

Delta Regional Authority

Performance and Accountability Report
September 30, 2025

Delta Regional Authority
Performance and Accountability Report
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Delta Regional Authority
Listing of Officials
As of September 30, 2025

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)

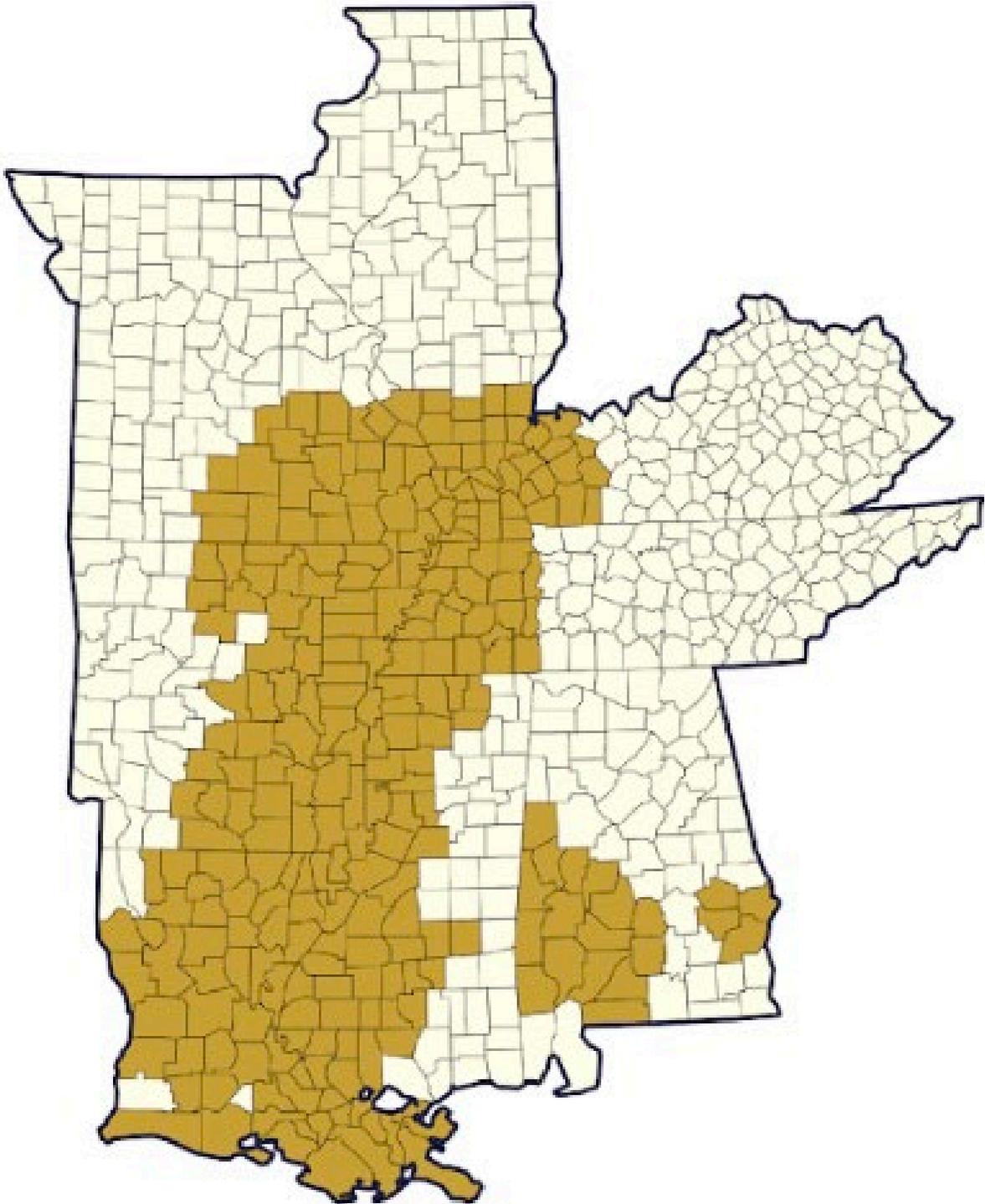
Missouri
Governor Michael Parsons
Ms. Lesley Rone (Designee)
Mr. Robert Knodell (Alternate)

Kentucky
Governor Andy Beshear
Mr. Matt Sawyers (Designee)

Tennessee
Governor Bill Lee
Ms. Brooxie Carlton (Designee)

Delta Regional Authority Service Area

DRA REGION





February 17, 2026

Russell Vought, 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 2025. This report is an accurate and comprehensive account of the Authority's performance for fiscal year 2025 and includes comparative financial statements in fiscal year 2024 and fiscal year 2025.

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 2025 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. The fiscal year 2025 Performance and Accountability Report demonstrates DRA's critical importance to the region.

