended September 30, 2024 and 2023 consists of Other Liabilities without reciprocals and Other Current Liabilities-Benefits Contributions Payable. Other than Intragovernmental Liabilities consists of Lessee Lease Liability.

	FY 2024		
	Non-Current	Current	Total
Intragovernmental			
Employer contributions and payroll taxes payable	\$ -	\$ 47,843.23	\$ 47,843.23
Total Intragovernmental	<u>\$ -</u>	<u>\$ 47,843.23</u>	<u>\$ 47,843.23</u>
Other than Intragovernmental			
Lease Liability	-	494,179.71	494,179.71
Total Other than Intragovernmental Liabilities	<u>-</u>	<u>494,179.71</u>	<u>494,179.71</u>
Total Other Liabilities	<u>\$ -</u>	<u>\$ 542,022.94</u>	<u>\$ 542,022.94</u>
	FY 2023		
	Non-Current	Current	Total
Intragovernmental			
Employer contributions and payroll taxes payable	\$ -	\$ 1,081.96	\$ 1,081.96
Total Intragovernmental	<u>\$ -</u>	<u>\$ 1,081.96</u>	<u>\$ 1,081.96</u>
Total Other Liabilities	<u>\$ -</u>	<u>\$ 1,081.96</u>	<u>\$ 1,081.96</u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 8 – Leases

DRA's operating lease for its office commenced on February 24, 2023, and extends through April 30, 2030. Payments are due the first of each month with the first payment of \$7,820 with a 2% per annum increase each year. The future minimum lease payments required under this lease are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 72,608.01	\$ 24,592.03	\$ 97,200.04
2026	79,059.52	20,566.17	99,625.69
2027	85,929.23	16,186.37	102,115.60
2028	93,205.34	11,462.51	104,667.85
2029	101,005.98	6,274.18	107,280.16
2030	62,371.64	1,110.87	63,482.51
Total Future Lease Payments	<u>\$ 494,179.72</u>	<u>\$ 80,192.13</u>	<u>\$ 574,371.85</u>

The total payments of principal and interest during the year ended September 30, 2024, were \$68,918.24 and \$25,905.11, respectively. The remaining principal balance is included in "Other liabilities" as disclosed in Note 7.

The right-to-use asset is included in Property, Plant, and Equipment, Net, in Note 5.

Note 9 – Federal Employee Salary, Leave, and Benefits Payable

While DRA does not administer pensions or benefit programs, it records the portion of the liability for which it is responsible. Liabilities for Federal Employee Salary, Leave and Benefits Payable consists of the following:

	2024	2023
Funded, accrued payroll benefits	\$ 152,902.71	\$ 3,227.58
Employer contributions and payroll taxes payable	358.95	161.39
Unfunded, accrued leave liabilities	<u>131,250.53</u>	<u>186,798.00</u>
Total Federal Employee Salary, Leave, Benefits Payable	<u>\$ 284,512.19</u>	<u>\$ 190,186.97</u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 10 – Inter-Entity Costs

DRA recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs relate to employee benefits. DRA recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2024, and 2023, respectively, inter-entity costs were as follows:

	2024	2023
Office of Personnel Management	\$ 27,545.39	\$ 16,293.71
Total Imputed Financing Sources	\$ 27,545.39	\$ 16,293.71

Note 11 – Apportionment Categories of New Obligations and Upward Adjustments: Direct vs. Reimbursable Obligations

The Authority is subject to apportionment. The Authority also has reimbursable arrangements. All obligations are incurred against Category B amounts as of September 30, 2024, and 2023, respectively apportioned on the latest Standard Form (SF)-132, *Apportionment and Reapportionment Schedule*.

