DELTA REGIONAL AUTHORITY

PERFORMANCE AND ACCOUNTABILITY REPORT

SEPTEMBER 30, 2012

BKD LLP
CPAs & Advisors

DELTA REGIONAL AUTHORITY

PERFORMANCE AND ACCOUNTABILITY REPORT

SEPTEMBER 30, 2012

CONTENTS

CONTENTS (CONTINUED)

DELTA REGIONAL AUTHORITY

OFFICE OF THE FEDERAL CO-CHAIRMAN

November 14, 2012

To Whom It May Concern:

Enclosed you will find the Delta Regional Authority's (DRA) Performance and Accountability Report for Fiscal Year 2012. This report is an accurate and comprehensive account of the Authority's performance for FY2012 and includes comparative financial statements for FY 2011 and 2012. I am pleased to report that, to date, each and every one of DRA's independent, financial audits have all been unqualified, showing that DRA is a solid steward of the people's investment in this agency.

Additionally, the DRA continues to be in full compliance with *The Accountability for Tax Dollars Act (ATDA) of 2002.* Under my administration, the DRA maintains its long-term commitment to setting and sustaining the highest standards in financial integrity and compliance. The report by the auditors of BKD, LLP contains an unqualified opinion on the financial statements in this document. DRA continues to meet each new challenge and expectation presented by President Obama and the U.S. Congress.

In In Fiscal Year 2012, the DRA through its "States Economic Development Assistance Program" (SEDAP) invested $9,471,590 of its appropriation into 63 projects in its eight-state region, leveraging $20,656,748 in other federal, state and local funds, a ratio of 2.2 to 1, for total project costs of $30,128,338. Additionally, private investment total $213,778,500 a ratio of 22.6 to 1, with a total leveraged investment of $234,435,248 a ratio of 24.8 to 1. The 2012 DRA SEDAP Program will realize the following results:

- 8,136 families received improved water and sewer;
- 3,411 individuals trained for jobs;
- 1,803 jobs created; and
- 869 jobs retained.

Overall, the DRA has invested $108,019,579 to 718 projects in its eight-state region leveraging $632, 611, 041 in other federal, state and local funds, a ratio of 5.9 to 1, making total project costs $740,630,620. Additionally, private investment total $1,746,144,098, a ratio of 16.2 to 1, with a total leveraged investment of $2,378,755,139 a ratio of 22.0 to 1. Since its inception DRA Federal Grant Program and SEDAP, have accomplished the following results:

- 25,497 families received improved water and sewer;
- 3,745 individuals trained for jobs;
- 9,251 jobs created; and
- 7,578 jobs retained.

REGIONAL HEADQUARTERS:
236 SHARKEY AVENUE, STE. 400
CLARKSDALE, MS 38614
PHONE: (662) 624-8600
FAX: (662) 624-8537

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

www.dra.gov

WASHINGTON, D.C. OFFICE:
444 NORTH CAPITOL, N.W., STE. 445B
WASHINGTON, D.C. 20001
PHONE: (202) 434-4870
FAX: (202) 434-4871

The following outcomes are projected, once projects are completed:

- 35, 236 families received improved water and sewer;
- 13, 305 jobs created;
- 11,750 individuals trained for jobs; and
- 9,987 jobs retained;

As evidenced in this report, numerous accomplishments in Fiscal Year 2012 have been witnessed in the following programs and initiatives:

- States' Economic Development Assistance Program (SEDAP);
- Delta Leadership Institute (DLI).
- Entrepreneurship Training (SIU);
- Growing a Healthy Workforce in the Delta Initiative (HDI);
- Delta Doctors Program (DDP);
- Information Technology/iDelta (IT);
- Innovative Readiness Training Program (IRT);
- Jobs for America's Graduates (JAG);
- Local Development Districts (LDD); and
- Save the Children (STC).

Thank you for allowing the Delta Regional Authority to submit the Fiscal Year 2012 Performance Accountability Report. As an organization, we will continue to help create jobs, build communities, and improve lives for the people of the Delta region.

Sincerely,

Christopher A. Masingill
Federal Co-Chairman

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS

DELTA REGIONAL AUTHORITY

Listing of Officials
September 30, 2012

Federal Co-Chairman
Christopher A. Masingill

Alternate Federal Co-Chairman
Michael G. Marshall

States' Co-Chairman
Governor Jay Nixon

Alternate States' Co-Chairman
Mr. Bill Ransdall

GOVERNORS AND STATE DESIGNEES/ALTERNATES

Alabama
Governor Robert Bentley
Mr. Jim Byard, Jr. (Designee)
Mrs. Bea Forniss (Alternate)

Arkansas
Governor Mike Beebe
Mr. Steven B. Jones
(Designee & Alternate)

Illinois
Governor Pat Quinn
Mr. David Vaught (Designee)
Mr. William Stanhouse (Alternate)

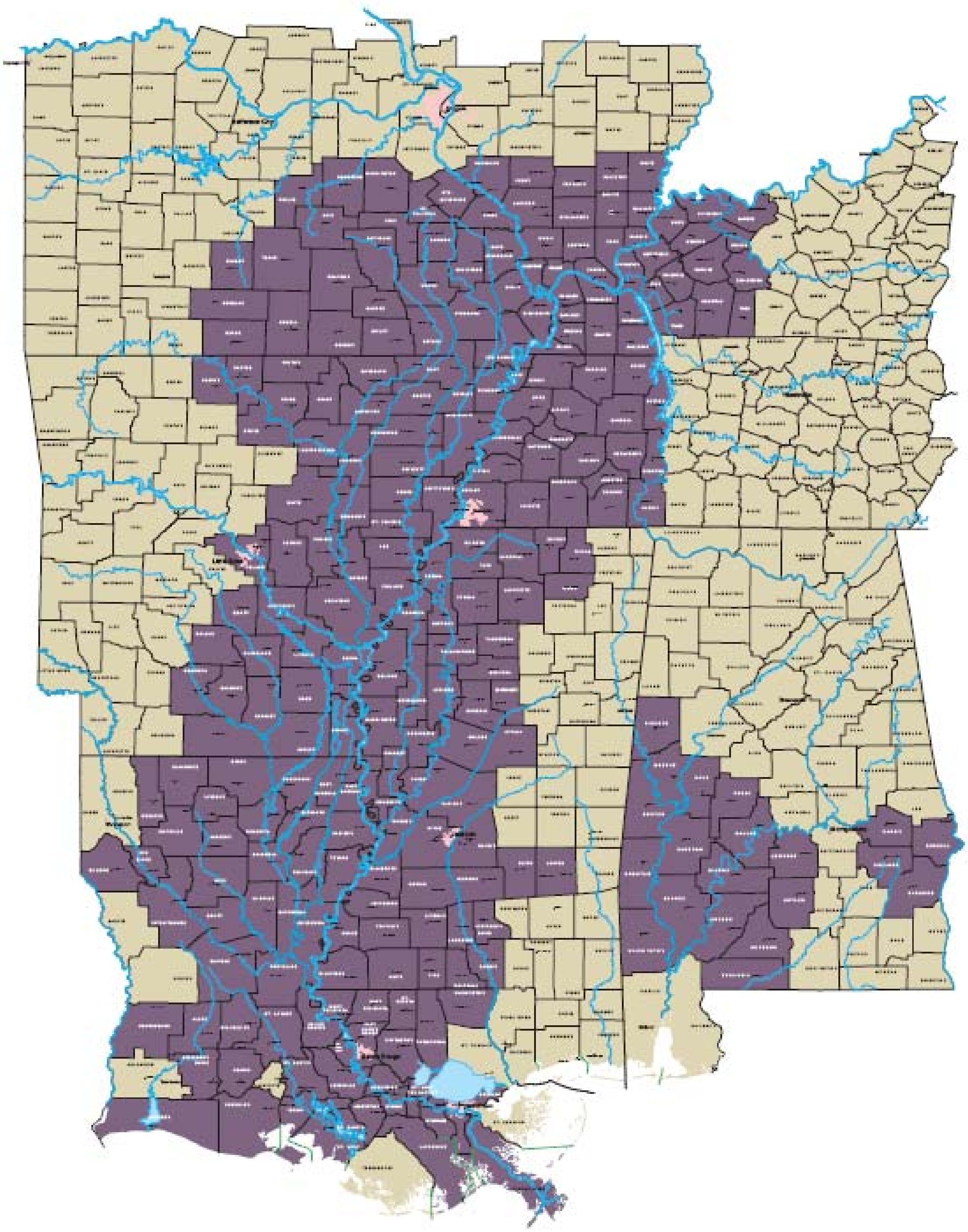
Kentucky
Governor Steven Beshear
Mr. Tony Wilder
(Designee & Alternate)

Louisiana
Governor Bobby Jindal
Mr. Doyle Robinson (Designee)
Mr. Matthew Parker (Alternate)

Mississippi
Governor Phil Bryant
Mr. Chris Champion
(Designee & Alternate)

Missouri
Governor Jay Nixon
Mr. Bill Ransdall (Designee)
Dr. Jon Hagler (Alternate)

Tennessee
Governor Bill Haslam
Mr. Allen Borden (Designee)
Ms. Brooxie Carlton (Alternate)



Delta Regional Authority Service Area

Introduction

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

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

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

Congressional stipulations include:

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

The following is a discussion and analysis of the operating results and financial position of DRA, created by the Delta Regional Authority Act of 2000. The Authority's original authorization expired October 1, 2012, but has been extended by the House Joint Resolution 117, from October 1, 2012 to March 27, 2013.

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

Program Highlights for Fiscal Year 2012

The Authority continued to emphasize the four funding priority areas which are: basic public infrastructure, transportation infrastructure, business development, and workforce development, with emphasis on job creation and job retention. The total Fiscal Year 2012 project funding allocation was $9,471,590. Basic public and transportation infrastructure project funding totaled $6,781,421, which is 66.5 percent, and investment in distressed counties totaled $8,492,711, which is 91.0 percent. Fiscal Year 2012 States' Economic Development Assistance Program (SEDAP) funds attracted $23,274,648 in additional project funding, a ratio of 2.5 to 1, and $213,778,500 in leveraged private investment, a ratio of 22.9 to 1.

Fiscal Year 2012 Distressed Counties and Parishes

The DRA Enabling Legislation requires the Authority to update distressed county designation annually. The tabulation for the Fiscal Year 2012 resulted in 217 distressed counties and parishes (see list below).