Respectfully submitted,



Corey Wiggins, Ph.D.
Federal Co-Chairman

**Regional Headquarters
(Mailing Address)**

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|Clarksdale, MS 38614
T 662.966.4976

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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, 2025

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, 2025. 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 255 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 2025 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 2025 resulted in 228 distressed counties and parishes and 27 non-distressed counties and parishes and 701 isolated areas within non-distressed counties and parishes (see list below)

Delta Regional Authority

DRA Organizational Structure

Year Ended September 30, 2025

Non-Distressed List as of September 30, 2025

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, 2025

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, 2025

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 and remained the States' Co-Chairman in fiscal year 2025.

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

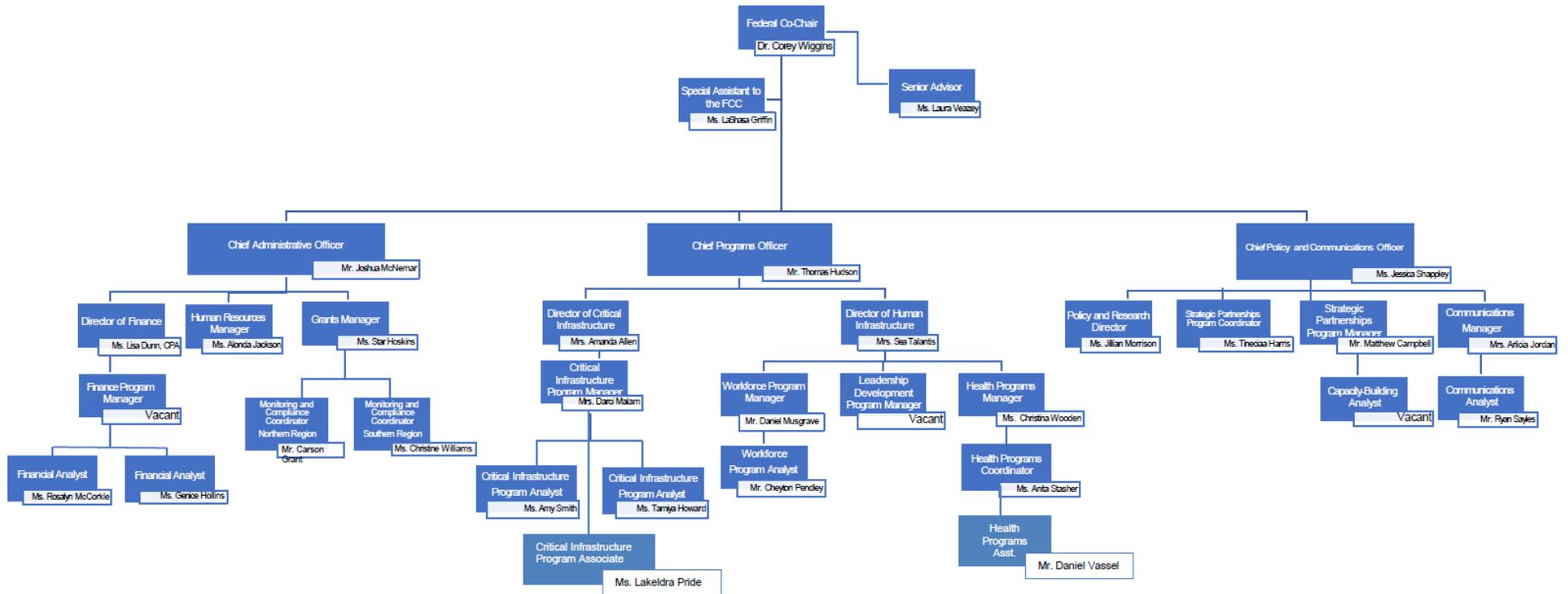
Washington, D.C. 20001

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 27 non-federal employees dedicated to serving the communities of DRA's region.

Delta Regional Authority

DRA Organizational Chart

Year Ended September 30, 2025



Section 1
Management's Discussion and Analysis

Delta Regional Authority

Management's Discussion and Analysis

Year Ended September 30, 2025

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, 2025, as compared to the prior year:

- Total assets decreased \$13,829,859 or -5% in 2025 compared to an increase of \$6,909,661 or 3% in 2024;
- Total liabilities decreased \$10,448 or 0% in 2025 compared to a decrease of \$2,419,962 or -26% in 2024;
- Total net program costs increased \$19,624,396 or 53% in 2025 compared to an increase of \$2,231,569 or 6% in 2024;
- Financing sources of operations increased \$20,234,998 or 56% in 2025 compared to an increase of \$1,449,490 or 4% in 2024; and
- Net position decreased \$13,819,412 or -6% in 2025 compared to an increase of \$9,329,623 or 4% in 2024.

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, 2025

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, 2025

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, 2025, 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, 2025

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, 2025, 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

Section 2
Financial Section



January 15, 2026

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 that internal controls over financial reporting as of September 30, 2025, 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, 2025, were operating effectively.