	2024	2023
Direct		
Category B		
New Obligations	\$ 63,969,334.85	\$ 70,707,396.44
Upward Adjustments	322,713.91	226,049.37
Total Direct	64,292,048.76	70,933,445.81
Reimbursable		
Category B		
New Obligations	1,900,964.93	2,365,473.26
Total Reimbursable	1,900,964.93	2,365,473.26
Total New Obligations and Upward Adjustments	\$ 66,193,013.69	\$ 73,298,919.07

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 12 – Net Adjustments To Unobligated Balance, Brought Forward, October 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2024, and 2023, consisted of the following:

	2024	2023
Unobligated Balance Brought Forward, October 1	\$ 125,845,946.81	\$ 148,496,797.24
Correction of errors	252,588.00	-
Recoveries of Prior Year Obligations	8,403,656.72	12,415,550.39
Transfer in of Prior Year Balances	9,395,216.00	5,660,286.00
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$ 143,897,407.53</u>	<u>\$ 166,572,633.63</u>

Note 13 – Undelivered Orders at the End of the Period

The amount of the DRA's budgetary resources obligated for undelivered orders as of September 30, 2024, and September 30, 2023, is as follows:

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
Intragovernmental			
2024	\$ 75,988.81	\$ 8,464.00	\$ 84,452.81
2023	\$ 65,437.29	\$ 8,464.00	\$ 73,901.29
Other Than Intragovernmental			
2024	\$ 135,781,684.49	\$ 114,906.67	\$ 135,896,591.16
2023	\$ 117,739,431.95	\$ 8,821.67	\$ 117,748,253.62

Note 14 – Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2024 actual budgetary execution information is scheduled for publication in February 2025, which will be available through OMB's website at <http://www.whitehouse.gov/omb/budget/>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 14 – Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government (continued)

Balances reported in the FY 2023 SBR and the related President’s Budget reflected the following:

FY2023	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 199	\$ 73	\$ -	\$ 28
<i>Budget of the U.S. Government</i>	198	73	-	28
Difference	1	-	-	-
Rounding	(1)	-	-	-
Remaining difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The fiscal year 2023 financial statements have been restated resulting in adjustments as noted above.

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

Note 15 – Reconciliation of Net Operating Cost and Net Budgetary Outlays

DRA has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations. DRA has reclassified the FY 2023 reconciliation related for a comparable format in accordance with U.S. Treasury’s updated crosswalk for FY 2024.

	FY2024		
	Intragovernmental	Other Than Intragovernmental	Total
Net Operating Costs (SNC)	\$ 312,620.55	\$ 36,694,215.05	\$ 37,006,835.60
Components of Net Operating Costs			
Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(9,571.00)	(9,571.00)
Lessee lease amortization		(85,533.87)	(85,533.87)
Increase (Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable, net	(1,436,903.19)	(38,397.70)	(1,475,300.89)
Loans receivable, net	-	18,650.43	18,650.43
Other assets	-	106,085.00	106,085.00
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	344.75	209,995.75	210,340.50
Lessee lease payable	-	(494,179.71)	(494,179.71)
Federal employee salary, leave, and benefits payable	-	(94,325.22)	(94,325.22)
Other liabilities	3,152,467.41	(354,341.38)	2,798,126.03
Other Financing Sources			
Imputed costs	(27,545.39)	-	(27,545.39)
Total Components of Net Costs Not Part of the Budget Outlays	<u>1,688,363.58</u>	<u>(741,617.70)</u>	<u>946,745.88</u>
Total Components of the Budgetary Outlays that Are not Part of the Net Operating Costs			
Acquisition of capital assets (Implementation of S1	-	563,097.95	563,097.95
Miscellaneous Items			
Custodial/Non-exchange revenue	-	(447.31)	(447.31)
Non-entity activities	446.11	-	446.11
Other temporary timing differences	(3,308,195.87)	494,500.23	(2,813,695.64)
Total Miscellaneous Items	<u>(3,307,749.76)</u>	<u>494,052.92</u>	<u>(2,813,696.84)</u>
Net Outlays (Calculated Total)	<u>\$ (1,306,765.63)</u>	<u>\$ 36,446,650.27</u>	<u>\$ 35,702,982.59</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, net (SBR Line 4190)			<u>\$ 35,702,982.59</u>
Agency Outlays, Net (SBR Line 4210)			<u>\$ 35,702,982.59</u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2024, and 2023