Distressed List as of September 30, 2012

Alabama (20)

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

Arkansas (40)

- 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
- Searcy
- Sharp
- St. Francis
- Stone
- Van Buren
- White
- Woodruff

Illinois (14)

- Alexander
- Franklin
- Hamilton
- Hardin
- Jackson
- Johnson
- Massac
- Perry
- Pope
- Pulaski
- Randolph
- Saline
- Union
- Williamson

Kentucky (16)

- Caldwell
- Calloway
- Carlisle
- Christian
- Crittenden
- Fulton
- Graves
- Hopkins
- Livingston
- Lyon
- Marshall
- McLean
- Muhlenberg
- Todd
- Trigg
- Webster

Louisiana (38)

- Acadia
- Allen
- Assumption
- Avoyelles
- Beauregard
- Bienville
- Caldwell
- Catahoula
- Claiborne
- Concordia
- De Soto
- East Carroll
- Evangeline
- Franklin
- Grant
- Iberville
- Jackson
- Jefferson Davis
- La Salle
- Livingston
- Madison
- Morehouse
- Natchitoches
- Red River
- Richland
- St. Bernard
- St. Helena
- St. James
- St. Landry
- St. Martin
- Tangipahoa
- Tensas
- Union
- Vermillion
- Washington
- West Carroll
- West Feliciana
- Winn

Mississippi (44)

- Adams
- Amite
- Attala
- Benton
- Bolivar
- Carroll
- Claiborne
- Coahoma
- Copiah
- Covington
- DeSoto
- Franklin
- Grenada
- 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 (26)

- Bollinger
- Carter
- Crawford
- Dent
- Douglas
- Dunklin
- Howell
- Iron
- Madison
- Mississippi
- New Madrid
- Oregon
- Ozark
- Pemiscot
- Perry
- Phelps
- Reynolds
- Ripley
- Scott
- Shannon
- St. Francois
- Stoddard
- Texas
- Washington
- Wayne
- Wright

Tennessee (19)

- Benton
- Carroll
- Chester
- Crockett
- Decatur
- Dyer
- Fayette
- Gibson
- Hardeman
- Hardin
- Haywood
- Henderson
- Henry
- Lake
- Lauderdale
- Madison
- McNairy
- Tipton
- Weakley

Organizational Structure of the Delta Regional Authority

The DRA Board is comprised of Governors from the eight states included in the DRA region, along with the Federal Co-Chairman, Christopher A. Masingill, who was appointed by President Obama and confirmed by the Senate. Chairman Masingill took office on July 13, 2010. The Governors elect a State Co-Chairman, and in FY 2012, Governor Jay Nixon of Missouri served as the DRA's fifth States' Co-Chairman. DRA's statute requires the Board to hold a quorum meeting annually that a majority of Governors attend. Additionally, each Governor is authorized to appoint a designee and an alternate to assist with day-to-day activities and responsibilities on his behalf.

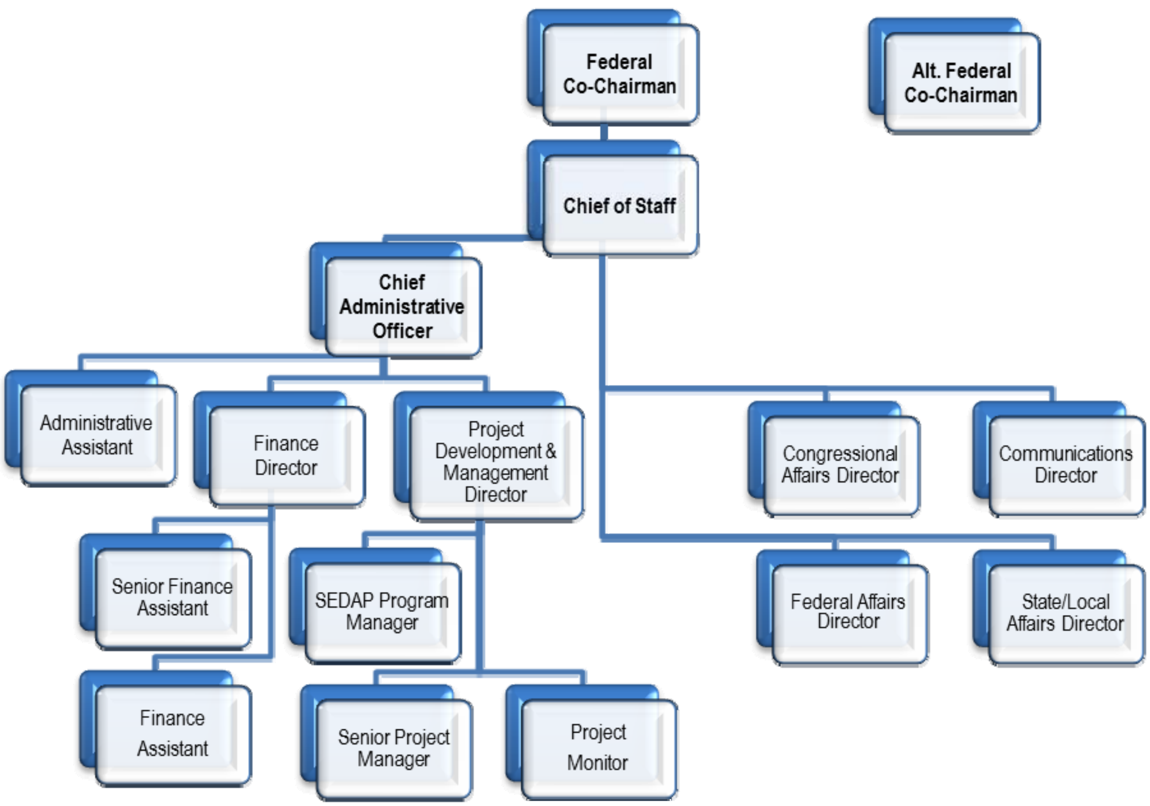
The relationship between the Federal Co-Chairman and Governors is a partnership, where all board members share the fiduciary responsibility of the Authority. These responsibilities are to establish investment priorities and approve investments for economic development to the region, assess the region,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

An Alternate Federal Co-Chairman may be appointed by the President, and Michael G. Marshall took office in May 2010. By comparison, the States' Co-Chairman's designee serves as the Alternate States' Co-Chairman; in FY 2012, Bill Ransdal serves as such.

The Federal Co-Chairman maintains an office within the DRA office in Clarksdale, Mississippi and at the end of FY 2012 employed four full-time federal employees. Additionally, the DRA office employs nine non-federal employees who carry out the day-to-day operations of the DRA.

Following is the current DRA organizational chart.

DELTA REGIONAL AUTHORITY
Staff Organizational Chart



Financial Management of the Delta Regional Authority

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

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

Financial Highlights

The following is a summary of the changes in assets, liabilities, revenues, expenditures and net position at September 30, 2012, as compared to the prior year:

- Total assets decreased $2,206,260, or 5.86 percent during 2012, compared to decreased assets of $516,343, or 1.35 percent during 2011;
- Total liabilities increased $961,661, or 46.57 percent during 2012, compared to $144,251, or 6.53 percent decrease during 2011;
- Net cost of operations increased $3,899,958, or 26.88 percent during 2012, compared to $311,079, or 2.19 percent increase during 2011;
- Financing sources decreased $15,202,288, or .075 percent during 2012, compared to $2,668,172, or 15.88 percent decrease during 2011; and
- Net position decreased $3,167,921 or 9.70 percent during 2012, as compared to $372,092 or 1.03 percent decrease during 2011.

Overview of the Financial Statements

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

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

Condensed Balance Sheets

	2010	2011	2012
Total Assets	$ 38,161,967	$ 37,645,624	$ 35,439,364
Total Liabilities	$ 2,209,141	$ 2,064,890	$ 3,026,551
Net Position			
Unexpended appropriations/state funds	35,975,258	35,611,087	32,442,603
Cumulative results of operations	(22,432)	(30,353)	(29,790)
Total Net Position	35,952,826	35,580,734	32,412,813
Total Liabilities and Net Position	$ 38,161,967	$ 37,645,624	$ 35,439,364

Total assets decreased $2,206,260, or 5.86 percent during 2012, compared to $516,343, or 1.35 percent decrease during 2011. The difference in FY 2012 is due to a decrease in funding. Additionally, the FY 2011 appropriation included a rescission of $23,400.

Total liabilities increased $961,661, or 46.57 percent during 2012, compared to $144,251, or 6.53 percent decrease during 2011. The FY 2011 decrease was due to the delays in Congressional appropriations, thus causing delays in the grant awards. The increase for FY2012 is due to the accrual of grant disbursements for the final quarter of the fiscal year which corresponds with the increase in total net cost of operations. DRA has become increasingly recognized as an economic development driver in the designated eight-state region, which has resulted in the overall increase in grant funding to grantees. With no similar increases in the appropriated funding over the last two fiscal years, decreases in assets and increases in costs and liabilities have occurred.

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

Condensed Statements of Net Cost

	2010	2011	2012
Program Costs			
Intergovernmental gross costs	$ 86,684	$ 376,295	$ 235,158
Net costs with the public	14,111,016	14,132,484	18,173,579
Total Program Costs	14,197,700	14,508,779	18,408,737
Net Cost of Operations	$ 14,197,700	$ 14,508.779	$ 18,408,737

The net cost of operations increased $3,899,958, or 26.88 percent during 2012, compared to $311,079, or 2.19 percent increase during 2011. The FY 2012 change is due to increased program costs, and a small portion can be attributed to increased operating expenses. Grantees have been encouraged to utilize funds in a timely manner.

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

Condensed Statements of Changes in Net Position

	2010		2011		2012	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
Beginning Balance	$ (14,058)	$ 33,359,725	$ (22,432)	$ 35,975,258	$ (30,353)	$ 35,611,087
Budgetary Financing Sources	10,396,232	2,603,768	12,277,783	(601,183)	14,965,015	(3,288,015)
Other Financing Sources	3,793,094	11,765	2,223,075	237,012	3,444,285	119,531
Total Financing Sources	14,189,326	2,615,533	14,500,858	(364,171)	18,409,300	(3,168,484)
Net Cost of Operations	14,197,700	-	14,508,779	-	18,408,737	-
Net Change	(8,374)	2,615,533	(7,921)	(364,171)	563	(3,168,484)
Ending Balance	$ (22,432)	$ 35,975,258	$ (30,353)	$ 35,611,087	$ (29,790)	$ 32,442,603

Financing sources increased $1,104,138, or 7.80 percent during 2012, compared to a $2,668,172, or 15.88 percent decrease during 2011. The FY 2012 increase was due to the increase in RCAP financing sources which correspond to the increase noted above in the RCAP net cost of operations.

Net position decreased $3,167,921, or 9.70 percent as a result of the decrease in revenue and an increase in program costs and other costs without a corresponding increase in appropriations for FY2012, as previously mentioned.

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

Condensed Statements of Resources (Budgetary and Non-Budgetary)

	2010	2011	2012
Total Resources (Budgetary and Non-Budgetary Resources)	$ 36,635,757	$ 23,448,564	$ 22,649,555
Total Status of Budgetary Resources	32,767,949	21,263,147	19,223,813
Total, Unpaid Obligated Balance, Net, End of Year	29,202,889	36,762,747	34,061,487
Net Outlays	9,557,893	12,287,250	14,904,306

As previously discussed, both the FY 2011 and 2012 changes outlined in the table above are attributed to an increase in administrative and grant expenses, reducing available resources, and increasing obligation activity to re-appropriate and better utilize available resources.

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

Limitations of the Financial Statements

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

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

Contacting DRA's Financial Management

This financial report is designed to fulfill the obligations of DRA as it relates to the *Accountability for Tax Dollars Act of 2002*. The report details the financial position of DRA as of September 30, 2012 and 2011, and demonstrates DRA's proper accountability for all the monies and appropriations received.