Corey Wiggins, PhD
Federal Co-Chairman
Delta Regional Authority

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**DELTA REGIONAL AUTHORITY
AUDIT REPORT
SEPTEMBER 30, 2025**



**ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200**



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 sheet as of September 30, 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal year 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, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

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 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 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 under standards issued 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 2025*, and *Other Information* sections. Other information 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 exists 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 audit 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 2025 audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies. These deficiencies are described in the accompanying *Exhibit I, Findings and Recommendations - Significant Deficiency*, to this report.

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.

We considered the significant deficiencies in determining the nature, timing, and extent of our audit procedures on DRA's fiscal year 2025 financial statements. Although the significant deficiencies in internal control did not affect our opinion on DRA's fiscal year 2025 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 the Consideration of 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, 2025, 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 internal control over financial reporting 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 audit 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 2025 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 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.

DRA's Responses to Findings

DRA's responses to the findings identified during our audit are described immediately following the auditor's recommendations in Exhibit I. DRA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Allmond & Company, LLC

Lanham, MD
January 22, 2026

Improvements Needed over Purchase and Expense Management Over Administrative Expenses (2025-01)**CONDITION:**

Improvements are needed in the Delta Regional Authority's (DRA) purchase and expense management process, as it relates to administrative expenses. Specifically, we noted DRA does not document nor obligate funds for administrative expenses in the Pegasys financial management system. During interim testing, there was no evidence of obligation approval nor was the obligation recorded in the financial system for 15 out of 15 samples selected. We further noted there was no evidence of a three-way match between requisition, obligation and payment information.

CRITERIA:

U.S Code Title 31, Subtitle II, Chapter 15, Subchapter I, 1501 Documentary Evidence Requirement for Government Obligations states, "An amount shall be recorded as an obligation of the United States Government only when supported by documentary evidence of (1) a binding agreement between an agency another person (including an agency) that is (A) in writing, in a way and form, and for a purpose authorized by law and (B) executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided (2) a loan agreement showing the amount and terms of repayment; (3) an order required by law to be placed with an agency; (4) an order issued under a law authorizing purchases without advertising- (A) when necessary because of a public exigency; (B) for perishable subsistence supplies; or (C) within specific monetary limits; (5) a grant or subsidy payable- (A) from appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law; (B) under an agreement authorized by law; or (C) under plans approved consistent with and authorized by law; (6) a liability that may result from pending litigation; (7) employment or services of persons or expenses of travel under law; (8) services provided by public utilities; or (9) other legal liability of the Government against an available appropriation or fund.

U.S. Government Accountability Office (GAO), Policy and Procedures Manual for Guidance of Federal Agencies: Title 7: Fiscal Guidance (issued May 1993), Chapter 6: Disbursements Subchapter 6.2: Disbursement Forms and Documentation, Section B: Documentation Requirements – General, page 60 states, "The disbursements shall be supported by basic payment documents, either hard copy or machine readable source records, which include purchase orders, contracts, receiving reports, invoices, bills, statements of accounts, etc., showing sufficient information to adequately account for the disbursements. The documentation should link all supporting records and enable audit of the transactions and settlement with the certifying or disbursing officers as required by law. If disbursements are made in cash, the vouchers should be receipted by the vendors or receipts from the vendors should be attached to the vouchers. (See section 6.8.) The preparation of the disbursement voucher includes the essential steps of assuring, apart from any subsequent audit, that (1) goods or services were ordered by an authorized official, evidenced by a purchase order, contract, or other authorization, (2) goods or services ordered have been delivered and accepted, evidenced by receiving and inspection reports, and (3) an invoice or bill has been received. An exception to these requirements may be subject to GAO approval. (See

subsections 7.4.A through G of this title.) The documentation requirements for employee pay, leave, and allowances are covered in Title 6 of this manual.

U.S. Government Accountability Office (GAO), Principles of Federal Appropriations Law, Third Edition, Volume II (issued February 2006), Chapter 7: Obligation of Appropriations, Subchapter B: Criteria for Recording Obligations page 262 states, "Once one of the criteria is met, however, the agency not only may but must at that point record the transaction as an obligation. While 31 U.S.C §1501 does not explicitly state that obligations must be recorded as they arise or are incurred, it follows logically from an agency's responsibility to comply with the Anti-deficiency Act."

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, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

CAUSE:

DRA's procurement policies and procedures are insufficient to ensure that funds are properly obligated for administrative expenses. Additionally, DRA processed invoices without adequate documentation to support the obligation of funds or verification from an authorizing official confirming the availability of funds.

EFFECT:

Failure to record the obligation of funds for administrative expenses could result in an understatement of USSGL Account 4801 (*Undelivered Orders – Unpaid*). Incomplete data on open obligations impairs DRA's ability to monitor and manage its financial commitments effectively. This increases the risk of a potential Anti-Deficiency Act (ADA) violation and limits DRA's ability to validate and support disbursements, potentially compromising audit readiness and fiscal accountability.

RECOMMENDATION:

We recommend that DRA management:

1. Ensure that all administrative expenses are obligated prior to the disbursement of funds in the Pegasys system.
2. Develop policies and procedures over the obligation of funds for administrative expenses.

