DELTA REGIONAL AUTHORITY

PERFORMANCE AND ACCOUNTABILITY REPORT

SEPTEMBER 30, 2013

BKD LLP
CPAs & Advisors

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DELTA REGIONAL AUTHORITY

OFFICE OF THE FEDERAL CO-CHAIRMAN

December 2, 2013

Sylvia Mathews Burwell, Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Burwell:

Enclosed you will find the Delta Regional Authority's (DRA) Performance and Accountability Report for FY 2013. This report is an accurate and comprehensive account of the Authority's performance for FY 2013 and includes comparative financial statements for FY 2011, FY 2012 and FY 2013. I am pleased to report that, to date, each and every one of DRA's independent, financial audits have been unqualified, demonstrating that DRA is a good steward of the people's investment in this agency.

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

In FY 2013, the DRA - through its States' Economic Development Assistance Program (SEDAP) - invested $9,111,719 of its appropriation into 70 projects in its eight-state region. This investment leveraged $48,434,216 in other federal, state and local funds – a ratio of 5.3 to 1 – for a total project investment of $57,545,935. Additionally, the DRA's investments attracted private investments totaling $276,672,253 - a ratio of 30.4 to 1. Ultimately, the DRA has leveraged $325,106,469 in other public and private investments for a total investment ratio of 35.7 to 1.

With these investments, the 2013 DRA States' Economic Development Assistance Program is expected to realize the following results:

- 1,203 families received improved water and sewer;
- 1,242 individuals trained for jobs; and
- 2,245 jobs created and retained.

Over the course of 12 funding cycles, the DRA has invested $119,188,005 in 799 projects in its eight-state region, leveraging $681,045,256 in other federal, state and local funds at a ratio of 5.7 to 1. Additionally, this investment has attracted $2,022,816,351 in private investment – a ratio of 17.0 to 1 – for a total of $2,703,861,607 in leveraged public and private funds resulting in a leverage ratio of 22.7 to 1.

Since its inception, SEDAP has accomplished the following results:

- 25,532 families received improved water and sewer;
- 3,745 individuals trained for jobs; and
- 17,331 jobs created and retained.

Upon projects' completion, the following outcomes are projected for FY 2013:

- 36,111 families received improved water and sewer;
- 12,912 individuals trained for jobs; and
- 24,526 jobs created and retained.

As evidence by this report, numerous accomplishments in FY 2013 have been realized through the following programs and initiatives:

- States' Economic Development Assistance Program (SEDAP);
- Delta Leadership Institute (DLI);
- Operation JumpStart (OJS);
- Growing a Healthy Workforce in the Delta Initiative (HDI);
- Delta Doctors;
- Innovative Readiness Training (IRT);
- Jobs for America's Graduates (JAG);
- Local Development Districts (LDD) capacity building; and
- Save the Children.

It is with great pleasure that the DRA submits its FY 2013 Performance and Accountability Report. Performance data included in this report has been compiled to provide the most complete and accurate results available. DRA will continue to grow as an agency and invest its resources to help provide the 252 counties and parishes of the Delta region with the necessary infrastructure, job training, and business resources to create jobs, build communities, and improve lives.

Sincerely,

Christopher A. Masingill
Federal Co-Chairman

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS

DELTA REGIONAL AUTHORITY

Listing of Officials
September 30, 2013

Federal Co-Chairman
Mr. Christopher A. Masingill

Alternate Federal Co-Chairman
Mr. Michael G. Marshall

States' Co-Chairman
Governor Jay Nixon

Alternate States' Co-Chairman
Mr. Bill Ransdall

STATE GOVERNORS, DESIGNEES, AND ALTERNATES

Alabama
Governor Robert Bentley
Mr. Jim Byard, Jr. (Designee)
Mr. Jimmy Lester (Alternate)

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

Illinois
Governor Pat Quinn
Mr. William Stanhouse (Designee)
Ms. Kim Watson (Alternate)

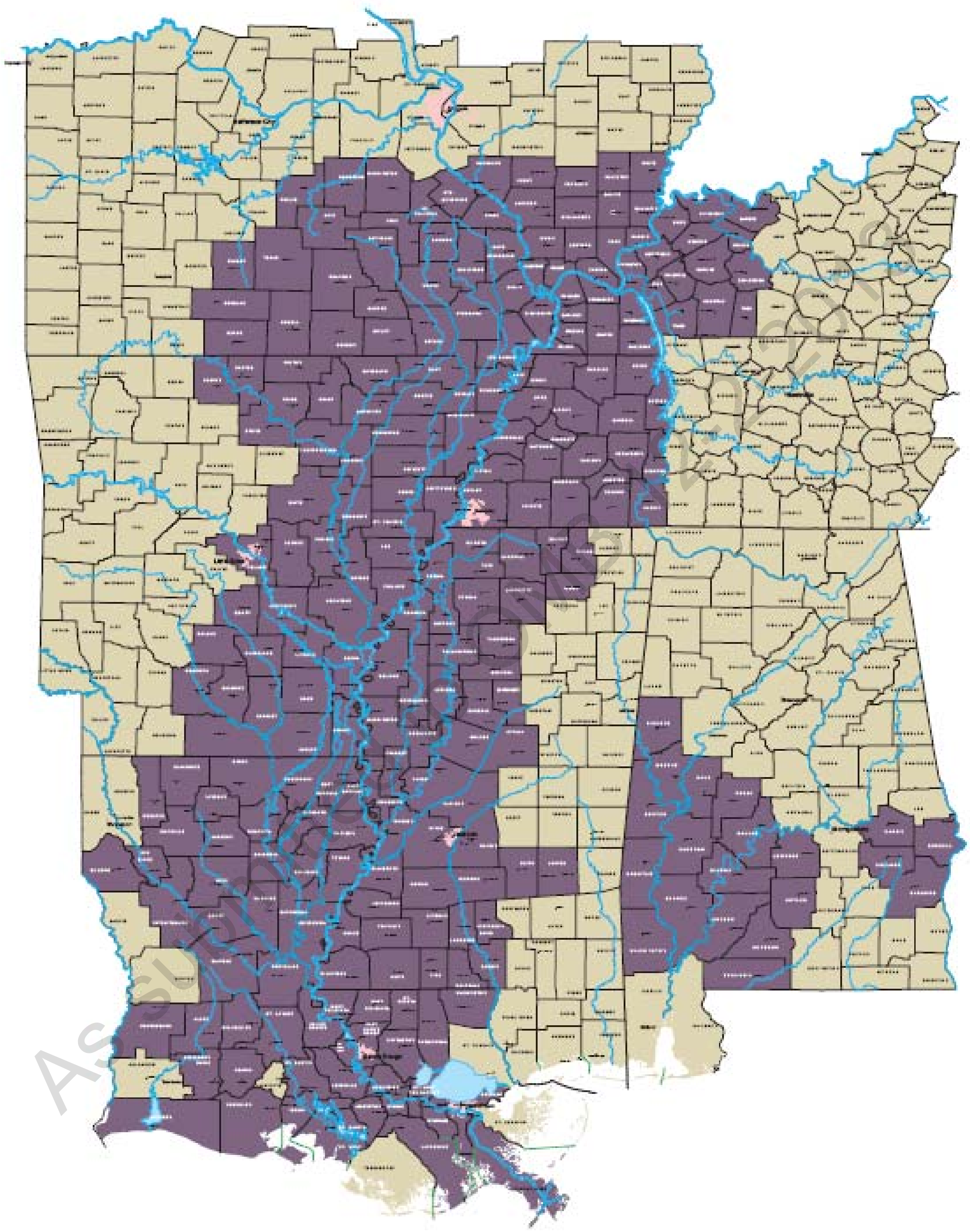
Kentucky
Governor Steven Beshear
Mr. Tony Wilder
(Designee & Alternate)