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

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

SECTION 2 - PERFORMANCE SECTION

INTRODUCTION

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

- Overview of the Authority;

- Analysis of Delta Regional Authority (DRA or the "Authority") *Congressional Mandates* and *Strategic Goals and* how those guiding principles further develop and refine DRA *Performance Goals;*

- Summary of results on the following DRA programs and initiatives; and

    - States' Economic Development Assistance Program (SEDAP);
    - Delta Doctors Program (DDP);
    - Delta Leadership Institute (DLI);
    - Entrepreneurship Training (SIU);
    - Growing a Healthy Workforce in the Delta Initiative (HDI);
    - Information Technology/iDelta (IT);
    - Innovative Readiness Training Program (IRT);
    - Jobs for America's Graduates (JAG);
    - Local Development Districts (LDD);
    - Save the Children (STC);

OVERVIEW OF THE AUTHORITY

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

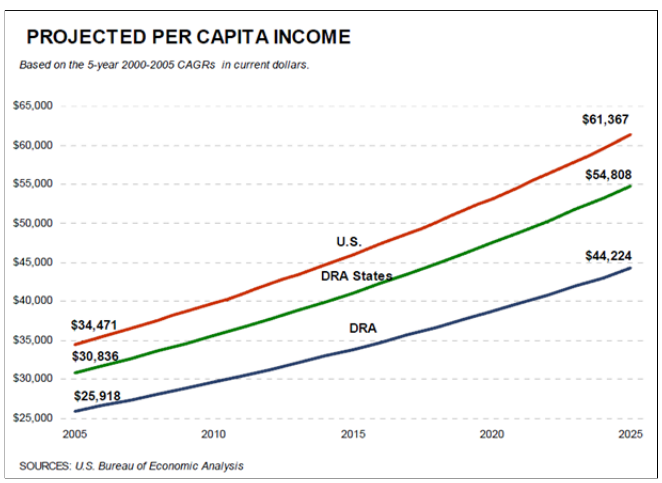
Mission Statement
The DRA will serve as a regional focal point for resources, planning and ideas. The DRA will be a catalyst for investment in the communities and in the people of the Mississippi Delta.

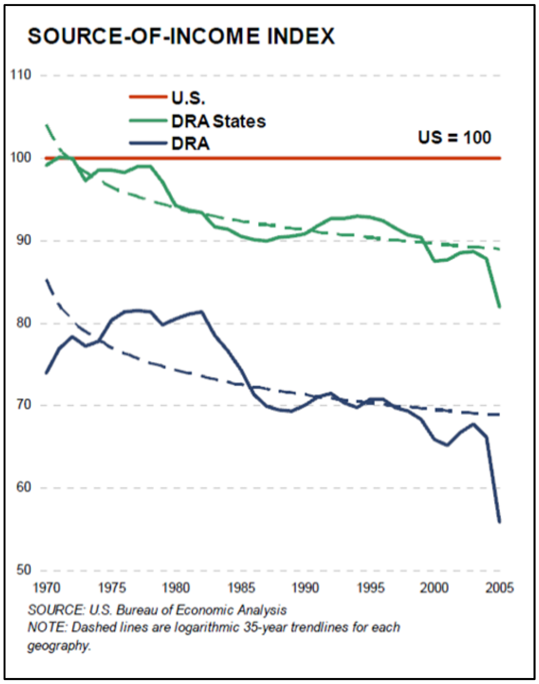
DRA, created by Congress in 2000, is a federal-state partnership serving a 252 county and parish area in an eight-state Region. Led by two presidential appointees, a Federal Co-Chairman (FCC) and Alternate Federal Co-Chairman (AFCC), along with a State Co-Chairman and the governors of each participating state (http://www.dra.gov/about-us/board-members/default.aspx), the Authority is designed to remedy severe and chronic economic distress by stimulating economic development and fostering partnerships that will have a positive impact on the Region's economy.

The Authority helps economically distressed communities to leverage other federal and state programs which are focused on basic infrastructure development, transportation improvements, business development, and job training services. Federal law requires at least 75 percent of funds to be invested in distressed counties and parishes and pockets of poverty, with 50 percent of the funds earmarked for transportation and basic infrastructure improvements. In Fiscal Year 2012, the DRA invested 90.7 percent in distressed counties and parishes and pockets of poverty, and 68.7 percent of funds earmarked for transportation and basic infrastructure improvements.

At the local level, the Authority coordinates efforts with a combination of agencies. Assisting the Authority are local development districts (LDD), regional entities with a proven track record of helping small municipalities, counties and parishes improve basic infrastructure and stimulate growth.

DRA, in 2012, continues to partner with USDA's Rural Development Administration (RDA). Through their network of state and local offices, RDA assists the Authority with the Rural Community Advancement Program (RCAP) administration. Additionally, the Authority works with Member State's federal, state and local governmental entities, as well as local development districts.





The economic challenges facing the Delta region are serious. Between 2000 and 2005, nominal per capita personal income (PCI), for the (then) 240 counties and parishes of the DRA region, grew at a compound annual growth rate (CAGR) of 2.71 percent. In comparison, PCI for the eight DRA states and the U.S. grew at rates of 2.92 percent and 2.93 percent, respectively.

Moreover, projections of nominal per capita personal income growth based on the 2000-2005 averages show the income disparity between the Delta region and the nation worsening (see figure below). By 2025, PCI for the U.S. is projected to reach $61,367. For the DRA region, total per capita income is forecast to reach just $44,224 over the same period. While PCI for the eight states would remain at 89 percent of the U.S. level in 2025, for the DRA region it would fall over the 20-year period from 75 percent to 72 percent. With shrinking opportunities to earn more money, Delta residents with marketable skills will likely migrate elsewhere in search of better paying jobs.

Why has income growth in the region fallen so far behind the rest of the nation, especially since the late 1990s? The most compelling economic answer has to do with the region's continuing dependence on a declining industrial and agricultural base. While much of the rest of the nation has made the transition to information technology and a growing professional service sector, the Delta region has persistently adhered to a failing economic model. Not surprisingly, this has forced many of the more skilled and educated rural Delta residents to leave in exchange for growing metro areas inside and outside the region. The remaining non-metro residents, especially those living in distressed areas, lack access to the resources needed to become economically competitive. As a consequence, rural communities fall further into decline and the population grows increasingly dependent upon public assistance.

To illustrate this point, the figure above shows the ratio of total wage and salary disbursements (earnings) to total government transfer payments for the DRA region and the eight DRA states. The annual ratio for the U.S. is set to 100 and represents the baseline ratio of earned income to transfer payments. The lower an index falls below 100, the greater the region's reliance on transfer payments relative to the rest of the country. It is obvious that both the states and the region, collectively, are growing increasingly dependent on transfer payments as a source of income. The sharp declines in the last year of the graph are likely the result of Hurricane Katrina related payments. Still, the overall trend of the past 35 years is clear: Delta residents are increasingly earning less income derived from work.

STATES' ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM

The previous administration's efforts were inclined more toward grants administration. To better serve the DRA Region, the Authority, under Chairman Masingill's leadership, has both realigned and reprioritized the goals of the former Federal Grant Program. Now known as the States' Economic Development Assistance Program (SEDAP), the current focus is placed on project development and management.

This shift, however subtle it may seem, more clearly defines the role of the project development and management department staff within this administration. Staff members now play a more active role in the project development phase by building those relationships and connecting applicants and project developers to other funding sources thereby helping to connect the dots. The new approach is more holistic in nature, and will demonstrate the Authority's responsiveness to fluid economic development opportunities. SEDAP will strive to provide flexible funding solutions for the region.

Clearly, economic development has always been a part of the process for each of the SEDAP applications received by the DRA. The Authority is now better positioned to fill this role as a project developer rather than just a funding source for economic and community development. Chairman Masingill has become actively engaged in developing the necessary tools and resources to help get the job done.

The Authority's 2012 SEDAP complements the economic development activities taking place in the region. From top to bottom, the entire program has been crafted with the economic developer in mind. Highlights of the program include:

- Administrative Notices
- Automated Application Website
- Critical Development Projects
- Emergency/Contingency Funds
- Expedited Process
- Federal Priority Eligibility Criteria
- Priority Status Designation and
- SEDAP Funds.

The 2012 SEDAP Manual, in its entirety may be found at http://www.dra.gov/!userfiles/editor/docs/2012_SEDAP_Program_Manual%20(April%209).pdf.

Governors' project recommendations demonstrate the Authority's continued emphasis of the four funding priority areas—basic public infrastructure, transportation infrastructure, business development, and workforce development—with emphasis on job creation and job retention. Basic public and transportation infrastructure project funding totaled $6,781,421 (68.7 percent) and funding for distressed counties and parishes was $8,192,711 (90.7 percent) for Fiscal Year 2012. The total DRA project funding allocation is $9,471,590. SEDAP funds leveraged $20,656,748 in additional project funding, a ratio of 2.5 to 1, and $213,778,500 in private investment, a ratio of 22.6 to 1. For the Fiscal Year 2012 SEDAP grant cycle, the following is projected:

- 8,136 families received improved water and sewer
- 3,411 individuals trained for jobs
- 1,803 jobs created and
- 869 jobs retained.

Overall, in 11 cycles, the DRA has contributed $108,019,579 to 718 projects in the eight-state region for total project costs of $740,630,620. Total project cost includes $632,611,041 in other federal, state and local funds, a ratio of 5.9 to 1 in additional leveraged funds. Private investment totals $1,746,144,098, a ratio of 16.2 to 1. Since inception, the DRA Federal Grant and States' Economic Development Assistance Programs have actually accomplished the following:

- 25,497 families received improved water and sewer
- 9,251 jobs created
- 7,578 jobs retained and
- 3,745 individuals trained for jobs.

Once projects are complete, the following is projected:

- 35,236 families received improved water and sewer
- 13,305 jobs created
- 11,750 individuals trained for jobs and
- 9,987 jobs retained.

Analysis and Comparison

Congress has mandated through the DRA Code and Enabling Legislation that the DRA shall provide funding for the following four categories:

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

Additional congressional stipulations include:

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

These items represent the lower tier policy points that specifically drive the economic development efforts of the Authority. The following section pertains to DRA strategic goals and provides a broad vision of how DRA can be successful in its mission. The Authority's mission encompasses many different activities, not least among these being SEDAP.

The DRA commissioned the development of the *Regional Development Plan*, which codifies the strategic goals of the Authority and serves to augment the congressionally mandated mission of the Authority.

The three general goals from the DRA's 2008-2012 *Regional Development Plan*, "Rethinking the Delta" are used and outlined below to demonstrate performance in Fiscal Year 2012 and beyond.

GOAL 1
Advance the productivity and economic competitiveness of the Delta Workforce

Objective 1.1: Improve the health of the region's workforce through the Healthy Delta Initiative.

Objective 1.2: Expand access to healthcare professionals.

Objective 1.3: Establish a Delta Institute.

Objective 1.4: Work with other regional partners to improve the employability and productivity of Delta residents.

Objective 1.5: Strengthen workforce education and professional skills programs.

GOAL 2
Strengthen the Delta's physical and digital connections to the global economy

Objective 2.1: Advance the iDelta initiative.

Objective 2.2: Build the Delta Development Highway System (DDHS).

Objective 2.3: Expand intermodal and multimodal transportation nodes and networks.

Objective 2.4: Expand the region's energy infrastructure and production capacity.

GOAL 3
Create sustainable communities within the Delta

Objective 3.1: Enhance the quality of place of Delta Communities.

Objective 3.2: Promote innovations and diversification within local and regional economies.

Objective 3.3: Support growth-oriented entrepreneurship.