3. Require that all administrative obligations be properly documented with an approved obligating document.
4. Perform a three-way match between the invoice, purchase order or obligating document, and purchase requisition for all administrative expenses.

MANAGEMENT'S RESPONSE

Management concurs with the finding and corrective action will be taken and completed in the current fiscal year.

AUDITOR'S RESPONSE

We will perform follow up procedures during FY 2026 to determine if corrective actions have been fully implemented.

Improvements Needed over Purchase and Expense Management over Travel (2025-02)**CONDITION:**

Improvements are needed in the Delta Regional Authority's (DRA) purchase and expense management process, as it relates to travel. Specifically, we noted DRA did not require prior authorization nor document the preapproval of travel related obligations for 15 of 15 selected samples as of June 30, 2025.

CRITERIA:

Code of Federal Regulations Title 41, Subtitle F, Chapter 301, Subpart A, Part 301-2, 301-2.1, Must I Have Authorization to Travel? States, "Yes, generally you must have written or electronic authorization before incurring any travel expense. When it is not practicable or possible to obtain such authorization before travel begins, your agency may approve reimbursement for specific travel expenses after travel is completed. However, written or electronic advance authorization is required for items in [§ 301-2.5\(c\)](#), [\(i\)](#), [\(n\)](#), and [\(o\)](#) of this part.

Code of Federal Regulations Title 41, Subtitle F, Chapter 301, Subpart A, Part 301-2, 301-2.5, What Travel Arrangements Require Specific Authorization or Prior Approval? States, "You must have a specific authorization or prior approval for: (a) Use of other than coach-class service on common carrier transportation; (b) Use of a foreign air carrier or foreign ship; (c) Use of reduced fares for group or charter arrangements; (d) Use of cash to pay for common carrier transportation; (e) Use of extra-fare train service; (f) Travel by ship; (g) Use of a rental car; (h) Use of a Government aircraft; (i) Payment of a reduced per diem rate; (j) Payment of actual expense, unless your agency has issued a blanket actual expense authorization under [§ 301-70.201](#); (k) Travel expenses related to emergency travel; (l) Transportation expenses related to threatened law enforcement/investigative employees and members of their families; (m) Travel expenses related to travel to a foreign area; (n) Acceptance of payment from a non-Federal source for travel expenses, see chapter 304 of this subtitle; (o) Travel expenses related to attendance at a conference; and (p) Due to an employee's medical requirements or religious beliefs, payment of the full M&IE allowance even though meals are furnished by the Government either directly or through a registration fee or other payment for a conference or other event, in accordance with [§ 301-11.18\(b\)](#).

Code of Federal Regulations Title 41, Subtitle F, Chapter 301, Subpart D, Part 301-71, Subpart B, 301-71.103, What Information Must Be Included on All Travel Authorizations states, "You must include: (a) The name of the employee(s); (b) The signature of the proper authorizing official; (c) Purpose of travel; (d) Any conditions of or limitations on that authorization; (e) An estimate of the travel costs (for open authorizations it should include an estimate of the travel costs over the period covered); and (f) A statement that the employee(s) is (are) authorized to travel.

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, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final

classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

CAUSE:

DRA’s travel policies and procedures lack sufficient controls to ensure that employees obtain advance authorization prior to travel. Additionally, DRA does not consistently maintain or require proper documentation to support travel-related obligations.

EFFECT:

Without prior travel approval, DRA is at risk of incurring and reimbursing expenses that may not be properly authorized or budgeted, increasing the likelihood of a potential Anti-Deficiency Act (ADA) violation. This weakens financial controls and may result in noncompliance with federal travel and fiscal regulations.

RECOMMENDATION:

We recommend that DRA management:

1. Develop and implement policies and procedures over travel.
2. Ensure that all travel is authorized and documented prior to the completion of travel.
3. Perform periodic, internal travel audits to ensure all travel disbursements are properly supported with the signed travel voucher for reimbursement, traveler receipts, and approved travel authorization.

MANAGEMENT’S RESPONSE

Management concurs with the condition and will consider the recommendation provided when determining if a corrective action plan should be developed once the audit concludes.

AUDITOR’S RESPONSE

We will perform follow up procedures during FY 2026 to determine if corrective actions have been fully implemented.

Improvements Needed in DRA Entity Level Control Policies and Procedures (2025-03)**CONDITION:**

During the FY 2024 financial statement audit, we noted improvements were 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. Specifically, during the FY 2024 financial statement audit, 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.

During the FY 2025 financial statement audit, DRA began corrective action to remedy the FY 2024 finding. However, the corrective actions were not fully implemented or in effect for the fiscal year under audit.

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.

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.
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

DRA worked with a consultant during FY2025 to document our policies and procedures over significant processes.

We authored several policies, including Budget Policy, Financial Reporting Policy, Fund Balance with Treasury Policy, Grant Accrual Policy, Procurement Policy, Revenue Policy, and Succession and Contingency Policy. These policies are effective 10/1/2025. DRA will review and update Policies as necessary on an annual basis.