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)

Tennessee
Governor Bill Haslam
Mr. Ted Townsend (Designee)
Ms. Brooxie Carlton (Alternate)



Delta Regional Authority Service Area

Introduction

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

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

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

Congressional stipulations include:

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

The following is a discussion and analysis of the operating results and financial position of DRA, created by the Delta Regional Authority Act of 2000. The Authority's original authorization expired on October 1, 2007, but was extended by the 2008 Farm Bill to 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 2013

During FY 2013, the Authority continued to emphasize its four funding priority areas which are: basic public infrastructure, transportation infrastructure, business development, and workforce development, with emphasis on job creation and job retention. The total Fiscal Year 2013 project funding allocation was $8,961,732. Basic public and transportation infrastructure project funding totaled $4,851,218, or 54.1% of SEDAP's investment; investment in distressed counties totaled $7,396,813, or 82.5% of total investment. Fiscal Year 2013 SEDAP funds leveraged $48,434,216 in additional project funding – a ratio of 5.3 to 1 – and $276,672,253 in leveraged private investment, a ratio of 30.4 to 1.

<u>Fiscal Year 2013 Counties and Parishes</u>

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

The DRA Enabling Legislation requires the Authority to update its distressed and non-distressed county designation annually. The tabulation for the Fiscal Year 2013 resulted in 210 distressed counties and parishes and 42 non-distressed counties (see list below).

Distressed List as of September 30, 2013

Alabama (20)

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

Arkansas (39)

Arkansas
Ashley
Baxter
Bradley
Calhoun
Chicot
Clay
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 (11)

Alexander
Franklin
Hamilton
Hardin
Johnson
Massac
Perry
Pope
Pulaski
Randolph
Union

Kentucky (17)

Caldwell
Calloway
Carlisle
Christian
Crittenden
Fulton
Graves
Henderson
Hopkins
Livingston
Lyon
Marshall
McLean
Muhlenberg
Todd
Union
Webster

Louisiana (37)

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

Mississippi (42)

Adams
Amite
Attala
Benton
Bolivar
Carroll
Claiborne
Coahoma
Copiah
Covington
Franklin
Grenada
Holmes
Humphreys
Issaquena
Jasper
Jefferson
Jefferson Davis
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 (25)

Bollinger
Carter
Crawford
Dent
Douglas
Dunklin
Howell
Iron
Madison
Mississippi
New Madrid
Oregon
Ozark
Pemiscot
Perry
Phelps
Reynolds
Ripley
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
Obion
Weakley

Non-Distressed List as of September 30, 2013

Alabama (0)

All counties in Alabama are designated as distressed

Arkansas (3)

Cleveland
Pulaski
Union

Illinois (5)

Gallatin
Jackson
Saline
White
Williamson

Kentucky (4)

Ballard
Hickman
McCracken
Trigg

Louisiana (18)

Ascension
East Baton Rouge
East Feliciana
Iberia
Jefferson
LaFourche
Orleans
Ouachita
Plaquemines
Pointe Coupee
Rapides
St. Bernard
St. Charles
St. John the Baptist
St. Landry
St. Mary
Webster
West Baton Rouge

Mississippi (5)

DeSoto
Hinds
Lafayette
Madison
Rankin

Missouri (4)

Butler
Cape Girardeau
Scott
Ste. Genevieve

Tennessee (3)

Marion
Shelby
Tipton

Organizational Structure of the Delta Regional Authority

The DRA Board is comprised of Governors from the eight states in the DRA region along with the Federal Co-Chairman, Christopher A. Masingill, who was appointed by President Obama and took office on July 13, 2010. The Governors annually appoint a States' Co-Chairman, and in FY 2013, Governor Jay Nixon of Missouri was elected to serve an additional one-year term as the fifth States' Co-Chairman. Governor Phil Bryant of Mississippi will become the Authority's sixth States' Co-Chairman in FY 2014. The DRA statute requires the Board to hold an annual quorum meeting which compels the attendance of a majority designee and/or alternate of the states' Governors. For all other DRA meetings, Governors may appoint a designee/alternate to serve in their absence.