Objective 3.4: Foster local leadership.

Objective 3.5: Build and augment basic infrastructure.

All of the above referenced strategic goals serve as a navigational aid to senior management and DRA member states when it comes to planning for the future of this region. The *Regional Development Plan* could be considered a touchstone used to provide focus for DRA policy decisions.

Program Goal One:
Advance the productivity and economic competitiveness of the Delta Workforce

Objective 1.1: Improve the health of the region's workforce through the Healthy Delta Initiative.

GROWING A HEALTHY WORKFORCE IN THE DELTA INITIATIVE

The Federal Co-Chairman and eight Governors have identified health as a major focus of the Authority. The growing incidence of chronic disease is a formidable challenge for the region and for the nation. The Centers for Disease Control (CDC) estimates that in 2011 25.8 million Americans – 8.3 percent of the population – had diabetes. Within DRA states, more than 2.57 million people are estimated to suffer from diabetes.

The DRA recognizes that health plays a critical role in the productivity and well-being of the Region. In Fiscal Year 2011, the DRA adopted its newly-revised plan entitled "Growing a Healthy Workforce in the Delta" that can be viewed at http://www.dra.gov/initiatives/health.aspx. In Fiscal Year 2012, the DRA began to work on two Federal collaborations in support of the Healthy Delta Initiative (HDI), including planning for Fiscal Year 2013 work with the CDC to address the high incidences of diabetes within DRA states.

Recognizing that health plays a critical role in the productivity and well-being of the region, the DRA's health advisory committee developed a strategic plan for the agency that emphasizes evidence based activities and the sharing of best practices to have a real impact on health in the Delta. The DRA has a long and successful history of bringing together various agencies and local groups for the betterment of the Delta Region. This leadership role as facilitator, coordinator and relationship-builder has proven invaluable to the region and represents a unique and critical asset. For this reason, we believe that focusing on activities that build on these DRA's strengths will ensure the success of their activities in the health arena.

Consistent with DRA's current success in the arena of economic development, we believe that the following principles must guide efforts in the health arena:

1. **Empowerment** – sustainability requires that local leadership be empowered to own their health issues and the local solutions.

2. **Local Determination/Local Ef**fort – similarly, local solutions should be driven by grassroots efforts so that programs are tailored to the unique needs of each area and local leadership is invested in the process and outcomes.

3. **Accountability** – all investments require accountability to ensure efficient and appropriate use of resources. Currently, SEDAP requires that local agencies sign a contract to deliver promised outcomes or forfeit grant monies. A similar approach should be used with the health program to ensure realistic goals and responsible management of funds.

4. **Coordination/Alignment** – building on its strengths as coordinator, facilitator and relationship-builder, the DRA should emphasize activities that;

- leverage other federal, state, and local funding;
- bring together various agencies and groups with similar interests or responsibilities;
- compile and organize information on health needs, best practices, and available funding so that it is easily accessible for local leadership in the Delta; and
- work to eliminate fragmentation and duplication of federal, state and local efforts.

5. **Monitoring and Updating** – to ensure maximum relevance and impact, the DRA must continuously monitor and update the information it makes available and its communication and coordination methods.

If Job Growth increases 1%	
Then, Life Expectancy over 15 years	4.6%
Domestic Migration	3.8%
Technical & Professional Occupations	2.6%
Foreign-born Population	1.9%
Self-Employed	0.3%
Jobs (from companies started in last 5 years)	0.3%
Public School Enrollment	0.2%

The *Regional Development Plan*, which can be found on the DRA website at the address listed (http://www.dra.gov/%21userfiles/editor/docs/DRA_Regional_Development_Plan.pdf) reflects that the impact on Job Growth of 1 percent increases life expectancy over 15 years, or 4.6 percent. Researchers at Harvard University's School of Public Health recently completed a major project on life expectancy. The residual of this project was an extensive database of life expectancy data at the county level. Building on this database, we found that life expectancy changes have a high correlation with job growth. While public health is often taken for granted in the U.S., in the least developed countries, stabilizing public health often comes before literacy and education as a policy priority. The relationship between health and economic development goes beyond the fact that healthy people live longer and are therefore able to be productive members of society longer. They also show up regularly for work and they cost their employers less in health care. Their productivity is higher. All of these things bode well for economic development efforts. DRA's priorities should focus on programs that improve public health. In fact, DRA's "Healthy Delta" initiative is an ideal example of this type of priority already in practice.

The DRA, through its Healthy Delta initiative, has highlighted the importance of health to the region as a whole. In addition to its direct implications on quality of life, the critical mass community analysis suggests a direct link between health (measured in changes in life expectancy) and economic vitality. With substantially high rates of chronic disease, the productivity of the Delta is severely compromised. DRA started the beginning stages of the plans implementation towards the end of Fiscal Year 2010. Additional information regarding DRA Growing a Healthy Workforce in the Delta is found in appendix A.

In Fiscal Year 2011, the Healthy Delta Initiative continued working in the region by conducting meetings with Governors, State Health and Human Service Directors, local and community leaders. We began working closely with the U.S. Department of Health and Human Services' Office of Minority Health and the Health Resources and Services Administration's Office of Rural Health Policy on several projects important to the Region.

The HDI is almost completed with developing county level health data reports for the 252 counties within the eight-state region. This level of health data will be soon be available for use on the new DRA website. This information will prove helpful to groups such as those the HDI met with to establish regional and sub-regional workforce task groups. Examples of those groups include, but are not limited to, the Arkansas Rural Health Partnership and the Mid-Delta Community Consortium.

The Delta Regional Authority's Healthy Delta Initiative has had continued success with convening rural health advocacy organizations and rural health government agencies for the purpose of developing strategic plans for partnership in the Delta Region. The product of such collaborations yielded the opportunity for more than 400 participants to receive technical assistance pertaining to accessing federal funds, resources and grant sustainability. Partnerships that exist between DRA HDI and the Health Resource Service Agency's Office of Rural Health Policy will continue to provide opportunities for community organizations to build capacity and become more competitive in the pursuit of securing grant funds to improve health status in the Delta Region.

DRA Rural Health IT Loan Fund: DRA HDI created a partnership opportunity with the United States Department of Health and Human Service Office of Minority Health and the American Health Information Management Association (AHIMA) to remove foreseen barriers for health care providers by providing opportunities for the adoption and purchase of electronic health records systems. The pilot program expedites the adoption of electronic health records (EHRs) in the Delta region among health care providers by initiating a revolving micro-loan program.

The DRA will provide no-interest loans in increments of $5000 and $7500 to eligible healthcare providers to use as a down-payment for the purchase of an EHR system. AHIMA will provide the educational component to health care providers, as well as assist with provider recruitment. This pilot program will assist small physician practices and federally-qualified health centers in Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

This initiative will be available to assist healthcare providers enhance health care delivery in these underserved communities by helping providers purchase an Electronic Health Record (EHR) system.

The DRA Rural Health IT Loan Fund is expected to continue accepting applications and issuing down-payments for the purchase of EHR systems through FY 2013, with the ability to initiate a second round of the program if it is deemed necessary.

White House Rural Council Forums: The DRA hosted two regional forums in Dyersburg, Tennessee and outside of Jackson, Mississippi on behalf of the White House Rural Council to highlight the work underway to transition providers in the Delta Region to EHRs and to introduce the DRA Rural Health IT Loan Fund. These forums focused on the role Delta community colleges must play in training the workforce needed to realize this transition.

Representatives from the United States Department of Health and Human Services' Office of the National Coordinator for Health Information Technology and the Health Resources and Services Administration's (HRSA's) Office of Rural Health Policy traveled to the Region to participate in these forums.

DRA and HRSA Healthy Workforce Challenge: The Delta Regional Authority is partnering with the Health Resources and Services Administration to launch a new workforce competition that will be a part of the 2013 round of the Delta State Rural Development Network Grant Program, to be awarded in August of 2013.

Applicants from the eight Delta states will be given the opportunity to apply for supplemental funding from the DRA to implement pilot programs on workforce health. The purpose of the Delta States Rural Development Network (Delta) Grant Program is to fund rural public or rural nonprofit private entities located in rural counties/parishes throughout the eight Delta States to address unmet local health care needs and prevalent health disparities through the development of new and innovative project activities in rural Delta communities.

Approximately twelve awards are expected to be announced, with at least two and potentially up to five of the awardees chosen to receive the additional workforce health funding from the Delta Regional Authority.

The above programs are exemplary of the Growing a Healthy Workforce in the Delta Action Plan mentioned above as advised by the Health Advisory Committee which meets quarterly to strengthen our presence in the Region.

Objective 1.2 Expand access to healthcare professionals.

DELTA DOCTORS PROGRAM

Access to quality healthcare is a significant challenge facing rural America, especially among the poorest and most disadvantaged regions. Many medically underserved areas struggle to recruit and retain high quality physicians, nurses, and other medical specialists. Moreover, local residents who are trained for such occupations often choose to live in more urban and affluent areas.

Number of Physicians per 10,000 Civilian Population, 2004		
State	Number	U.S. Rank
Illinois	27.2	13
Missouri	25.7	22
Louisiana	25.3	25
Kentucky	22.7	35
Alabama	21.1	43
Arkansas	20.5	46
Mississippi	18.4	50
U.S.	26.3	--
Includes the 50 states and District of Columbia		
Source: U.S. Department of Health and Human Services: *Health, United States, 2006*		

The lack of health care providers and services, combined with greater financial and geographic barriers common to rural areas, condemns many rural Americans to higher rates of chronic disease, physical limitations, and premature death. The number of physicians in the Delta region is 23 percent lower than in the rest of the nation. The number of dentists in the Delta is 24 percent lower.

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

The Delta Regional Authority is one of the few government agencies allowed to recommend such visa waivers to the State Department. Medical school graduates from other countries normally are required to return to their home countries for at least two years after they complete their education. The J-1 visa waiver obtained under the Delta Doctors program allows them to stay in the United States if they spend at least three years in medically underserved areas. The physicians must provide primary care in their specialty fields for at least 40 hours a week. They also must provide care to the indigent, Medicaid recipients and Medicare recipients. The Delta Doctors program accepts waiver requests for medical specialists and also provides National Interest Waiver (NIW) support. The NIW allows foreign physicians to obtain permanent residence in this country by providing a total of five years of medical service in a medically underserved area.

Delta Doctors
Physicians Placed by State

State	2003-2012	2012
Alabama	0	0
Arkansas	12	2
Illinois	33	4
Kentucky	7	1
Louisiana	7	1
Mississippi	50	11
Missouri	31	1
Tennessee	47	2
Totals	**187**	**22**

JOBS FOR AMERICA'S GRADUATES

Jobs for America's Graduates, Inc. is the nation's largest and, arguably, the most successful school-to-work system for at-risk and disadvantaged young people. Since its inception in 1980, well over 800,000 young people have participated in a JAG Model program. Today, JAG operates in approximately 850 high schools and serves nearly 42,000 youth in 33 states. The ultimate objective of the JAG Model is to help each program participant secure a quality job that will lead to a meaningful and satisfying career. To achieve this objective, JAG focuses on keeping students in school through graduation and equipping them with the academic and technical skills necessary to improve their employability. Second, JAG requires no less than one year of follow-up and support after the student leaves high school. This latter component of JAG helps to ensure the young person's success in a job and/or postsecondary education during the time when the student is most at risk of failure. This partnership with JAG will focus on the priority of the Delta Regional Authority of boosting employment, specifically including high-risk youth (whose unemployment rate is the highest in American history).