We also authored several SOPs, including Policy and Procedure SOP, Procurement SOP, Purchasing SOP, and Travel SOP. These SOPs are effective 12/1/2025. DRA will continue to document and write SOPs as necessary and will review and update SOPs on an annual basis.

AUDITOR'S RESPONSE

We will perform follow up procedures during FY 2026 to determine if corrective actions have been fully implemented.

Status of Prior Year Findings and Recommendations

The following table provides the fiscal year (FY) 2025 status of all recommendations included in the Independent Auditor's Report on DRA's FY 2025 Financial Statements (February 6, 2025).

FY 2024 Finding	Initial Finding Year	FY 2024 Recommendation	FY 2025 Status
Improvements Needed in DRA Entity Level Control Policies and Procedures (2024-01)	2024	<p>We recommend that DRA management:</p> <ol style="list-style-type: none"> 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. 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. 	Open
Improvements Needed in DRA's Grant Accrual Methodology (2024-02)	2024	<p>We recommend that DRA management officials:</p> <ol style="list-style-type: none"> 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. 	Closed



THE DELTA REGIONAL AUTHORITY

**GENERAL FUND
FINANCIAL STATEMENTS**

As Of And For The Fiscal Year Ended September 30, 2025

Delta Regional Authority
BALANCE SHEET

As Of September 30, 2025
(in dollars)

Assets:			
Intragovernmental Assets:			
Fund Balance With Treasury	(Note 2)	\$	238,956,916.86
Advances and Prepayments			8,464.00
Total Intragovernmental Assets			<u>238,965,380.86</u>
Other than Intragovernmental Assets:			
Cash and Other Monetary Assets			519,327.31
Accounts Receivable, net			97,291.00
Loans Receivable, net	(Note 3)		12,663.72
Property, Plant and Equipment, net	(Note 4)		438,904.06
Advances and Prepayments			2,114,906.67
Total Other than Intragovernmental Assets			<u>3,183,092.76</u>
Total Assets		\$	<u><u>242,148,473.62</u></u>
Liabilities:			
Intragovernmental Liabilities:			
Accounts Payable			26,179.00
Advances from Others and Deferred Revenue			898,410.43
Other Liabilities	(Note 6)		15,994.33
Total Intragovernmental Liabilities			<u>940,583.76</u>
Other than Intragovernmental Liabilities:			
Accounts Payable			4,167,413.66
Federal Employee Salary, Leave, and Benefits Payable	(Note 8)		252,601.46
Advances from Others and Deferred Revenue			1,197,766.54
Other Liabilities	(Note 6)		421,571.70
Total Other than Intragovernmental Liabilities			<u>6,039,353.36</u>
Total Liabilities		\$	<u>6,979,937.12</u>
Net Position:			
Unexpended Appropriations - Funds from Other than Dedicated Collections		\$	235,318,169.28
Cumulative Results of Operations - Funds from Other than Dedicated Collections			(149,632.78)
Total Net Position		\$	<u>235,168,536.50</u>
Total Liabilities and Net Position		\$	<u><u>242,148,473.62</u></u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENT OF NET COST

For The Fiscal Year Ended September 30, 2025
(in dollars)

Program Costs:		
Gross Costs	\$	61,295,510.96
Less: Earned Revenue		4,664,279.10
Net Program Costs		<u>56,631,231.86</u>
Net Cost of Operations	\$	<u><u>56,631,231.86</u></u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENT OF CHANGES IN NET POSITION
For The Fiscal Year Ended September 30, 2025
(in dollars)

	<u>Funds from Other than Dedicated Collections (Consolidated Totals)</u>	<u>Consolidated Total</u>
Unexpended Appropriations:		
Beginning Balance	\$ 249,060,560.90	\$ 249,060,560.90
Corrections of errors (+/-)	1,675,207.73	1,675,207.73
Beginning balance, as adjusted	<u>250,735,768.63</u>	<u>250,735,768.63</u>
Appropriations received	31,100,000.00	31,100,000.00
Appropriations transferred-in/out (+/-)	10,000,000.00	10,000,000.00
Appropriations used	<u>(56,517,599.35)</u>	<u>(56,517,599.35)</u>
Net Change in Unexpended Appropriations	<u>(15,417,599.35)</u>	<u>(15,417,599.35)</u>
Total Unexpended Appropriations	<u>\$ 235,318,169.28</u>	<u>\$ 235,318,169.28</u>
Cumulative Results from Operations		
Beginning Balances	\$ (72,613.73)	\$ (72,613.73)
Corrections of errors (+/-)	<u>(5,063.68)</u>	<u>(5,063.68)</u>
Beginning balances, as adjusted	<u>(77,677.41)</u>	<u>(77,677.41)</u>
Appropriations used	56,517,599.35	56,517,599.35
Nonexchange Revenue	353.25	353.25
Imputed Financing (Note 9)	41,640.03	41,640.03
Other (+/-)	(316.14)	(316.14)
Net Cost of Operations	<u>(56,631,231.86)</u>	<u>(56,631,231.86)</u>
Net Change in Cumulative Results of Operations	<u>(71,955.37)</u>	<u>(71,955.37)</u>
Total Cumulative Results of Operations	<u>(149,632.78)</u>	<u>(149,632.78)</u>
Net Position	<u>\$ 235,168,536.50</u>	<u>\$ 235,168,536.50</u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
STATEMENT OF BUDGETARY RESOURCES