**Note 15 – Reconciliation of Net Operating Cost and Net Budgetary Outlays
(continued)**

	FY2023		
	Intragovernmental	Other Than Intragovernmental	Total
Net Operating Costs (SNC)	<u>\$ (1,327,757.42)</u>	<u>\$ 36,103,024.19</u>	<u>\$ 34,775,266.77</u>
Components of Net Operating Costs			
Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(7,621.00)	(7,621.00)
Increase (Decrease) in Assets not			
affecting Budget Outlays:			
Accounts receivable, net	1,126,416.19	29,575.70	1,155,991.89
Other assets	-	8,821.67	8,821.67
(Increase)/Decrease in Liabilities			
not affecting Budget Outlays:			
Accounts payable	(123,813.41)	(3,862,836.56)	(3,986,649.97)
Federal employee salary, leave, and benefits			
payable	-	(189,867.97)	(189,867.97)
Other liabilities	939.17	(9,158.95)	(8,219.78)
Other Financing Sources			
Imputed costs	(16,293.71)	-	(16,293.71)
Total Components of Net Costs Not			
Part of the Budget Outlays	<u>987,248.24</u>	<u>(4,031,087.11)</u>	<u>(3,043,838.87)</u>
Miscellaneous Items			
Acquisition of capital assets	-	68,465.00	68,465.00
Other temporary timing differences	-	(3,421,345.76)	(3,421,345.76)
Total Miscellaneous Items	<u>-</u>	<u>(3,352,880.76)</u>	<u>(3,352,880.76)</u>
Net Outlays (Calculated Total)	<u>\$ (340,509.18)</u>	<u>\$ 28,719,056.32</u>	<u>\$ 28,378,547.14</u>
Related Amounts on the Statement of			
Budgetary Resources			
Outlays, net (SBR Line 4190)			<u>\$ 28,378,547.14</u>
Agency Outlays, Net (SBR Line 4210)			<u>\$ 28,378,547.14</u>

Section 3

Performance Report

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

Overview

Performance Goals, Objectives and Results

The Delta Regional Authority's (DRA) performance seeks to be evidence-based and data-informed through strategic planning and performance reporting in accordance with the Government Performance and Results Modernization Act of 2010 (GPRAMA).

The second section of DRA's fiscal year 2024 Performance and Accountability Report gauges actual short-term progress toward DRA's strategic goals as it relates to the program indicators and targets outlined in DRA's Regional Development Plan IV, *Navigating the Currents of Opportunity*.

Significant performance results have been highlighted in the Management's Discussion and Analysis section of this report. This year's Performance Section continues general improvement efforts under the administration of the current Federal Co-Chair, Dr. Corey Wiggins.

The Government Performance and Results Act of 1993 ("GPRA") requires all federal agencies to submit a report to the U.S. 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, Financial Audit Manual.

DRA Programs

Critical Infrastructure Programs

- States' Economic Development Assistance Program (SEDAP) - SEDAP is DRA's main investment tool used to fund basic public infrastructure, transportation infrastructure, business development with an emphasis on entrepreneurship, and workforce development.
- Community Infrastructure Fund (CIF) - CIF complements SEDAP as a primary investment tool for DRA. Investments support projects that address flood control, basic public infrastructure, and transportation infrastructure improvements.
- Public Works and Economic Adjustment Assistance (PWEAA) - This program helps distressed communities revitalize, expand, and upgrade their physical infrastructure. The PWEAA program provides a wide range of technical, planning, and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time.