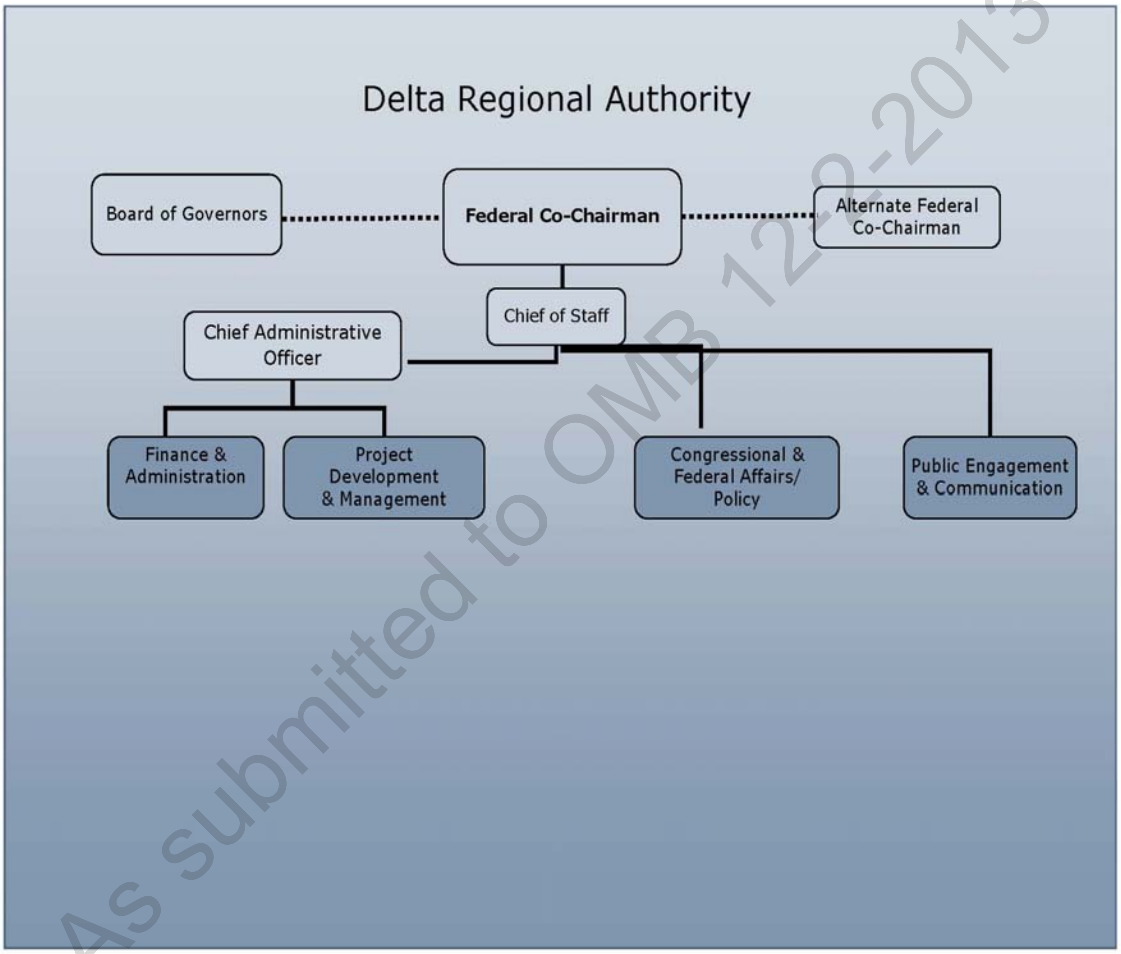
The relationship between the Federal Co-Chairman and Governors is a partnership where all board members share the fiduciary responsibility of the Authority. Moreover, the Board's responsibilities are: to establish and approve investments for economic development to the region; assess the state of the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

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

The Federal Co-Chairman maintains an office within the DRA office and at the end of FY 2013 employed four full-time federal employees. Additionally, the DRA office employs seven non-federal employees who carry out the day-to-day operations within the following arenas: Finance and Administration; Economic and Community Development; Federal Affairs; and Public Engagement and Communication.

The DRA organizational chart is as follows:

DELTA REGIONAL AUTHORITY
Staff Organizational Chart



Financial Management of the Delta Regional Authority

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

DRA has just completed its eleventh 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, 2013, as compared to the prior year:

- Total assets decreased $3,638,758, or -10.27% in 2013 compared to decreased assets of $2,206,260 , or -5.86% in 2012;
- Total liabilities increased $12,093, or 0.40% in 2013 compared to $961,661, or 46.57% increase in 2012;
- Net cost of operations increased $699,271, or 3.80% in 2013 compared to $3,899,958, or 26.88% increase in 2012;
- Financing sources increased $697,970, or 3.79% in 2013 compared to $3,908,442, or 26.95% increase in 2012; and
- Net position decreased $3,650,851 or -11.26% in 2013 compared to $3,167,921 or -8.90% decrease in 2012.

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

	2011	2012	2013
Total Assets	$ 37,645,624	$ 35,439,364	$ 31,800,606
Total Liabilities	$ 2,064,890	$ 3,026,551	$ 3,038,644
Net Position			
Unexpended appropriations/state funds	35,611,087	32,442,603	28,792,490
Cumulative results of operations	(30,353)	(29,790)	(30,528)
Total Net Position	35,580,734	32,412,813	28,761,962
Total Liabilities and Net Position	$ 37,645,624	$ 35,439,364	$ 31,800,606

Total assets decreased $3,638,758, or -10.27% in FY 2013 compared to decreased assets of $2,206,260, or -5.86% in FY 2012. The FY 2013 decrease is higher due to a sequestered sum of $587,423 and rescission of $23,354. The FY 2012 decrease is attributed to a decrease in operational funding.