For The Fiscal Year Ended September 30, 2025
(in dollars)

Budgetary resources:

Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 11)	\$ 125,693,838.92
Appropriations (discretionary and mandatory)		41,100,000.00
Spending authority from offsetting collections (discretionary and mandatory)		<u>4,984,685.73</u>
Total budgetary resources		<u><u>\$ 171,778,524.65</u></u>

Status of budgetary resources:

New obligations and upward adjustments (total)	(Note 10)	\$ 107,986,173.21
Unobligated balance, end of year:		
Apportioned, unexpired account		53,370,982.23
Unapportioned, unexpired accounts		<u>10,416,305.53</u>
Unexpired unobligated balance, end of year		<u>63,787,287.76</u>
Expired unobligated balance, end of year		<u>5,063.68</u>
Unobligated balance, end of year (total)		<u>63,792,351.44</u>
Total budgetary resources		<u><u>\$ 171,778,524.65</u></u>

Outlay, net:

Outlays, net (total) (discretionary and mandatory)	\$	<u>57,183,392.42</u>
Agency outlays, net (discretionary and mandatory)	\$	<u><u>57,183,392.42</u></u>

The accompanying notes are an integral part of these statements.

Delta Regional Authority
Notes to Financial Statements
September 30, 2025

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.

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, 2025, 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 received funds from the 2022 Infrastructure Investment and Jobs Act and Department of Labor (DoL).

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, 2025

Note 2 – Fund Balance with Treasury

DRA’s fund balance with treasury comes from appropriations and the reimbursable agreements with the Department of Labor.

A. Fund Balance with Treasury		
General Fund	\$	238,956,916.86
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		63,609,424.55
2) Obligated Balance not yet Disbursed		175,347,492.31
Total	\$	238,956,916.86

Note 3 – 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. The outstanding amount receivable as of September 30, 2025, was \$12,663.72.

Note 4 – Property, Plant, and Equipment, Net (PP&E)

The Authority’s total cost, accumulated depreciation, and net book value for PP&E for the fiscal year ended September 30, 2025 is as follows. Depreciation and amortization expense for the fiscal years ended September 30, 2025, was \$95,262.02.

	Equipment	Furniture & Fixtures	Right-to-Use Lease Assets	Total
Cost balance, beginning of the year	\$ 68,745.00	\$ 6,999.00	\$ 563,097.95	\$ 638,841.95
Cost balance, end of year	68,745.00	6,999.00	563,097.95	\$ 638,841.95
Accumulated depreciation	(22,863.00)	(5,850.00)	(171,224.89)	\$ (199,937.89)
Net Book Value	\$ 45,882.00	\$ 1,149.00	\$ 391,873.06	\$ 438,904.06

Delta Regional Authority
Notes to Financial Statements
September 30, 2025

Note 5 – 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, 2025:

Other than Intragovernmental	
Unfunded Leave	\$ 179,628.86
Lessee Lease Liability	421,571.70
Total liabilities not covered by budgetary resources	<u>601,200.56</u>
Total liabilities covered by budgetary resources	<u>6,378,736.56</u>
Total Liabilities	<u><u>\$ 6,979,937.12</u></u>

Note 6 – Other Liabilities

Other Intragovernmental Liabilities for the year ended September 30, 2025, consists of Other Liabilities without reciprocals and Other Current Liabilities-Benefits Contributions Payable. Other than Intragovernmental Liabilities consists of Lessee Lease Liability.

	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
Intragovernmental			
Employer contributions and payroll taxes payable	\$ -	\$ 15,994.33	\$ 15,994.33
Total Intragovernmental	<u>\$ -</u>	<u>\$ 15,994.33</u>	<u>\$ 15,994.33</u>
Other than Intragovernmental			
Lease Liability	342,512.19	79,059.52	421,571.71
Total Other than Intragovernmental Liabilities	<u>342,512.19</u>	<u>79,059.52</u>	<u>421,571.71</u>
Total Other Liabilities	<u><u>\$ 342,512.19</u></u>	<u><u>\$ 95,053.85</u></u>	<u><u>\$ 437,566.04</u></u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2025

Note 7 – 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
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>\$ 421,571.71</u>	<u>\$ 55,600.10</u>	<u>\$ 477,171.81</u>

The total payments of principal and interest during the year ended September 30, 2025, were \$72,608.01 and \$24,592.03, respectively. The remaining principal balance is included in “Other liabilities” as disclosed in Note 6.