Human Infrastructure Programs

Health Programs - Through partnerships with the U.S. Department of Defense, U.S. Department of State, and U.S. Department of Health and Human Services, DRA supports the following programs:

- Delta Doctors - This program increases access to quality health care in DRA communities by using a J-1 visa waiver to allow foreign physicians trained in the United States to work in areas with a shortage of health professionals.
- Innovative Readiness Training - Through a partnership with the U.S. Department of Defense and the U.S. Military's reserve forces, the DRA supports the Innovative Readiness Training program in Delta communities to bring medical, dental, and optical care to Delta residents in need of quality health care at no cost to the patients.
- Delta Region Community Health Systems Development Program - The DRA, in collaboration with the Health Resources and Services Administration of the U.S. Department of Health and Human Services, implements the

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

Delta Region Community Health Systems Development – Technical Assistance Program to enhance healthcare delivery in the Delta region. Through intensive technical assistance, healthcare providers in select rural communities are helped to identify and address healthcare needs while strengthening the local healthcare system.

- Delta Region Rural Hospital Workforce Training Program - Through a partnership with the U.S. Department of Health and Human Services Health Resources and Services Administration, the Delta Region Rural Health Workforce Training Program addresses the ongoing need in healthcare facilities for trained administrative support or business operations professionals in rural communities through the development of strategic networks that support recruitment, formal training, certification, and placement of students. This program aims to provide training and pathways to professional certifications to current administrative support professionals working in rural DRA region healthcare facilities as well as new entrants to the workforce and dislocated workers.

Workforce Development Programs

- Workforce Opportunity for Rural Communities (WORC) - In partnership with the U.S. Department of Labor, Employment and Training Administration, Appalachian Regional Commission, and Northern Border Regional Commission, approximately \$49 million in grants were awarded in fiscal year 2024 under the WORC Initiative to support workforce training and education in rural communities across the Delta, Appalachian, and Northern Border regions.
- Delta Workforce Grant Program (DWP) – An initiative designed to build long-term community capacity and increase economic competitiveness by providing grants to support workforce training and education programs throughout the Mississippi River Delta and Alabama Black Belt regions. DWP supports projects and initiatives that create a more vibrant economic future for the Delta region.

Capacity-Building Programs

- Local Development District (LDD) Community Support Pilot Program - A non-competitive grant program open to the 45 LDDs in DRA's service area. This program targets capacity-building and community support resources to local development districts that are helping economically distressed, isolated areas of distress, and persistent poverty communities navigate federal, state, and other resources that impact economic and community development.
- Strategic Planning Program - Communities across DRA's eight-state region lack the capacity and resources to strategically plan. This program will give public entities access to strategic planning funds to address long-standing issues and develop a roadmap for economic growth and opportunity. Applicants for this program have the autonomy to apply for a plan that fits the unique needs and challenges in their community. Eligible plans include, but are not limited to, economic development plans, utility rate studies, transportation plans, workforce development plans, and broadband deployment plans.

Delta Regional Authority Strategic Planning

In February 2023, the Authority approved and released the DRA Regional Development Plan IV: *Navigating the Currents of Opportunity*.

The Regional Development Plan IV meets the requirements of the GPRAMA and is in accordance with DRA's enabling legislation 7 U.S.C. Section 2009aa-1(d)(2). The plan is the basis for DRA's performance, planning and implementation, as well as fiscal management and accountability.

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

DRA's strategic goals reflect the Authority's fourfold commitment to advancing infrastructure, job creation, business expansion, and local economies. Our strategic goals include:

- DRA will expand and invest in the region's public infrastructure to improve residents' quality of life and increase economic opportunity.
- DRA will improve networks of agencies, organizations, businesses, and educational institutions providing workforce development opportunities. It will promote access to services, funding, and programs that enable career stability.
- DRA will strengthen the competitiveness of the region's employers, attract new employers to the region, and support the long-term growth of micro and small businesses.
- DRA will invest in and support local placemaking and regional capacity building that improves opportunities for capital and federal investment in the DRA region to support economic development.