Total liabilities increased $12,093 or 0.40% in 2013 compared to $961,661, or 46.57% increase in FY 2012; the FY 2013 and FY 2012 increases are due to the delays in Congressional appropriations, sequestration and decreased revenue thus causing delays in the grant awards.

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

	2011	2012	2013
Program Costs			
Intergovernmental gross costs	$ 376,295	$ 235,158	$ 174,094
Net costs with the public	14,132,484	18,173,579	18,933,914
Total Program Costs	14,508,779	18,408,737	19,108,008
Net Cost of Operations	$ 14,508,779	$ 18,408,737	$ 19,108,008

The net cost of operations increased $699,271 or 3.80% from FY 2012 to FY 2013 compared to $3,899,958, a 26.88% increase in FY 2012. The FY 2013 increase is due to decrease in revenue with a slight increase in program cost as compared to the FY 2012 change 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

	2011		2012		2013	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
Beginning Balance	$ (22,432)	$ 35,975,258	$ (30,353)	$ 35,611,087	$ (29,790)	$ 32,442,603
Budgetary Financing Sources	12,277,783	(601,183)	14,965,015	(3,288,015)	14,491,512	(3,425,289)
Other Financing Sources	2,223,075	237,012	3,444,285	119,531	4,615,758	224,824
Total Financing Sources	14,500,858	(364,171)	18,409,300	(3,168,484)	19,107,270	(3,650,113)
Net Cost of Operations	14,508,779	-	18,408,737	-	19,108,008	-
Net Change	(7,921)	(364,171)	563	(3,168,484)	738	(3,650,113)
Ending Balance	$ (30,353)	$ 35,611,087	$ (29,790)	$ 32,442,603	$ (30,528)	$ 28,792,490

Financing sources increased $697,970, or 3.79% in FY 2013 compared to $3,908,442, or 26.95% increase in FY 2012. The FY 2012 increase was due to the increase in RCAP financing sources which corresponds to the increase noted above in the RCAP net cost of operations.

DRA's net position decreased by $3,650,851 or -11.26% in FY 2013 as compared to $3,167,921 or -8.90% decrease in FY 2012 as a result of sequestration, the decrease in revenue and an increase in program costs and other costs, 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 statuses at the end of the period. It is the only financial statement predominantly derived from an entity's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into generally accepted accounting principles (GAAP) in the United States of America for the federal government.

Condensed Statements of Resources (Budgetary and Non-Budgetary)

	2011	2012	2013
Total Resources (Budgetary and Non-Budgetary Resources)	$ 23,448,564	$ 22,649,555	$ 19,954,636
Total Status of Budgetary Resources	21,263,147	19,223,813	15,626,804
Total, Unpaid Obligated Balance, Net, End of Year	36,762,747	34,061,487	30,836,627
Net Outlays	12,287,250	14,904,306	15,455,154

The decrease in Budgetary Resources for FY 2013 and FY 2012 outlined in the table above is attributed to an increase in administrative and grant expenses, thereby reducing available resources and increasing obligation activity to re-appropriate and better utilize available funding.

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 the President's Office of Management and Budget, the statements are, in addition to the financial reports, used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that 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, 2013 and 2012, 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 Delta Regional Authority;
- Summary of results on the following DRA programs and policy effort:
  - Funding Programs
    - States' Economic Development Assistance Program (SEDAP)
    - Rural Community Advance Program (RCAP)
  - Policy and Program Efforts
    - Affordable Care Act (ACA) Outreach and Enrollment Strategy
    - Delta Doctors Program
    - Delta Leadership Institute (DLI)
    - Healthy Delta Initiative
    - Innovative Readiness Training Program (IRT)
    - Jobs for America's Graduates (JAG)
    - Save the Children

Overview of the Delta Regional Authority

Vision Statement

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

Mission Statement

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

The DRA, created by Congress in 2000, is a federal-state partnership serving 252 counties and parishes in an eight-state region. Led by presidentially appointed, senate confirmed Federal Co-Chairman (FCC) Chris Masingill; presidentially appointed Alternate Federal Co-Chairman (AFCC) Mike Marshall; State Co-Chairman Governor Jay Nixon; 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 and funding opportunities through the four funding priorities: basic public infrastructure, transportation infrastructure, business development, and workforce development and training. Federal law requires at least 75 percent of funds to be invested in distressed counties and parishes and identified pockets of poverty, with 50 percent of the funds earmarked for basic public infrastructure and transportation improvements. In Fiscal Year 2013, the DRA invested 82.5 percent of federal funding in distressed counties and parishes and pockets of poverty 45.9 percent of funds in basic public infrastructure and transportation improvements.
At the local level, the Authority coordinates efforts with a combination of community and federal agencies. Local development districts (LDDs), regional entities with a proven track record of helping small municipalities, counties and parishes improve basic infrastructure and stimulate growth, serve as the Authority's front-line partners for project development and management.

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

Economic Status of the Delta Region

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

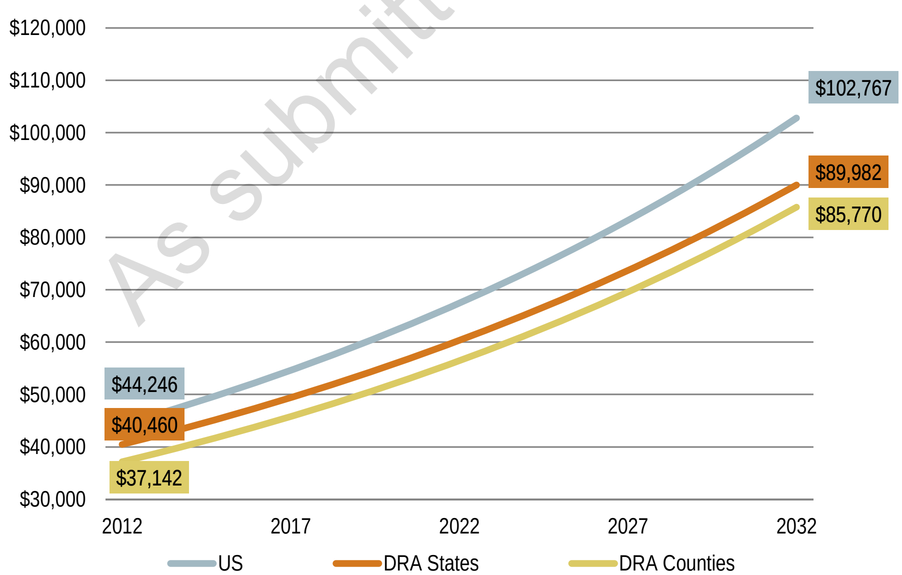
As encouraging as this data appear to be, unfortunately, these short-term gains are not likely to be sustained over the long-term, further proving the importance of efforts to increase public and private investment in the Delta region. This projection can be explained by the significant equalizing effect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