The right-to-use asset is included in Property, Plant, and Equipment, Net, in Note 4.

Note 8 – 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:

Funded, accrued payroll benefits	\$ 72,543.58
Employer contributions and payroll taxes payable	429.02
Unfunded, accrued leave liabilities	<u>179,628.86</u>
Total Federal Employee Salary, Leave, Benefits Payable	<u>\$ 252,601.46</u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2025

Note 9 – 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 fiscal year ended September 30, 2025, inter-entity costs were as follows:

Office of Personnel Management	<u>\$ 41,640.03</u>
Total Imputed Financing Sources	<u>\$ 41,640.03</u>

Note 10 – 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, 2025, apportioned on the latest Standard Form (SF)-132, *Apportionment and Reapportionment Schedule*.

Direct

Category B	
New Obligations	\$ 98,620,919.24
Upward Adjustments	<u>4,505,904.77</u>
Total Direct	<u>103,126,824.01</u>

Reimbursable

Category B	
New Obligations	<u>4,859,349.20</u>
Total Reimbursable	<u>4,859,349.20</u>

Total New Obligations and Upward Adjustments	<u><u>\$ 107,986,173.21</u></u>
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Delta Regional Authority
Notes to Financial Statements
September 30, 2025

Note 11 – 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, 2025, consisted of the following:

Unobligated Balance Brought Forward, October 1	\$ 114,416,532.17
Recoveries of Prior Year Unpaid Obligations	11,202,306.15
Recoveries of Prior Year Paid Obligations	<u>75,000.60</u>
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$ 125,693,838.92</u>

Note 12 – Undelivered Orders at the End of the Period

The amount of the DRA’s budgetary resources obligated for undelivered orders as of September 30, 2025, is as follows:

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
	<u> </u>	<u> </u>	<u> </u>
Intragovernmental	\$ 203,601.86	\$ 8,464.00	\$ 212,065.86
Other Than Intragovernmental	<u>167,843,788.79</u>	<u>2,114,906.67</u>	<u>169,958,695.46</u>
Total	<u>\$ 168,047,390.65</u>	<u>\$ 2,123,370.67</u>	<u>\$ 170,170,761.32</u>

Note 13 – 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 2025 actual budgetary execution information is scheduled for publication in February 2026, 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, 2025

Note 13 – Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government (continued)

Balances reported in the FY 2024 Statement of Budgetary Resources and the related President’s Budget reflected the following:

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 181	\$ 66	\$ -	\$ 36
<i>Budget of the U.S. Government</i>	180	66	-	36
Difference	1	-	-	-
Rounding	(1)	-	-	-
Remaining difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Delta Regional Authority
Notes to Financial Statements
September 30, 2025

Note 14 – 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.

	<u>Intragovernmental</u>	<u>Other Than Intragovernmental</u>	<u>Total</u>
Net Operating Costs (SNC)	\$ (2,954,257.30)	\$ 59,585,489.16	\$ 56,631,231.86
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	-	(85,691.02)	(85,691.02)
Increase (Decrease) in Assets not affecting Budget Outlays:			
Loans receivable, net	-	(5,986.71)	(5,986.71)
Other assets	-	2,000,000.00	2,000,000.00
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	97,291.00	451,377.15	548,668.15
Lessee lease liability	-	72,608.01	72,608.01
Federal employee salary, leave, and benefits payable	-	31,910.73	31,910.73
Other liabilities	(634,496.62)	(8,241.21)	(642,737.83)
Other Financing Sources			
Imputed costs	(41,640.03)	-	(41,640.03)
Total Components of Net Costs Not Part of the Budget Outlays	<u>(578,845.65)</u>	<u>2,446,405.95</u>	<u>1,867,560.30</u>
Miscellaneous Items			
Custodial/Non-exchange revenue	-	(353.25)	(353.25)
Non-entity activities	316.14	-	316.14
Other temporary timing differences	-	(1,315,362.63)	(1,315,362.63)
Total Miscellaneous Items	<u>316.14</u>	<u>(1,315,715.88)</u>	<u>(1,315,399.74)</u>
Net Outlays (Calculated Total)	<u>\$ (3,532,786.81)</u>	<u>\$ 60,716,179.23</u>	<u>\$ 57,183,392.42</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, net (SBR Line 4190)			\$ 57,183,392.42
Agency Outlays, Net (SBR Line 4210)			<u>\$ 57,183,392.42</u>

Section 3
Performance Report

Delta Regional Authority

Performance Report

Year Ended September 30, 2025

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 2025 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, 2025

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 Program

- The Workforce Opportunity for Rural Communities (WORC) initiative works with the U.S. Department of Labor (DOL) to expand the impact of existing workforce development initiatives and to support workforce training and education in rural communities.
- 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.