To solidify its goals and ascertain that the DRA is assisting communities in meaningful ways, the DRA aims to adopt measurable targets related to those goals. The DRA is committed to achieving four cross-cutting performance targets through investments in its four strategic goals. The performance targets are:

1. Families with improved access to infrastructure and/or services.
2. People trained.
3. Jobs created.
4. Jobs retained.

These targets relate to the broad outcomes that the DRA is working to achieve over the 2023 to 2027 plan period. Progress toward those targets will assist communities within the region in their efforts to navigate economic ebbs and flows and to enrich the lives of their residents. The extent to which various goals align with targets will vary, depending on which grant projects and actions are funded. Based on the illustrative projects outlined in the 2023-2027 Goals section, all performance targets align with each of the four strategic goals.

Goal 1: DRA will expand and invest in the resiliency of the region's public infrastructure to improve residents' quality of life and increase economic opportunity.

During fiscal year 2024, the DRA made significant strides in modernizing public utilities, including wastewater treatment plants and sewer systems. Strategic investments were directed toward enhancing public transportation infrastructures such as highways, railroads, ports, waterways, dams, bridges, and airports—to support workforce retention and job creation. DRA also prioritized the repair of existing transportation infrastructure to ensure the continuity of social and economic activities within communities.

Demonstration of DRA investments is exemplified by investments made throughout the region, including these highlighted investments:

- DRA awarded more than \$870,000 to the **Town of Georgetown** – the first-ever DRA grant awarded to the Mississippi community. With these funds, Georgetown will construct a state-of-the-art pumping station to modernize the community's wastewater infrastructure to enhance public health, environmental sustainability, and economic growth.
- DRA awarded \$1.5 million through its partnership with the U.S. Economic Development Administration to **Go Forward Pine Bluff** for the development of a food and retail incubator hub, which will support and provide technical assistance to startup businesses to facilitate independent ventures in three years or less. Go Forward Pine Bluff also received an additional \$1 million commitment from the Walton Family Foundation as part of DRA's larger engagement strategy with philanthropic organizations to better support grantees and increase private investment.

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

- The **Rend Lake Conservancy District (IL)** was awarded nearly \$922,000 for a public infrastructure project that will provide for the relocation and storage of the district's chlorine dioxide system, resulting in a secure, efficient water treatment process for the entire service population.
- DRA awarded \$630,400 to five communities in Illinois, Louisiana, and Missouri in its first round of funding through the Strategic Planning Program, including \$150,000 to the **Alexander-Cairo Port District** located in Southern Illinois. The funding will be utilized to develop a master plan that will identify the scope for port development and the future of the riverport.
- **City of Potosi** was awarded more than \$1 million for a natural gas distribution upgrade project that will replace existing infrastructure in the system to increase its reliability, avoid interruption in service for residents and businesses, and increase capacity for future economic growth.

Contributing Programs:

SEDAP, CIF and PWEAA

Goal 2: DRA will improve networks of agencies, organizations, businesses, and educational institutions providing workforce development opportunities. It will promote access to services, funding, and programs that enable career stability.

DRA fiscal year 2024 investments reflect its commitment to fostering a robust workforce development ecosystem. This ecosystem is designed to help organizations and communities identify the skills needed for today's economy while preparing for future innovation.

To achieve these goals, DRA hosted a series of roundtable discussions with federal, state, and local agencies, along with regional universities, philanthropic organizations, Community Development Financial Institutions, and small business partners. These roundtables provided a platform to assess workforce development benchmarks, share best practices across counties and parishes, and strategically leverage available funding.

DRA also focused on investing in education and skill-building opportunities for individuals in rural economies that have long been overlooked and are in need of revitalization. This includes those who are underemployed, unemployed, displaced, or at risk of displacement, as well as individuals and communities in need of support. These initiatives are designed to empower these individuals, equipping them to play a meaningful role in driving the region's economic growth.