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

Finally, the performance of some individual counties has contributed to the region's overall improvement. In a number of cases, the "improvements" in PCPI have been the result of statistical quirks. For example, several parishes affected by Hurricane Katrina in 2005 saw dramatic increases in PCPI in subsequent years. This seeming incongruity likely reflects the influx of relief payments and new investment dollars measured against a diminished population. The 2009 revisions to the

Figure 1: Projected per capita income

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



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

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

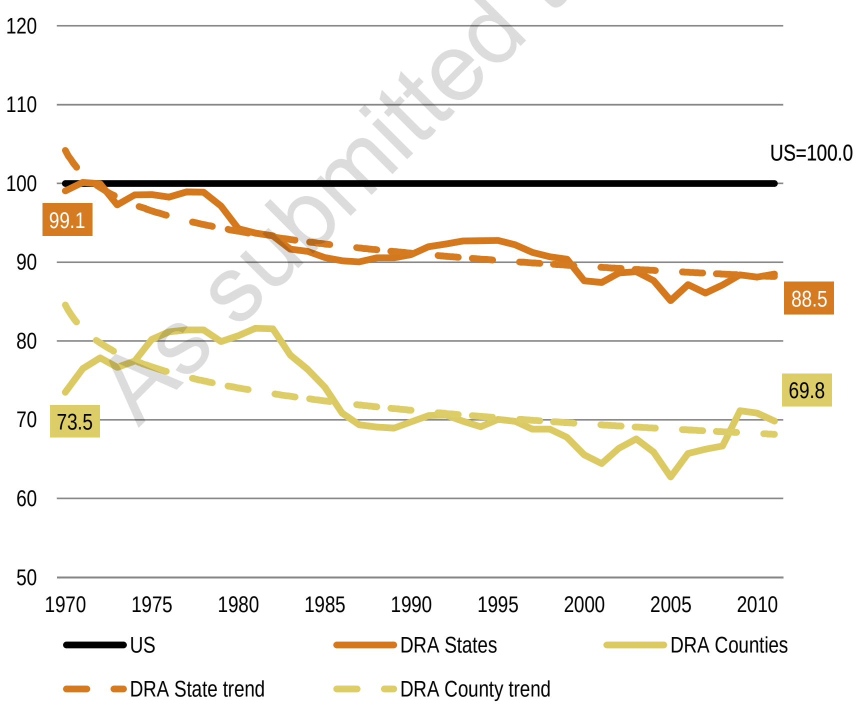
To help reduce the effect of these anomalies, the projections of nominal PCPI growth shown in Figure 1 were calculated using growth rates from a less volatile period. Under this scenario, income growth in the DRA region would begin to more closely parallel that of the eight DRA states over the next two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

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

One trend that has not improved in recent years is the region's increasing dependence on public assistance relative to the DRA states and the U.S. To illustrate this point, Figure 2 shows the ratio of total wage and salary disbursements (earnings) to total government transfer payments for the DRA region and the eight DRA states. The annual ratio for the U.S. is set to 100 and represents the baseline ratio of earned income to transfer payments. The lower an index falls below 100, the greater the region's reliance on transfer payments relative to the rest of the country. It is obvious that both the states and the region are growing increasingly dependent on transfer payments as a source of income. The sharp decline in the regional index in the mid-2000s is likely the result of Hurricane Katrina related payments.

Figure 2: Source of income index

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



Source: US Bureau of Economic Analysis

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

FY 2013 States' Economic Development Assistance Program (SEDAP)

To better serve the DRA region, the Authority – under Chairman Chris Masingill's leadership – has both realigned and reprioritized the goals of DRA's investment program, now known as the States' Economic Development Assistance Program (SEDAP). SEDAP's current focus is on project development and management. Following the Chairman's example, staff members now play a more active role in developing funded projects, building relationships, and connecting applicants and project developers to other funding sources thereby helping to complete needed projects. This approach is more holistic in nature and allows the Authority to be responsive to fluid economic development opportunities. SEDAP is now providing flexible funding solutions for the region.

Clearly, economic development has always been an integral 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 simply a funding source for economic and community development. Chairman Masingill is actively engaged in developing the necessary tools and resources to help achieve the Authority's goals for this program.

The Authority's 2013 SEDAP compliments the economic development activities taking place in the Region. From top to bottom, the entire program is crafted with the economic developer in mind. Highlights of the program include:

Administrative Notice -- A document and method used by DRA to make and track policy and procedural changes. Annually, DRA reviews its procedures and programs for necessary revisions. These updates are encapsulated and officially announced through an Administrative Notice, which is made public to our stakeholders.

Automated Application Website -- A web-based portal, found on www.dra.gov, allows applicants to fill out and submit applications for DRA investment programs. After release of the awards the site provides back-office support and tools for the management of constituent portfolios. Each of the DRA partner groups (DRA staff, DRA board, LDDs, and applicants/awardees) will have a customized web presence to assist in monitoring application and project activity. Transparency and accountability are enhanced through the utilization of this technology.