This partnership will provide $250,000 to support the opening of 10 new JAG programs at schools in the DRA service area and the JAG Annual National Training Seminar. The venture will support the following:

- Engaging a wide range of schools in the DRA service area to fully inform stakeholders about the success of the JAG programs in their states as they consider participation in the program.

- Engaging at the state level with the leadership of the state education and workforce system to recognize the commitment of the Delta Regional Authority, and to highlight the one-time-only matching grant strategy with its proven success over the past 30 years of Jobs for America's Graduates.

- Serving an additional 350-400 high-risk youth in the DRA service area, providing the opportunity to participate in the JAG program and benefit from the dramatic improvements in graduation, employment, and college attendance rates that JAG has demonstrated for more than 30 years.

- Creating of a mechanism of support and early engagement that would lead to sustaining the JAG program in eight of the ten schools from other sources for the 2013-14 school year and beyond.

Based on the track record of Jobs for America's Graduates over the past 30 years, it is anticipated that at least 2,000 high-risk youth will be served by the JAG program as a result of this partnership.

Influence on Jobs

Jobs for America's Graduates is one of the nation's largest and most successful strategies for helping very high-risk and economically disadvantaged youth to succeed both in school and on the job.

Objective 1.5: Strengthen workforce education and professional skills programs.

Access to skilled talent is the most pressing challenge facing American employers and foreign-owned companies operating in the United States. While many lower-skill, lower-wage jobs are either eliminated through technology or moved offshore, skilled positions that require more advanced training and expertise are increasing in demand. In the manufacturing sector, jobs go unfilled as modern production and assembly occupations require higher-level knowledge and training. Moreover, as the "baby boom" generation begins entering retirement age in significant numbers—around 2011—the demand for skilled and educated workers will intensify.

As a consequence, regions that cannot offer a talent base with the ability to learn and acquire advanced skills will not be able to compete for new jobs. For the Delta region, which suffers from chronic high unemployment and poverty, its workforce must be equipped with the skills and training necessary to fill 21st century occupations. To meet this challenge, over the past four years, the DRA has awarded over $4.5 million in federal grant funds toward local workforce training initiatives and programs.

SAVE THE CHILDREN

Save the Children coordinates school-age education programs primarily in poor and rural communities. The partnership with the DRA will help with training and infrastructure expenses for thirty school-based literacy programs in the Delta region in rural areas of Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

These funds will align with DRA's mission to "improve basic public services" and "assist the region in obtaining the job training, employment-related education." Funding from the DRA of $500,000 will:

- Provide high-level skills training to 180 program employees and at least 180 teachers;
- Provide free, quality childcare to poor, working families; and
- Leverage over $4.5M of public and private funding from Save the Children.

To date, Save the Children's Program Specialists have trained 132 paraprofessionals and 30 teachers to implement the school-based literacy programs at a total of 52 sites. The afterschool literacy programs have served a total of 1,744 children.

Details of Proposed Activity

Enhance Extended Learning Programs: The centerpiece of the after school and summer literacy program is the Literacy Block, which consists of an hour of activities that support increased reading achievement, including guided independent reading practice, fluency-building support and listening to books read aloud. A key component of the literacy program is Guided Independent Reading where children self-select developmentally appropriate books, read these books independently – while receiving appropriate support from program staff – and then take a short comprehension quiz using Accelerated Reader (AR) software. AR software provides diagnostic reports on each child's reading achievement and enables close monitoring of overall program progress. Funding from the DRA will allow Save the Children to order new books and computers for thirty literacy programs. Keeping technology and books up to date are crucial to the communities served. Many times the books make up the majority of school libraries. This project will benefit teachers, staff, and students in rural areas of the Delta region (Alabama, Arkansas, Louisiana, Mississippi, and Tennessee).

As an additional economic benefit, Save the Children's literacy programs provide free, quality afterschool childcare options for working parents. Delta region residents often lack the personal resources to pay for quality childcare, the lack of which can inhibit their ability to seek employment. Save the Children's program provides a vital service to parents that many times is requirement for full-time employment.

Provide high-level skills training: Employees receive high quality job training from Save the Children that encompasses skill development around instruction, project management and computer use. Training continues throughout the school year and often expands to include teachers and school administrators. On average, across all 150 of our programs, 40 hours of training and technical assistance were provided during the 2009-2011 school year.

Program staff receives two trainings: Afterschool Program Introduction and Behavior Management. Staff also receives position-specific training. For example, new tutors implementing the fluency/read-aloud component receive An Introduction to Vocabulary, Fluency, Part I –Songs, Poetry and Tongue Twisters, and Read-Aloud, Part I – All About Read-Alouds with an Emphasis on Fiction. Training continues in Phase II: Follow-Up Training for Program Components. Continuing the example of the tutor, he/she receives Fluency, Part II – Reader's Theater, and Read-Aloud, Part II – Implementing Nonfiction Read-Alouds. Tutors also learn at this time about various Accelerated Reader reports and how to analyze their content to improve programming. Phase III: Additional Component Trainings is implemented later in the year.

Jobs saved and created: Save the Children's programs are a driver for sustainable economic growth in the poor rural communities of the Delta region. Each literacy program creates six new jobs, all locally sourced. By providing high-level skills training to 180 program employees and at least 180 teachers, our project will give at least 360 paraprofessionals and teachers the job skills they need to be competitive in the education industry.

Program Goal Two:
Strengthen the Delta's physical and digital connections to the global economy

Objective 2.1 Advance the iDelta initiative

INFORMATION TECHNOLOGY/ iDELTA

To measure the presence and role of Information Technology (IT) in the economic development of the Delta, the DRA commissioned a two-part plan from the Southern Growth Policies Board (SGPB). The first volume assesses the level of IT utilization in the domains of education, healthcare, government, business, and personal and community engagement. The second volume offers recommendations for expanding its use in order to maximize the region's potential.

In April 2007, the DRA released its "iDelta–DRA's Information Technology Plan for the Region", which included eight specific recommendations to increase awareness, use and deployment of IT resources in the region, all of which will combine for a richer and more robust economy and future for its people:

1. Geographic Information Systems;
2. Tele-health;
3. Community Access;
4. Awareness;
5. Distance Education;
6. Workforce Development;
7. E-Government; and
8. Create an atmosphere of opportunity for increased private-sector investment.

Findings from the iDelta report include:

- In DRA's rural counties, the number of counties and parishes lacking high-speed service is almost 18 percent.
- The percentage of DRA school districts with a website lags the U.S., 54 percent compared to 62 percent.
- Only 22 percent of counties and parishes offer online government services.
- Only 15 percent of DRA local governments have a website, compared to about 24 percent of the U.S.

Source: iDelta, Measuring Information Technology in the Delta, Southern Growth Policies Board

Toward those ends, the DRA has been working with high-level staff discussions and negotiations with national and state offices, particularly USDA and its Rural Utility Services and Rural Development offices, different state technology alliances, congressional offices and regional/national telecomm carriers and providers to initiate the phased implementation of iDelta. Specifically, DRA is continuing work on the following bases – DRA region-wide, DRA sub-region and state sub-regions to:

1. DRA region-wide: help other states in the region grow their own technology entities. Most DRA states do NOT have an entity with a formalized structure, strengths of partners and shared missions and visions.

2. DRA sub-region: DRA is working with a multi-state entity on a technology-based system for workforce training and development, which will elevate under-employed workers to higher-paying jobs and attract new talent, thereby boosting the economies of DRA states.

3. State sub-region: some specific, much needed (pilot/demonstration) projects – such as: wireless broadband in underdeveloped counties, such as Phillips County, Arkansas and Coahoma County, Mississippi.

DRA contracted with Mississippi Technology Alliance (MTA), for project management, to pilot/demonstrate wireless broadband in Coahoma County, Mississippi.

MTA performed the following tasks:

- Task 1: Developed and facilitated a Coahoma County Wireless Broadband team with members representing a cross section of the community, including business, telecommunication, health care, workforce development, K-12 education, higher education, libraries, community-based organizations, local government, tourism/recreation, and agriculture;
- Task 2: Coordinated with willing current broadband service providers to identify and map the gaps in broadband service, in the county without broadband availability;
- Task 3: Investigated best practice models for community telecommunications assessments including: Connected Nations, E-North Carolina, and Georgia Tech's Smart Tech;
- Task 4: Conducted a pilot community telecommunications assessment to identify barriers to broadband adoption and provide market demand analysis for wireless broadband;
- Task 5: Developed and managed a Request for Proposal process for a wireless broadband demonstration in a manner that supports a service providers business plans and meets the needs of the county;
- Task 6: Monitored the progress of the wireless broadband demonstration project;
- Task 7: Identified best practice tools and resources to equip the DRA and the Coahoma County Wireless Broadband team to measure and track broadband and information technology adoption; and
- Task 8: Worked with the DRA and the Coahoma County Wireless Broadband team to develop a computer donation pilot program to provide computers and wireless devices to needy students.

Program Status

This pilot/demonstration project is ongoing in Coahoma County and currently being financially maintained by DRA, while options are being considered for commercialization of the network.

DRA is also funding the initial stages of a similar program across the Mississippi River in Phillips County, Arkansas to further expand the reach of the iDelta approach.

The next phase of this project will include identifying the appropriate means for commercializing the network, which is anticipated to include free wireless hotspots in certain public areas and facilities, as well as a reduced cost aspect for lower income sectors of the local population. Discussions are currently underway with Coahoma County leadership to develop the partnership needed to support the iDelta endeavor.

Program Goal Three:
Create sustainable communities within the Delta

Objective 3.1: Enhance the quality of place of Delta Communities.

INNOVATIVE READINESS TRAINING

IRT Background:

The purpose of the Civil-Military Programs is to improve military readiness while simultaneously providing quality services to communities throughout America. These programs are in keeping with a long military tradition, leveraging training to benefit both units and their home communities. They are strongly supported by the Department of Defense (DOD), Congress, the states and communities.

The military services have always brought to bear their extensive resources to help meet some of the country's civil needs. In recent years, DOD has realized the simultaneous benefits these civil-military programs can offer to military readiness. This document reviews the resurgence of these dual-benefit programs.

IRT in the Delta:

In July 2009, the Delta Regional Authority partnered with the Department of Defense for its program called Innovative Readiness Training (IRT). The IRT program gives the military the ability to train its medical personnel by providing medical care in rural, underserved areas.

Past communities in the DRA region selected by the Pentagon for the 2009 and 2011 IRT program include Clarksdale, Mississippi; Hayneville, Alabama; and Helena-West Helena, Wynne, Marianna, Eudora, and McGhee, Arkansas. The selected towns received medical services from general practitioners to dentist to veterinary care for pets. For two weeks, military units lived in these communities and provided free medical assistance to citizens who were in need of medical care.

In Alabama – 3 communities (2012):

- 20,000 patients were seen
- 14,010 were general medical
    - 8,635 were dental;
    - 6,987 were optometry;
    - 465 patients were other.

Objective 3.3: Support growth-oriented entrepreneurship.