Demonstration of DRA investments is exemplified by investments made throughout the region, including these highlighted investments:

- DRA awarded nearly \$450,000 to **NextOp** for its Developing Talent Pipelines for Economically-Disadvantaged Veterans Program, which seeks to partner veterans with a career in the health care, construction, or distribution industries in the Memphis, Tennessee, metro area.
- From 2017 to 2024, the Delta Region Community Health Systems Development program supported 63 organizations (50 hospitals, eight Rural Health Clinics, three Federally Qualified Health Centers, and two Rural Emergency Hospitals) in 40 DRA communities across all eight Delta states. A total of 83,000 county jobs were supported due to hospital and clinic employee spending (2017-2023), which represents about 17 percent of all local jobs in these communities.
- **Alabama State University** received over \$187,000 to support its Connecting to the Helping Professions (CHiP) program. Designed to address the growing demand for social workers, CHiP aims to create pathways into the social work profession by providing professional training opportunities. The program facilitates access to social work education for new workforce entrants as well as incumbent workers seeking to enhance their skills by returning to school.

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

- **Family Scholar House** was awarded nearly \$439,000 to implement **HealthCorps**, a public health workforce capacity-building initiative. The program is designed to strengthen the region's healthcare workforce by establishing a robust recruitment pipeline, enhancing retention of existing healthcare professionals, and providing structured educational pathways. By addressing critical workforce needs, HealthCorps aims to improve clinical outcomes and bolster healthcare capacity in the region.

Contributing Programs:

SEDAP, DWP, and DRA Health Programs

Goal 3: DRA will strengthen the competitiveness of the region's employers, attract new employers to the region, and support the long-term growth of micro and small businesses.

DRA recognizes the significant role that small business development and entrepreneurship play in driving economic growth. To support these efforts, DRA is committed to empowering entrepreneurs to grow microenterprises and leverage federal funding opportunities.

DRA has made targeted investments to bridge rural and urban economic opportunities. By enhancing access to urban innovation assets, such as startup incubators, DRA promotes greater regional collaboration. These efforts address the unique needs of entrepreneurs and small businesses, including physical space requirements like maker spaces, incubators, shared workspaces, and façade and signage improvements, while also supporting broader community space needs.

Specifically, using fiscal year 2024 funding, DRA made the following investments:

- **Higher Purpose Co.** was awarded more than \$2.2 million to renovate its Higher Purpose Hub, a regional economic opportunity center enhancing the financial, physical and cultural well-being of Mississippi Delta residents by centralizing innovative services and amenities. Funds will be used to assist in extensive renovations to the facility and to implement technology that will assist with onsite training and business development.

Contributing Programs:

SEDAP, DWP, LDD Community Support Program and the Strategic Planning Program

Goal 4: DRA will invest in and support local placemaking and regional capacity building that improves opportunities for capital and federal investment in the DRA region to support economic development.

The **Strategic Planning Program** was designed to help communities in the DRA region identify and develop strategic plans to address infrastructure, industry growth, workforce pipelines, and small business development challenges and opportunities. The program aims to provide underserved communities in the Mississippi River Delta and Alabama Black Belt regions with the necessary resources to develop plans to help alleviate prolonged issues and guide economic growth. DRA awarded over \$2.4 million to 19 DRA communities through the Strategic Planning Program.

The **LDD Community Support Pilot Program** was designed to enhance the region's ability to compete for and leverage resources by providing capacity-building and community support resources to LDDs. DRA awarded almost \$2.3 million to 34 LDDs in its footprint through the LDD Community Support Pilot Program to support staff and other technical assistance support provided to communities.

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

LDD Trainings: DRA conducted multiple in-person training sessions augmented by several virtual training sessions focused on providing technical assistance and capacity-building support for LDDs. Virtual sessions were recorded and provided to LDDs for additional access.