Critical Development Projects -- These projects include investment(s) of $300M or more from public and/or private sources and - other than for technology-related projects - for which 350 or more jobs created and/or retained. Some developers refer to these projects as "super projects" because of the significant economic impact they bring to an area.

Emergency/Contingency (E/C) Account -- Funds set aside for projects defined separately as emergencies related to natural disasters, fire, or unforeseen/unexpected developments that present a health and/or safety risk to communities; or contingency projects that fall outside the normal scope and/or timeline of the annual investment program. This funding program allows

DRA the flexibility to act quickly to assist with needed investments in order to help restore a community or secure an economic development projects.

Expedited Process -- One of several funding pathways, the "Expedited Process" will be initiated by the state when an immediate need exists for an economic development prospect project. A "prospect" would be a company committed to creating and/or retaining jobs in a community. Upon the request of the state, DRA will act quickly to complete the necessary review, eligibility determination, and award documentation delivery so as to meet the unique circumstances of the project.

Federal Priority Eligibility Criteria -- Investment priorities established by the Authority, which have been adopted from the President's administration. Currently the four federal priorities for DRA investment are: 1) Innovation and Small Business, 2) Regional Approach, 3) Multiple Funding Partners, and 4) Emergency Funding Need. The first priority focuses on job creation and/or retention and together with the other priorities these represent the primary objectives of the SEDAP program. Every funded project should meet at least one of these four federal criteria.

Priority Status Designation -- An eligible project that meets at least one goal or priority from each of the three additional areas of investment focus: 1) Federal Priorities (set by the administration), 2) Regional Development Plan goals, and 3) DRA State Plan goals and/or priorities. Projects meeting these requirements are given first consideration during the project selection process and have the best chance of receiving a SEDAP award.
Governors' project recommendations, which are in line with Chairman Masingill's and the President's priorities, demonstrate the Authority's continued emphasis of the four funding priority areas:

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

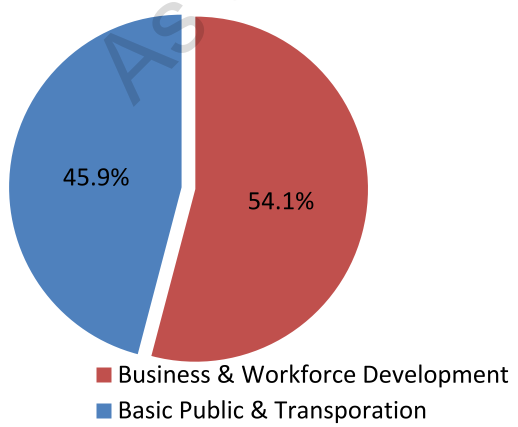


Figure 3. Share of SEDAP funding by federal priority

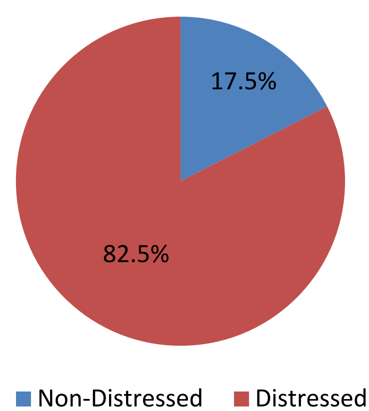


Figure 4. Share of SEDAP funding by distress status

As seen in figures 3 and 4, basic public and transportation infrastructure project investments totaled $4,851,218 (54.1 percent of SEDAP investments) and funding for distressed counties and parishes was $7,396,813 (82.5 percent of investments) for Fiscal Year 2013. The total project funding allocation is $8,961,732. SEDAP funds leveraged $48,434,216 in additional project funding, a ratio of 5.3 to 1, and $276,672,253 in private investment, a ratio of 30.4 to 1. For the FY 2013 SEDAP funding cycle the following is projected:

- 1,096 jobs will be created
- 1,149 jobs will be retained
- 1,203 families will receive improved water and sewer
- 1,242 individuals will be trained for jobs

Over the program's 12 years DRA has contributed $119,188,005 to 799 projects in the eight-state region for total project costs of $800,233,261. Total project cost includes $681,045,256 in other federal, state, and local funds, a ratio of 5.7 to 1 in additional leveraged funds. Private investment totals $2,022,816,351, a ratio of 17.0 to 1. Since inception, the DRA Federal Grant and States' Economic Development Assistance Programs have accomplished the following:

- 9,476 jobs created
- 7,855 jobs retained
- 25,532 families received improved water and sewer
- 3,745 individuals trained for jobs

Once all projects are completed the following is projected:

- 13,512 jobs created
- 11,014 jobs retained
- 36,111 families received improved water and sewer
- 12,912 individuals trained for jobs

The job creation and retention numbers above are guaranteed, to a large extent, through the execution of the DRA Private Entity Participation Agreement. The Participation Agreement was developed to demonstrate the private entity's commitment to creating and/or retaining jobs and injecting capital investment into a funded project. Congress intends for DRA to track certain metrics such as jobs created, jobs retained, families affected, and people trained. DRA also tracks private leveraged investment in addition to the other public investment (other project funds).

When DRA reports to Congress the results of the prior fiscal years, there is an increased level of confidence in the metrics being reported due to this agreement. In the case of a project that benefits a private entity by allowing the entity to expand or locate a facility, DRA asks the private partner to show its commitment by agreeing to this legal document. In the event the private partner withdraws or does not meet its commitment, it is required to refund a percentage of the project investment to DRA as a "claw-back."

Rural Community Advancement Program (RCAP)

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

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

Over the last eight years, DRA has successfully applied for more than $19 million in RCAP funding, which supported 198 projects. Traditionally, each year DRA allocates a portion of the RCAP dollars to fund various programmatic as well as region-wide projects determined by the Federal Co-Chairman. Examples of funded projects include: Local Development District (LDD) training, iDelta, Delta Leadership Institute, and the Delta Development Highway System.