ENTREPRENUERSHIP TRAINING

Traditional economic development philosophy emphasizes industrial recruitment as the most important role for the economic development practitioner. There is an emerging consensus, however, that other avenues for economic growth and vitality are just as essential—especially in rural communities lacking the key attributes sought by selectors and recruitment prospects. In most communities, economic development opportunities lie close to home.

To demonstrate this objective, in Fiscal Year 2012, DRA is continuing to fund entrepreneurial training projects with DRA and Rural Community Advancement Program (RCAP) funding. Southern Illinois University in Carbondale, Illinois is one such recipient of RCAP funding and is completing their second year of Operation Bootstrap – Entrepreneurial Training Program.

Southern Illinois University Carbondale's Entrepreneurship Center proposed to launch an entrepreneurial business training program for low- to moderate-income residents in the state's 16 Delta counties. The overall goal during the first year of funding was to launch at least 30 small businesses in the impoverished southern Illinois Delta region.

In total, DRA's initial investment of $200,000 in SIUC and the 16 southern Illinois Delta counties produced a combined economic impact of:

- 66 trained entrepreneurs;
- Launching a minimum of 26 businesses (awarded seed capital);
- Investing a total of $90,000 in southern Illinois businesses;
- With at least 1 job per start-up company; and
- Additional leveraged funding if obtained by graduate (currently tracking).

The second year of funding is currently underway, and results from this class are anticipated to exceed the first year.

Objective 3.4: Foster local leadership.

DELTA LEADERSHIP INSTITUTE

The most important ingredient of successful community growth is leadership. Communities with assets sufficient to achieve sustainable communities may still not live up to their potential. They may fail – despite these advantages – to create an economic climate that attracts private investment. When this is the case, it is because of a lack of leadership. Similarly, there are many examples where asset-poor communities have overcome adversity through bold and progressive leaders.

DRA's Delta Leadership Institute (DLI) is designed to create a corp of leaders with a regional and national perspective. The first class of the institute met in 2005. The program was operated by the DRA in cooperation with Delta State University in Cleveland, Mississippi. In April 2006, the DRA board chose the University of Alabama at Tuscaloosa to coordinate the Delta Leadership Institute. The University of Alabama is currently conducting the sixth class of DLI.

Many of the 252 counties and parishes that make up the Delta region are characterized by high poverty, high unemployment levels, low educational attainment, a loss of skilled labor, and a general lack of hope. Unable to establish development priorities, these counties and parishes have failed to keep up with counties and parishes in other areas of their states. Delta communities often lack the civic infrastructure, organizations and knowledge base necessary for sustained economic growth. Even those who are considered local leaders too often do not understand how good governance, quality infrastructure, adequate schools and quality health care services can work together to sustain growth.

These areas often are marked by a lack of investment in leadership development and strategic planning. This results in a leadership void and a lack of direction. Communities never decide on their priorities. With no leadership, vision or plans for growth, these communities continue to struggle.

The Delta Leadership Institute is designed to improve the decisions made by leaders across the region. Each of the eight governors and the Federal Co-Chairman nominate five people per year for the program, resulting in a class of 45 Delta leaders. In 2009, the Delta Leadership Network (DLN) alumni organization was formed through a committee of DLI alumni. They have begun plans to broaden the DLN in the years to come. These will be leaders who stay in touch with each other, sharing best practices and solutions to common problems through the DRA Annual Conference and through the newly designed website to accommodate the needs of the alumni.

It is expected that many of the graduates of the Delta Leadership Institute will go back to their communities and help lead local leadership programs, multiplying the number of people in the region who receive leadership training.

In June of 2012, Delta Leadership Institute graduated 45 members of the 2011-2012 Executive Academy class. Those 45 members completed six sessions of leadership training, skill building, project development and implementation. The first session was held in St. Louis, Missouri; this session is an introduction to DLI and the Executive Academy. The second session was held in Little Rock, Arkansas during the DRA National Policy conference; the second session focused on training for crucial conversations and attending the policy conference. The third session in New Orleans, Louisiana in December focused on small business and entrepreneurship and innovation. The fourth meeting was the first time the DRA has held a session in Washington, D.C. During the sessions, the academy members met with their Congressmen and Senators, heard from Federal Agency representatives, met with White House officials, and were treated to a tour of the monuments. The fifth session in Memphis, Tennessee was about creating sustainable communities, health as an economic engine and a visit to the Civil Rights Museum.

In June, the class met in Point Clear, Alabama for their graduation where they discussed and worked in teams on the case studies they had been working on all year and presented a case study to the DLN board as well as the Federal Co-Chairman.

Contact Information

The Authority is pleased to have complied with this directive. Please feel free to contact the DRA Finance and Administration Department should there be any questions or requirements for additional information. Direct requests for additional information to:

Delta Regional Authority
Attn: Finance and Administration
236 Sharkey Avenue, Suite 400
Clarksdale, Mississippi 38614

SECTION 3 - FINANCIAL SECTION

BKD LLP
CPAs & Advisors

The Pinnacle at Jackson Place
190 E. Capitol Street, Suite 500
Jackson, MS 39201-2190
601.948.6700 Fax 601.948.6000 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying basic financial statements of Delta Regional Authority (the Authority) as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Delta Regional Authority as of September 30, 2012 and 2011, and its net cost and changes in net position and resources (budgetary and non-budgetary) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, we have also issued our report dated November 14, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were performed for the purpose of forming an opinion on the basic financial statements as a whole. The information presented under Section 2 – Performance Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

November 14, 2012

BASIC FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Intragovernmental		
Fund balance with Treasury	$ 33,696,751	$ 35,681,174
Cash	1,069,779	1,205,441
Receivables	672,834	759,009
TOTAL ASSETS	$ 35,439,364	$ 37,645,624
LIABILITIES		
Intragovernmental payable	$ 234,574	$ 234,948
Accounts payable	159,198	399,162
Grants and other payables	2,632,779	1,430,780
TOTAL LIABILITIES	3,026,551	2,064,890
NET POSITION		
Unexpended appropriations/state funds	32,442,603	35,611,087
Cumulative results of operations	(29,790)	(30,353)
TOTAL NET POSITION	32,412,813	35,580,734
TOTAL LIABILITIES AND NET POSITION	$ 35,439,364	$ 37,645,624

See Notes to Financial Statements.

DELTA REGIONAL AUTHORITY
STATEMENTS OF NET COST
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	$ 235,158	$ 376,295
Less intragovernmental earned revenue	-	-
Intragovernmental net costs	235,158	376,295
Gross costs with the public	18,173,579	14,132,484
Less earned revenues from the public	-	-
Net costs with the public	18,173,579	14,132,484
TOTAL NET PROGRAM COSTS	18,408,737	14,508,779
NET COST OF OPERATIONS	$ 18,408,737	$ 14,508,779

See Notes to Financial Statements.

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	$ (30,353)	$ 35,611,087
BUDGETARY FINANCING SOURCES		
Appropriations received	-	11,677,000
Other adjustments (recessions, etc.)	-	-
Appropriations used	14,965,015	(14,965,015)
OTHER FINANCING SOURCES		
Cost of operations absorbed by member states and others	-	972,212
Cost of operations absorbed by RCAP	-	2,559,199
Imputed financing from costs absorbed by others	32,405	-
Disbursements of RCAP funds	2,539,845	(2,539,845)
Disbursements of funds provided by member states and others	872,035	(872,035)
TOTAL FINANCING SOURCES	18,409,300	(3,168,484)
NET COST OF OPERATIONS	18,408,737	-
NET CHANGE	563	(3,168,484)
NET POSITION, ENDING BALANCE	$ (29,790)	$ 32,442,603

See Notes to Financial Statements.

2011	
Cumulative Results of Operations	Unexpended Appropriations/ Funds
$ (22,432)	$ 35,975,258
-	11,700,000
-	(23,400)
12,277,783	(12,277,783)
-	936,260
-	1,486,169
37,658	-
1,491,521	(1,491,521)
693,896	(693,896)
14,500,858	(364,171)
14,508,779	-
(7,921)	(364,171)
$ (30,353)	$ 35,611,087

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012				
	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
	Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
BUDGETARY RESOURCES					
Unobligated balance, beginning of year	$ 306,978	$ 558,838	$ 17,060	$ -	$ 882,876
Recoveries of prior year obligations	6,496,469	-	-	-	6,496,469
Budget authority					
Appropriations received	11,677,000	-	-	-	11,677,000
Spending authority from offsetting collections					
Collected	61,799	1,367,476	2,559,199	(395,264)	3,593,210
Change in unfilled customer orders					
Advance received	-	-	-	-	-
Subtotal	11,738,799	1,367,476	2,559,199	(395,264)	15,270,210
Other adjustments (recessions, etc.)	-	-	-	-	-
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	$ 18,542,246	$ 1,926,314	$ 2,576,259	$ (395,264)	$ 22,649,555
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	$ 17,889,825	$ -	$ -	$ -	$ 17,889,825
Reimbursable	-	-	-	-	-
	17,889,825	-	-	-	17,889,825
Unobligated balances/unexpended funds					
Apportioned	638,559	-	-	-	638,559
Unexpended funds	-	659,015	36,414	-	695,429
Unobligated balance not available	-	-	-	-	-
TOTAL STATUS OF BUDGETARY RESOURCES	$ 18,528,384	$ 659,015	$ 36,414	$ -	$ 19,223,813
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	$ 35,374,195	$ 40,667	$ 1,347,885	$ -	$ 36,762,747
Obligations incurred	17,889,825	1,267,299	2,539,845	-	21,696,969
Gross outlays	(13,723,222)	(1,307,966)	(2,870,572)	395,264	(17,506,496)
Recoveries of prior year unpaid obligations, actual	(6,496,469)	-	-	-	(6,496,469)
Obligated balance, net, end of year					
Undelivered orders	31,326,818	-	-	-	31,326,818
Accounts payable	1,717,511	-	1,017,158	-	2,734,669
Total, unpaid obligated balance, net, end of year	$ 33,044,329	$ -	$ 1,017,158	$ -	$ 34,061,487
NET OUTLAYS					
Gross outlays	$ 13,723,222	$ 1,307,966	$ 2,870,572	$ (395,264)	$ 17,506,496
Offsetting collections	(61,799)	-	(2,540,390)	-	(2,602,189)
NET OUTLAYS	$ 13,661,423	$ 1,307,966	$ 330,182	$ (395,264)	$ 14,904,307

See Notes to Financial Statements

2011				
Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
$ 8,714,499	$ 316,474	$ 22,412	$ -	$ 9,053,385
296,150	-	-	-	296,150
11,700,000	-	-	-	11,700,000
-	936,260	1,486,169	-	2,422,429
-	-	-	-	-
11,700,000	936,260	1,486,169	-	14,122,429
(23,400)	-	-	-	(23,400)
$ 20,687,249	$ 1,252,734	$ 1,508,581	$ -	$ 23,448,564
$ 20,380,270	$ -	$ -	$ -	$ 20,380,270
-	-	-	-	-
20,380,270	-	-	-	20,380,270
150,662	-	-	-	150,662
-	558,838	17,060	-	575,898
156,317	-	-	-	156,317
$ 20,687,249	$ 558,838	$ 17,060	$ -	$ 21,263,147
$ 27,229,305	$ 180,488	$ 1,793,096	$ -	$ 29,202,889
20,380,270	693,896	1,491,521	-	22,565,687
(11,939,230)	(833,717)	(1,936,732)	-	(14,709,679)
(296,150)	-	-	-	(296,150)
34,960,276	-	-	-	34,960,276
413,919	40,667	1,347,885	-	1,802,471
$ 35,374,195	$ 40,667	$ 1,347,885	$ -	$ 36,762,747
$ 11,939,230	$ 833,717	$ 1,936,732	$ -	$ 14,709,679
-	(936,260)	(1,486,169)	-	(2,422,429)
$ 11,939,230	$ (102,543)	$ 450,563	$ -	$ 12,287,250

DELTA REGIONAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2012 and 2011

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

Reporting Entity

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

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

Basis of Presentation

These basic statements have been prepared from the accounting records of DRA in accordance with accounting principles generally accepted in the United States of America (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements,* as amended. GAAP, for federal entities, are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated 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 basic statements, which include a balance sheet, statement of net cost, statement of changes in net position and statement of resources (budgetary and non-budgetary). The balance sheets present, as of September 30, 2012 and 2011, amounts of future economic benefits owned or managed by DRA (assets), amounts owed by DRA (liabilities), and amounts which comprise the difference (net position). The statements of net cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within DRA and other reporting entities. The statements of resources (budgetary and non-budgetary) report an agency's budgetary activity.