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

Delta Regional Authority

Performance Report

Year Ended September 30, 2025

- 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 2025, 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 \$1.2 million to the **City of Rolla** for a stormwater mitigation project that will modernize the city’s storm drainage system in order to foster small business growth and development for the city’s downtown business district.
- DRA awarded \$1.5 million through its partnership with the U.S. Economic Development Administration to the **Louisiana Chamber of Commerce Foundation** to support its AgriAquaculture Center of Excellence, a business incubator and workforce training center that will serve the rural incorporated communities within Jefferson Parish, designed to increase job creation by building economic resilience within small businesses operating in the AgriAquaculture industry.
- The **City of Eldorado** was awarded more than \$800,000 to improve its flood control infrastructure to alleviate problems with the city’s existing drainage system and to withstand future emergencies and natural disasters, such as severe weather and flooding.
- DRA awarded \$142,000 to **West AlabamaWorks** to develop a strategic plan that assesses its organizational

Delta Regional Authority

Performance Report

Year Ended September 30, 2025

capacity and refines existing workforce programs to better serve job seekers and employers across its five-county region, including Greene, Hale, Marengo, Pickens and Sumter.

- **Town of Mason** was awarded nearly \$76,000 to develop a preliminary engineering report for the second phase of its sewer system rehabilitation project, which will prioritize project needs and support residential growth, business recruitment and job creation.
- In FY2025, the Delta Regional Authority received a one-time allocation under the American Relief Act of 2025 (Public Law No. 118-158). Pursuant to this legislation, Congress directed the U.S. Economic Development Administration (EDA) to transfer \$10 million to DRA to support flood mitigation, disaster relief, long-term recovery, and infrastructure restoration. These funds targeted communities within the DRA footprint that were issued major disaster declarations in 2023 or 2024 under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). DRA received 30 eligible Supplemental Disaster Recovery Fund (SDRF) applications and issued six awards totaling \$9,832,154.75. While the statutory language authorized DRA to retain up to \$300,000 for administrative expenses, the Authority voluntarily reduced its retention to maximize direct project funding for regional disaster recovery and resilience.

Contributing Programs:

SEDAP, CIF, PWEAA, Strategic Planning Program

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 2025 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.

DRA has strengthened its commitment to workforce development by expanding outreach and engagement across the Delta region. Through targeted technical assistance trainings, site visits, and direct coordination with workforce agencies, nonprofit organizations, and public entities, DRA is deepening regional collaboration and improving access to career pathways. These efforts ensure that partners are better equipped to deliver high-impact training, connect residents with employment resources, and align local programs with the region's broader workforce development goals.

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

- DRA awarded more than \$250,000 to **Hopkinsville Community College** for a workforce program that will expand job training opportunities in electrical, construction and air conditioning technologies, creating pathways to high-quality employment and supporting the growth of these industries in Southwestern Kentucky.
- From 2017 to 2025, the Delta Region Community Health Systems Development program supported 68 healthcare organizations in 66 DRA communities across all eight Delta states. Participants in the program's 2020 cohort increased their net patient revenue and total operating revenue by nearly 10 percent. Moreover, 89 percent improved financial position and quality of care.
- **Tennessee College of Applied Technology – Jackson** received \$300,000 to provide equipment, technologies, renovations and certifications needed for a general construction technology program designed to support economic growth and an influx of new industries in Haywood County and surrounding areas.
- **Southern Alabama Area Health Education Center** was awarded \$300,000 for a training program that will

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prepare current and future healthcare professionals for jobs addressing the ongoing need for trained professionals in healthcare facilities in South Alabama.

Contributing Programs:

SEDAP, DWP, LDD Community Support 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 2025 funding, DRA made the following investments:

- **Vibrant Memphis Epicenter** was awarded **\$811,900** from the Delta Regional Authority to support its “Vibrant Memphis” initiative, an effort to strengthen entrepreneurial ecosystems and expand access to capital for businesses throughout the Greater Memphis region. The project will enhance small business development, provide targeted technical assistance and mentorship, and strengthen community partnerships that advance economic growth. Funds will be used to support program implementation, outreach, and resources that help emerging entrepreneurs start, scale, and sustain their ventures.

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 \$3.3 million to 29 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 \$2.5 million to 44 LDDs in its footprint through the LDD Community Support Pilot Program to support staff and other technical assistance support provided to communities.

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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: 2025 Graduates

In September 2025, DRA celebrated the graduation of 35 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 2025 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's technical assistance programs continue to strengthen economic development and community resilience across the lower Mississippi River Delta 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's Black Belt Community Partnership (BBCP) with Hope Enterprise Corporation, a community development financial institution that serves communities across the Mid-South, continues to guide strategic planning and project development efforts in four Alabama Black Belt communities: Boligee, Eutaw, Selma and Tuskegee. The partnership remains focused on building community capacity, supporting investment readiness, and driving long-term economic resilience across the region.
- DRA established the Delta Catalyst Fund to invest in communities that are currently participating in the agency's technical assistance and capacity-building initiatives. With the support of technical assistance providers, communities will select impactful small-scale projects that address public infrastructure, workforce development, or small business development.

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

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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 impact.

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.