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

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

Affordable Care Act (ACA) Outreach and Enrollment Strategy

DRA has been working throughout the year to help uninsured and underinsured families and individuals gain access to health insurance coverage. DRA will continue to amplify these ACA outreach and enrollment efforts in step with the open enrollment period that began on October 1, 2013. DRA is working in partnership with Small Business Administration (SBA), Health and Human Services (HHS), Department of Defense (DOD), and other partners in order to reach as many uninsured individuals as possible in order to educate them about how the ACA will affect them, and to help connect them to the information they need to enroll and with Navigators who can help guide them through the process.

DRA's ACA Accomplishments to Date:

- This summer, DRA proactively facilitated Affordable Care Act outreach and enrollment as part of a larger coordinated effort helping to improve health outcomes throughout the Delta region.
- DRA continued its now five-year partnership with the Department of Defense to provide free medical care to residents in underserved communities. More than 12,000 patients were seen through this program in July and August.
- DRA distributed nearly 12,000 health resource cards to help inform and connect uninsured individuals to affordable insurance options. The resource was given to every patient that came through an IRT clinic.
- DRA collected up-to-date contact information for thousands of IRT patients, so that Navigators, In-Person Assistors, Certified Application Counselors, and others will be better able to get in touch with the uninsured to inform them about options available to them through the ACA health exchanges.
- DRA provided handouts that directed patients to Federally Qualified Health Centers (FQHCs) in or near their communities.
- DRA worked with the Small Business Administration to hold educational Affordable Care Act seminars for small business owners and employees.
- DRA collaborated with the US Department of Defense, US Department of Health and Human Services Health Resources and Services Administration, US Small Business Administration, and others to facilitate ACA outreach and enrollment.

Delta Doctors Program

At the conclusion of FY 2013 the Delta Doctors Program has received 56 applications surpassing its total number of 2012 application submissions (33). Delta Doctors also maintains constructive dialogue with J-1 attorneys who counsel doctors in the program. In April, DRA hosted a highly successful Delta Doctors Conference in Memphis, TN with more than 60 J-1 attorneys, hospitals and medical professionals attending. Some of the outcomes from the conference are: the need to market the programs together, networking with the State Conrad 30 Directors and a need to have a central job bank for the region that hospitals, community centers and doctors looking for jobs can connect. Additionally, immigration reform was discussed as what impacts it will have on the Region.

Delta Doctors
Physicians Placed by State

State	2013	FY 2003 - 2013
Alabama	3	3
Arkansas	1	16
Illinois	13	45
Kentucky	1	9
Louisiana	5	14
Mississippi	13	71
Missouri	8	41
Tennessee	12	62
Totals	56	261

DRA collaborates and coordinates with health clinics, hospitals, immigration attorneys, State Conrad 30 coordinators, and the State Department to ensure the program's integrity. To date, the Delta Doctors program has assisted with the placement of 261 physicians in the region, which has increased regional capacity to meet the health care needs of Delta families.

Compliance-forms have been sent out to physicians, hospitals and clinics to get the patient numbers, and the breakdown of who has been seen these forms are sent out twice a year in July and December. We are asking for documentation from January 1- June 30 and then in December will be asking for patients seen from July 1-December 31.

Delta Leadership Institute

During the graduation session of the Delta Leadership Institute's Executive Academy in Little Rock, Arkansas this past July, the Delta Regional Authority Board also entertained proposals from five institutions across the region: Arkansas State University' Delta Center for Economic Development (ASU), University of Alabama's College of Continuing Studies (UA), University of Arkansas's Institute for Economic Advancement (IEA), University of Louisiana at Monroe (ULM), and the University of Mississippi's McLean Institute for Public Service and Community Engagement (UM). The board concluded that Chairman Masingill would offer three of the institutions (ASU, ULM, UM) a role in a three-entity collaboration. All three institutes accepted and began planning for the 2013-2014 Executive Academy as well as the next phase of the Delta Leadership Network.

In August, the Delta Regional Authority announced publicly that the Delta Leadership Institute (DLI) will become a three-entity collaboration with support from the entire eight-state region to build a comprehensive regional leadership program that focuses on issues affecting the Delta region. This announcement was based on a recommendation from the DRA Board to take the Delta Leadership Institute to the next level.

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

The application period for the upcoming DLI Executive Academy was open Tuesday, August 20 - Friday, September 20. For the first time, this year's application was available online, and applicants were be able to create a profile, complete an application, and upload recommendations to the DRA website. To date – seven of the eight states have submitted their Governor's selections for the 2013-2014 Executive Academy and those participants have been notified.

Expectations and Projections for FY 2014

- Orientation Session – November 4-7, Oxford, MS
- Planning for future sessions will continue
- We will finalize plan and announce continuing education opportunity for Delta Leadership Network at Harvard Kennedy School

Project Background

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 will continue to struggle.

DRA's Delta Leadership Institute (DLI) is designed to improve the decisions made by leaders across the region by broadening their understanding of regional issues, creating a corps of leaders with a regional and national perspective. The motivation for the creation of this Executive Academy and Delta Leadership Network under the Delta Leadership umbrella was, in fact, to have an "army" of well-informed community leaders who understand not only their issues but the Region's issues. To that end, those leaders who have participated in and continue to participate in the Delta Leadership Network (DLN) become the voice of the Region and for the Authority. DLN is the body of alumni who have successfully completed the year-long DLI Executive Academy program and continue to communicate in order to foster and strengthen cross-cultural, inter-governmental bonds in the region.

Healthy Delta Initiative

This August, the DRA announced a Healthy Delta Initiative investment of more than $800,000 to implement five Healthy Workforce Challenge programs in Alabama, Arkansas, Illinois, Louisiana and Missouri. Chairman Masingill announced notices to proceed for all five programs. The DRA is also in the process of re-launching the Rural Health IT Revolving Loan Fund to encourage providers who have not yet made the transition to electronic health records to do so in advance of the federal timetable for implementation.