Management of Financial Records

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

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

Basis of Accounting

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

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

Use of Estimates

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

Revenues and Other Financing Sources

DRA is an appropriated fund and receives appropriations. Other financing sources for DRA consist of imputed financing sources which are costs financed by other federal entities on behalf of DRA, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. DRA also had a reimbursable agreement with the United States Department of Transportation (DOT) during fiscal years 2012 and 2011.

Cash

At September 30, 2012 and 2011, cash consisted of deposit accounts with several financial institutions.

Effective July 21, 2010, the FDIC's insured limit was permanently set at $250,000. Beginning December 31, 2010 through December 31, 2012, all non-interest bearing transaction accounts are fully insured at all FDIC-insured institutions. At September 30, 2012, the Authority's cash accounts held with financial institutions were fully insured.

General Property and Equipment

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

Compensated Absences

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

Note 2 – FUND BALANCE WITH TREASURY

DRA's fund balance with treasury comes from appropriations and the reimbursable agreement with DOT. A summary of DRA's fund balance with treasury follows:

	2012	2011
Fund balance with Treasury		
Appropriated fund	$ 33,696,751	$ 35,681,174
Status of fund balance with Treasury		
Unobligated balance		
Available	$ 638,559	$ 150,661
Unavailable	-	156,317
Obligated balance not yet disbursed	33,058,192	35,374,196
	$ 33,696,751	$ 35,681,174

NOTE 3 – FUNDS RECEIVED FROM MEMBER STATES

Funds received from the various member states are maintained in a bank account located in a member state of the state co-chair. These funds are included with cash in the accompanying balance sheets. The states are required, by originating legislation, to pay 50% of the administrative costs of DRA after consideration of costs associated with the federal co-chairman and his staff. Amounts billed to the states are calculated at the beginning of each fiscal year and are based on federally-appropriated monies allocated to the respective states:

	2012	2011
Unobligated balance of state funds on hand, beginning of year	$ 430,473	$ 249,418
Other income used to defray state expenses	87,360	31,494
Current year billed to and receivable from states	771,551	721,286
Total received from states	$ 1,289,384	$ 1,002,198
Unobligated balance of state funds on hand, end of year	$ 486,777	$ 430,473

NOTE 4 – LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided. Liabilities of DRA are classified as liabilities covered or not covered by budgetary resources as follows:

	2012	2011
Liabilities not covered by budgetary resources		
Leave liability (federal)	$ 29,791	$ 30,700
Leave liability (state)	25,959	40,667
Other payables (state)	4,067	-
Deferred revenue (RCAP)	157,548	22,289
Grants payable (RCAP)	859,610	1,325,596
Total liabilities not covered by budgetary resources	1,076,975	1,419,252
Liabilities covered by budgetary resources		
Accounts payable	159,198	399,162
Grants payable	1,545,072	-
Payroll and leave liability	10,732	11,528
Intragovernmental payable	234,574	234,948
Total liabilities covered by budgetary resources	1,949,576	645,638
Total liabilities	$ 3,026,551	$ 2,064,890

NOTE 5 – GRANTS AND OTHER PAYABLES

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

	2012	2011
Federal		
Accrued funded payroll and leave - current	$ 10,732	$ 11,528
Accrued unfunded leave - noncurrent	29,791	30,700
Grants payable	1,545,072	-
Total federal	1,585,595	42,228
State and Other		
Accrued leave	25,959	40,667
Other payables	4,067	-
Total state and other	30,026	40,667
Rural Community Assistance Program		
Deferred revenue	157,548	22,289
Grants payable	859,610	1,325,596
Total Rural Community Assistance Program	1,017,158	1,347,885
	$ 2,632,779	$ 1,430,780

NOTE 6 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

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

	2012	2011
Direct - category A	$ 1,943,597	$ 2,146,895
Direct - category B	15,946,228	18,233,375
Total obligations	$ 17,889,825	$ 20,380,270

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

Liabilities not covered by budgetary resources totaled $1,076,975, and the decrease in components requiring resources in future periods totaled ($563) at September 30, 2012. Liabilities not covered by budgetary resources totaled $1,419,252, and the increase in components requiring resources in future periods totaled $7,921 at September 30, 2011. The changes are the net increase/decrease of future funded expenses for annual leave and represent the difference between appropriations of annual funds for the prior and current annual funds. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

NOTE 8 – OPERATING LEASES

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

Future minimum lease payments at September 30, 2012, were:

2013	$ 134,427
2014	134,150
2015	137,912
2016	139,713
2017	112,631
After 5 years	202,606
Total	$ 861,439

The lease with Coahoma County may be terminated by DRA should DRA fail to receive funding from the United States, the existence of DRA be terminated, or should the governing body of DRA choose to move DRA's office outside Coahoma County, Mississippi. However, the lease with State Services Organization, Inc. may also be terminated for the above reasons and DRA will be liable for four months of base rent upon early termination of the lease agreement. Rental expense was $175,054 and $149,280 for the years ended September 30, 2012 and 2011, respectively.

NOTE 9 – PENSION PLANS

Plan Description

Effective February 1, 2011, the Authority contributes to a defined contribution 401(k) plan covering all non-federal employees. Retirement expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan is administered by Advanced Data Processing, Inc. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. Prior to February 1, 2011, the Authority's non-federal employees participated in the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the Mississippi State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling 601.359.3589 or 1.800.444.PERS. The Authority's non-federal employees participated in the above plan through January 31, 2011.

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

Funding Policy

Since February 1, 2011, contribution rates for the Authority for the defined contribution 401(k) plan expressed as a percentage of covered payroll was 15.3% and 11.7% for the years ended September 30, 2012 and 2011, respectively. Contributions made by the Authority amounted to $76,809 and $52,979 for the years ended September 30, 2012 and 2011, respectively.

Prior to February 1, 2011, employees participating in PERS were required to contribute 7.25% of their annual covered salary through June 30, 2010, and 9.00% of their annual covered salary through January 31, 2011. The Authority was required to contribute at an actuarially determined rate, which was 12.0% of annual covered payroll through January 31, 2011. The Authority's contributions to PERS for the years ended September 30, 2011 and 2010 were $14,941 and $71,519, respectively, which equaled the required contributions for each year.

FERS covered employees are required to contribute 0.80% of their annual covered salary, and the Authority was required to contribute 11.2% of annual covered payroll through September 30, 2010. The Authority's contributions to FERS for the years ended September 30, 2012, 2011 and 2010 were $67,420, $68,214 and $47,730, respectively, which equaled the required contributions for each year.

NOTE 10 – RISK MANAGEMENT

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

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

	2012	2011
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	$ 17,889,825	$ 20,380,270
Plus prior year undelivered orders paid becoming current year obligations	-	408
Less spending authority from offsetting collections and recoveries	(6,558,268)	(296,150)
Net obligations	11,331,557	20,084,528
OTHER RESOURCES		
Imputed financing from costs absorbed by others	32,405	37,658
Cost of operations absorbed by member states and others	872,035	693,896
Cost of operations absorbed by RCAP	2,539,845	1,491,521
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	14,775,842	22,307,603
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	3,633,458	(7,806,745)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	18,409,300	14,500,858
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	(563)	7,921
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 18,408,737	$ 14,508,779

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

Budgetary resources made available to DRA include current appropriations, unobligated appropriations and recoveries of prior year obligations. For FY 2011, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2013 President's budget, which are rounded to the nearest million. As the FY 2014 President's budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2012 data in the FY 2014 budget cannot be performed.

SUPPLEMENTARY INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2012

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
ASSETS					
Intragovernmental					
Fund balance with Treasury	$ 33,696,751	$ -	$ -	$ -	$ 33,696,751
Cash	-	589,846	479,933	-	1,069,779
Receivables	-	76,695	596,139	-	672,834
TOTAL ASSETS	$ 33,696,751	$ 666,541	$ 1,076,072	$ -	$ 35,439,364
LIABILITIES					
Intragovernmental payable	$ 234,574	$ (22,500)	$ 22,500	$ -	$ 234,574
Accounts payable	159,198	-	-	-	159,198
Grants and other payables	1,585,595	30,026	1,017,158	-	2,632,779
TOTAL LIABILITIES	1,979,367	7,526	1,039,658	-	3,026,551
NET POSITION					
Unexpended appropriations/state funds	31,747,174	659,015	36,414	-	32,442,603
Cumulative results of operations	(29,790)	-	-	-	(29,790)
TOTAL NET POSITION	31,717,384	659,015	36,414	-	32,412,813
TOTAL LIABILITIES AND NET POSITION	$ 33,696,751	$ 666,541	$ 1,076,072	$ -	$ 35,439,364

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2011

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
ASSETS					
Intragovernmental					
Fund balance with Treasury	$ 35,681,174	$ -	$ -	$ -	$ 35,681,174
Cash	-	488,398	717,043	-	1,205,441
Receivables	-	107,500	651,509	-	759,009
TOTAL ASSETS	$ 35,681,174	$ 595,898	$ 1,368,552	$ -	$ 37,645,624
LIABILITIES					
Intragovernmental payable	$ 234,948	$ (3,607)	$ 3,607	$ -	$ 234,948
Accounts payable	399,162	-	-	-	399,162
Grants and other payables	42,228	40,667	1,347,885	-	1,430,780
TOTAL LIABILITIES	676,338	37,060	1,351,492	-	2,064,890
NET POSITION					
Unexpended appropriations/state funds	35,035,189	558,838	17,060	-	35,611,087
Cumulative results of operations	(30,353)	-	-	-	(30,353)
TOTAL NET POSITION	35,004,836	558,838	17,060	-	35,580,734
TOTAL LIABILITIES AND NET POSITION	$ 35,681,174	$ 595,898	$ 1,368,552	$ -	$ 37,645,624