Delta Leadership Institute Executive Academy: 2024 Graduates

In September 2024, DRA celebrated the graduation of 29 regional leaders from the **Delta Leadership Institute (DLI) Executive Academy**. This intensive nine-month leadership development program unites leaders from the public, private, and nonprofit sectors across the Mississippi River Delta and Alabama Black Belt regions. The 2024 DLI Executive Academy class was selected through a highly competitive application process overseen by DRA's federal co-chairman and the governors of the Authority's eight member states. The program equips a diverse group of dedicated leaders with the skills and knowledge needed to inspire transformative change within their communities and accelerate prosperity throughout the region.

Demonstration of DRA investments is exemplified by investments made throughout the region, including these highlighted investments:

- DRA launched technical assistance programs aimed at promoting economic development and strengthening communities in economically distressed areas across the lower Mississippi River and Alabama Black Belt regions. These initiatives leverage the expertise and support of technical assistance providers to increase capacity, improve infrastructure, and promote business growth, enabling local leaders to tackle challenges and create enduring opportunities for their communities.
- DRA established the Black Belt Community Partnership (BBCP) with Hope Enterprise Corporation, a community development financial institution that serves communities across the Mid-South. The BBCP is a strategic development plan and project development initiative focused on four communities in the Alabama Black Belt: Boligee, Eutaw, Selma and Tuskegee.

Contributing Programs:

DLI, the Strategic Planning Program, the LDD Community Support Pilot Program, and DRA's regional technical assistance initiatives

Administration of DRA

DRA is implementing administrative and operational improvements to enhance efficiency, accessibility, and transparency. Key initiatives include:

- **Modernizing technology** through streamlining processes and continued implementation of a centralized grants management system to enhance user experience, accessibility, and data collection.
- **Simplifying Notices of Funding Availability** to reduce administrative burdens, remove barriers, and make it easier for communities to apply for and utilize available resources.
- **Enhancing programmatic effectiveness** by revising guidelines to increase engagement and remove obstacles to deploying resources.
- **Strengthening data-driven decision-making** to promote transparency, accountability, and mission alignment.
- **Supporting economic growth, innovation, and job creation** through improving access to resources.
- **Ensuring full compliance** with the U.S. Code, Executive Orders, and OMB Guidance while integrating all requirements from presidential initiatives, OMB Memoranda, budget data requests, and other federal directives.

DRA remains committed to continuous improvement, fostering economic opportunity, and maximizing its regional

Delta Regional Authority

Performance Report

Year Ended September 30, 2024

impact.

Legislatively, DRA was reauthorized in the Water Resources Development Act of 2024 (WRDA). Amendments included in WRDA included the following provisions that will have operational and programmatic implications for the agency:

1. **Increased Funding:** The amendment raises the authorized appropriations from \$30 million per year (for fiscal years 2019-2013) to \$40 million per year for fiscal years 2025-2029.
2. **Termination of Authority Repealed:** The provision that would have terminated the DRA's authority is repealed, ensuring its continued operation.
3. **Fee Collection for Delta Doctors Program:** The DRA is granted the authority to collect and retain fees for its Delta Doctors program, a J-1 visa program.
4. **Succession Plan for Leadership Vacancies:** If both the federal co-chairperson and the alternate federal co-chairperson positions are vacant, an executive director can assume their duties to maintain continuity of operations.
5. **Inclusion of Indian Tribes:** Indian Tribes are explicitly included in the language governing participation in the Authority's programs.
6. **Geographic Expansion:** Three Louisiana parishes (Sabine, Vernon, and Terrebonne) are added to the Delta region.

Conclusion

DRA serves a distinguished purpose and uniquely critical role within our region. DRA's impact is not just limited to the quantitative outputs from the agency's investments, but it is also connected to DRA's reputation as a regional partner working closely with local governments and LDDs to help find solutions to the challenges experienced in the region. It is critical that DRA remains a vital partner in the region to foster inclusive communities, strengthen regional collaboration and productive capacity and achieve sustained, long-term economic development.