DELTA REGIONAL AUTHORITY
COMBINING STATEMENTS OF NET COST
YEAR ENDED SEPTEMBER 30, 2012

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	$ 235,158	$ -	$ -	$ -	$ 235,158
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	235,158	-	-	-	235,158
Gross costs with the public	14,761,699	1,267,299	2,539,845	(395,264)	18,173,579
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	14,761,699	1,267,299	2,539,845	(395,264)	18,173,579
TOTAL NET PROGRAM COSTS	14,996,857	1,267,299	2,539,845	(395,264)	18,408,737
NET COST OF OPERATIONS	$ 14,996,857	$ 1,267,299	$ 2,539,845	$ (395,264)	$ 18,408,737

DELTA REGIONAL AUTHORITY
COMBINING STATEMENTS OF NET COST
YEAR ENDED SEPTEMBER 30, 2011

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	$ 376,295	$ -	$ -	$ -	$ 376,295
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	376,295	-	-	-	376,295
Gross costs with the public	11,947,067	693,896	1,491,521	-	14,132,484
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	11,947,067	693,896	1,491,521	-	14,132,484
TOTAL NET PROGRAM COSTS	12,323,362	693,896	1,491,521	-	14,508,779
NET COST OF OPERATIONS	$ 12,323,362	$ 693,896	$ 1,491,521	$ -	$ 14,508,779

DELTA REGIONAL AUTHORITY
COMBINING STATEMENTS OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2012

	Federal		State and Other		Rural Community Assistance Program		Eliminations		Combined	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended State Funds	Cumulative Results of Operations	Unexpended RCAP Funds	Cumulative Results of Operations	Unexpended Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	$ (30,353)	$ 35,035,189	$ -	$ 558,838	$ -	$ 17,060	$ -	$ -	$ (30,353)	$ 35,611,087
BUDGETARY FINANCING SOURCES										
Appropriations received	-	11,677,000	-	-	-	-	-	-	-	11,677,000
Appropriations used	14,965,015	(14,965,015)	-	-	-	-	-	-	14,965,015	(14,965,015)
OTHER FINANCING SOURCES										
Cost of operations absorbed by member states and others	-	-	-	1,367,476	-	-	-	(395,264)	-	972,212
Cost of operations absorbed by RCAP	-	-	-	-	-	2,559,199	-	-	-	2,559,199
Imputed financing from costs absorbed by others	32,405	-	-	-	-	-	-	-	32,405	-
Disbursements of RCAP funds	-	-	-	-	2,539,845	(2,539,845)	-	-	2,539,845	(2,539,845)
Disbursements of funds provided by member states and others	-	-	1,267,299	(1,267,299)	-	-	(395,264)	395,264	872,035	(872,035)
TOTAL FINANCING SOURCES	14,997,420	(3,288,015)	1,267,299	100,177	2,539,845	19,354	(395,264)	-	18,409,300	(3,168,484)
NET COST OF OPERATIONS	14,996,857	-	1,267,299	-	2,539,845	-	(395,264)	-	18,408,737	-
NET CHANGE	563	(3,288,015)	-	100,177	-	19,354	-	-	563	(3,168,484)
NET POSITION, ENDING BALANCE	$ (29,790)	$ 31,747,174	$ -	$ 659,015	$ -	$ 36,414	$ -	$ -	$ (29,790)	$ 32,442,603

DELTA REGIONAL AUTHORITY
COMBINING STATEMENTS OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2011

	Federal		State and Other		Rural Community Assistance Program		Eliminations		Combined	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended State Funds	Cumulative Results of Operations	Unexpended RCAP Funds	Cumulative Results of Operations	Unexpended Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	$ (22,432)	$ 35,636,372	$ -	$ 316,474	$ -	$ 22,412	$ -	$ -	$ (22,432)	$ 35,975,258
BUDGETARY FINANCING SOURCES										
Appropriations received	-	11,700,000	-	-	-	-	-	-	-	11,700,000
Other adjustments (recessions, etc.)	-	(23,400)	-	-	-	-			-	(23,400)
Appropriations used	12,277,783	(12,277,783)	-	-	-	-	-	-	12,277,783	(12,277,783)
OTHER FINANCING SOURCES										
Cost of operations absorbed by member states and others	-	-	-	936,260	-	-	-	(94,715)	-	841,545
Cost of operations absorbed by RCAP	-	-	-	-	-	1,486,169	-	-	-	1,486,169
Imputed financing from costs absorbed by others	37,658	-	-	-	-	-	-	-	37,658	-
Disbursements of RCAP funds	-	-	-	-	1,491,521	(1,491,521)	-	94,715	1,491,521	(1,396,806)
Disbursements of funds provided by member states and others	-	-	693,896	(693,896)	-	-	-	-	693,896	(693,896)
TOTAL FINANCING SOURCES	12,315,441	(601,183)	693,896	242,364	1,491,521	(5,352)	-	-	14,500,858	(364,171)
NET COST OF OPERATIONS	12,323,362	-	693,896	-	1,491,521	-	-	-	14,508,779	-
NET CHANGE	(7,921)	(601,183)	-	242,364	-	(5,352)	-	-	(7,921)	(364,171)
NET POSITION, ENDING BALANCE	$ (30,353)	$ 35,035,189	$ -	$ 558,838	$ -	$ 17,060	$ -	$ -	$ (30,353)	$ 35,611,087

DELTA REGIONAL AUTHORITY

COMBINING RECONCILIATIONS OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

YEAR ENDED SEPTEMBER 30, 2012

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	$ 17,889,825	$ -	$ -	$ -	$ 17,889,825
Less spending authority from offsetting collections and recoveries	6,558,268	-	-	-	6,558,268
Net obligations	11,331,557	-	-	-	11,331,557
OTHER RESOURCES					
Imputed financing from costs absorbed by others	32,405	-	-	-	32,405
Cost of operations absorbed by member states and others	-	1,267,299	-	(395,264)	872,035
Cost of operations absorbed by RCAP	-	-	2,539,845	-	2,539,845
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	11,363,962	1,267,299	2,539,845	(395,264)	14,775,842
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	(3,633,458)	-	-	-	(3,633,458)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	14,997,420	1,267,299	2,539,845	(395,264)	18,409,300
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	(563)	-	-	-	(563)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 14,996,857	$ 1,267,299	$ 2,539,845	$ (395,264)	$ 18,408,737

DELTA REGIONAL AUTHORITY
COMBINING RECONCILIATIONS OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2011

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	$ 20,380,270	$ -	$ -	$ -	$ 20,380,270
Plus prior year undelivered order becoming current year obligations	408				408
Less spending authority from offsetting collections and recoveries	296,150	-	-	-	296,150
Net obligations	20,084,528	-	-	-	20,084,528
OTHER RESOURCES					
Imputed financing from costs absorbed by others	37,658	-	-	-	37,658
Cost of operations absorbed by member states	-	693,896	-	-	693,896
Cost of operations absorbed by others	-	-	1,491,521	-	1,491,521
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	20,122,186	693,896	1,491,521	-	22,307,603
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	7,806,745	-	-	-	7,806,745
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	12,315,441	693,896	1,491,521	-	14,500,858
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Increase in annual leave liability	7,921	-	-	-	7,921
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 12,323,362	$ 693,896	$ 1,491,521	$ -	$ 14,508,779

DELTA REGIONAL AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2012

	Paid From			
Description	Federal Funds	State and Other Funds	Rural Community Assistance Program	Total All Funds
Grants, subsidies and contributions	$ 11,877,417	$ -	$ 2,539,798	$ 14,417,215
Consulting and other services	520,597	323,764	-	844,361
Employee benefits	295,008	193,130	-	488,138
Personnel services	747,899	502,720	-	1,250,619
Seminars and meetings	-	35,573	-	35,573
Travel and transportation of persons	173,159	66,533	-	239,692
Rent, communications and utilities	91,467	28,501	-	119,968
Supplies and materials	262	-	-	262
Printing and reproduction	12,809	-	-	12,809
Office expense	-	117,078	47	117,125
	$ 13,718,618	$ 1,267,299	$ 2,539,845	$ 17,525,762

NOTE TO SCHEDULE

1. The federal funds column of the schedule of expenditures has been prepared on the cash basis. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DELTA REGIONAL AUTHORITY
SCHEDULES OF GRANTS MADE
YEARS ENDED SEPTEMBER 30, 2012, 2011 AND 2010

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

	2012			2011			2010		
	DRA Obligated	Total Project Funds	Funding Priority %	DRA Obligated	Total Project Funds	Funding Priority %	DRA Obligated	Total Project Funds	Funding Priority %
A. Basic Public Infrastructure	$ 3,048,016	$ 225,049,336	33.8%	$ 2,812,540	$ 12,471,751	21.6%	$ 7,395,838	$ 23,661,446	72.2%
B. Transportation Infrastructure	2,937,905	13,114,186	32.5%	5,115,282	186,371,579	39.4%	2,417,717	13,855,778	23.6%
C. Business Development	1,999,030	4,063,777	22.1%	3,823,860	23,076,044	29.4%	100,000	6,643,670	1.0%
D. Work Development	1,045,900	1,596,300	11.6%	1,214,738	6,450,956	9.3%	70,000	697,000	0.7%
E. Other	-	-	0.0%	26,900	26,900	0.2%	253,536	20,530,332	2.5%
	$ 9,030,851	$ 243,823,599	100.0%	$ 12,993,320	$ 228,397,230	100.0%	$ 10,237,091	$ 65,388,226	100.0%

	2012			2011			2010		
	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %
State Allocations:									
Alabama	$ 1,013,555	$ 1,013,555	10.70%	$ 1,087,053	$ 1,087,053	8.37%	$ 1,231,684	$ 1,135,667	10.8%
Arkansas	1,336,720	1,461,940	15.44%	1,554,213	1,554,213	11.96%	1,715,414	1,618,483	15.4%
Illinois	810,579	810,579	8.56%	978,509	978,509	7.53%	423,050	907,904	8.6%
Kentucky	850,170	850,170	8.98%	928,253	928,253	7.14%	558,754	960,384	9.1%
Louisiana	1,734,437	1,734,438	18.31%	1,779,648	1,779,648	13.70%	1,933,363	1,933,363	22.5%
Mississippi	1,161,316	1,467,054	15.49%	1,482,253	1,482,253	11.41%	1,499,361	1,537,664	14.6%
Missouri	1,093,874	1,093,874	11.55%	1,434,745	1,434,745	11.90%	1,548,607	1,241,886	11.8%
Tennessee	1,030,200	1,039,980	10.98%	3,748,646	3,748,646	11.20%	1,326,858	1,160,858	11.1%
	$ 9,030,851	$ 9,471,590	100.0%	$ 12,993,320	$ 12,993,320	100.0%	$ 10,237,091	$ 10,496,209	100.0%

SECTION 4 - OTHER ACCOMPANYING INFORMATION

BKD LLP
CPAs & Advisors

The Pinnacle at Jackson Place
190 E. Capitol Street, Suite 500
Jackson, MS 39201-2190
601.948.6700 Fax 601.948.6000 www.bkd.com

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

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

We have audited the financial statements of Delta Regional Authority (DRA or the Authority) as of and for the year ended September 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 07-04, *Audit Requirements for Federal Financial Statements.*

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered DRA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, 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 the effectiveness of DRA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of DRA's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to DRA. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 07-04.

We also noted certain matters that we reported to the Authority's management in a separate letter dated November 14, 2012.

This report is intended solely for the information and use of management of DRA, the Federal and State Co-Chairs, members of the Board, others within DRA, OMB and the Congress of the United States of America, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 14, 2012