As mentioned, the DRA continues health-related work through the Delta Doctors program and the incredible provision of free health care services and Affordable Care Act enrollment outreach that occurred during this year's Innovative Readiness Training (IRT) program. The Delta Data Initiative remains active and available to assist organizations in our region with the county/parish, state and regional data needed to present a compelling case when applying for grants and other funding opportunities.

The DRA has made investments more than $9.5 million in SEDAP health-related and RCAP health project in the region. Combined with the Healthy Workforce Challenge and the Rural Health IT Revolving Loan Fund, this amounts to a direct investment of more than $10.8 million, not including the considerable impact of the Delta Doctors and Innovative Readiness Training programs. The overall DRA health footprint is significant in a region that remains burdened by the nation's highest rates of chronic disease.

In the coming months, the DRA's Healthy Delta Initiative will continue to transition into a greater policy and advocacy role due to current and future federal funding limitations. In this new role, the DRA will continue to work on health through our ongoing collaborations, outreach capacity and partnerships in the existing program areas.

<u>DRA Healthy Workforce Challenge</u>

This August, the DRA joined HRSA in announcing twelve new recipients of the Delta States Rural Development Network Grant Program, and five new DRA Healthy Workforce Challenge awardees. The DRA Healthy Workforce Challenge investment totals more than $800,000 devoted to improving workforce health. The five selected awardees include the following programs:

Program Name	**Location**	**Amount Awarded**
The Tombigbee Healthcare Authority	Demopolis, Alabama	$163,145
ARcare	Augusta, Arkansas	$170,518
Southern Illinois University Center for Rural Health and Social Service Development	Carbondale, Illinois	$187,500
North Louisiana Regional Alliance	Delhi, Louisiana	$139,433
Mississippi County Health Department	Charleston, Missouri	$158,345

DRA Healthy Workforce Challenge projects must involve the development of programs that work with local business and industry to incentivize healthy living through behavior change in the workplace. The Delta region struggles with some of the highest rates of health disparities and chronic disease in the country. Delta area businesses pay a high cost in overall workforce productivity, including high rates of workforce absences and a surge in health related expenses. Healthier workforces promise to provide significant cost savings and a productivity boost to local businesses.

At minimum, Healthy Workforce Challenge programs must include a focus on smoking cessation, weight loss, exercise programs such as documentable activity logs, regular health checks and overall healthy living. The programs are encouraged to include new ways to encourage employees to take advantage of existing business incentives designed to influence healthy living in the workplace or create new incentives.

Over the next year, the DRA will be monitoring and evaluating the Healthy Workforce Challenge program outcomes, in anticipation of sharing and replicating best practices throughout the region.

Rural Health IT Revolving Loan Fund

Late last year, the DRA collaborated with USDA to create an innovative revolving loan fund to assist health care providers working in Health Provider Shortage or Medically Underserved Areas of the Delta to make the transition to electronic health records. This program provides interest free loans of up to $7,500 to small health care provider offices throughout the Delta region to be used to install and adopt electronic health records systems. Applicants must be eligible to receive meaningful use incentives, as defined by the HITECH Act, and must agree to repay the DRA upon receipt of these federal incentives.

Thus far, the DRA has provided revolving loans to providers in Mississippi, Missouri and Tennessee. Recent inquiries have been received from Alabama. Efforts are underway to encourage providers from all eight states to apply for this program as a way to help their offices meet the upfront costs of making the federally required transition to electronic health records. In the coming months, the DRA envisions working closely with State Offices of Rural Health Policy, medical societies and individual practitioner groups in all eight states to spread information about the program to providers in the Delta.

<u>Background</u>

Through its Healthy Delta Initiative (HDI), the DRA continues to highlight the importance of health to the region as a whole. The growing incidence of chronic disease in the region poses a threat to the lives, livelihoods, productivity, and economic vitality of the Delta. Within DRA states, the Centers for Disease Control (CDC) estimates that more than 3.3 million people suffer from diabetes. Improving health outcomes by addressing the toll of chronic disease through prevention and behavior change promises to strengthen workforce productivity and spur economic development throughout Delta communities.

The Healthy Delta Initiative began in fiscal year 2011 to tackle the toll of chronic disease through stakeholder meetings with governors, state Health and Human Service directors, and local community leaders. DRA then expanded its approach to strengthening health outcomes for the Delta region and met with White House staff, the United States Surgeon General, and regional directors of federal agencies that share its concerns for the health of Delta citizens.

Since 2011, HDI has consistently convened rural health advocacy organizations and rural health government agencies to develop strategic partnerships throughout the Delta region. These collaborations have yielded opportunities for more than 400 health care professional to receive technical assistance in how to access federal funding for programs that strengthen the health of the Delta.

Innovative Readiness Training

In its fifth year of partnership, the Delta Regional Authority and the Department of Defense are bringing the Innovative Readiness Training program to the Delta region through four medical missions across six states: Arkansas, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee. These medical missions provide quality medical care by licensed medical professionals-serving in reserve forces to residents of rural communities that otherwise have little to no access to quality health care. This year, the Department of Health and Human Services (HHS) through the Health Resources & Services Administration (HRSA) has joined the partnership to provide information and resources to patients regarding upcoming opportunities to enroll in health insurance.

2014 IRT Missions

Currently, DRA is assisting in Planning 4 missions for the 2014 cycle. Planning is underway for the Southern IL Care. Cajun Care held its initial planning session on September 23-26, 2013 in Abbeville, LA and will hold its second meeting December 17-19. Initial planning meetings for Arkansas Care were held September 19-20 in Newport, McCrory, Earle and Wynne the second follow-up meeting will take place January 28-30, 2014.

Dates for 2014 missions:

- Cajun Care – Abbeville, LA and Vermillion Parish
  - February 23- March 6, 2014
- Southern IL Care – Marion, Cairo, Mounds and Harrisburg
  - June 14-30, 2014
- Northern Louisiana Care – Tallulah, Delhi, and Winnsboro
  - July 7-18, 2014
- Arkansas Care – Earle, Wynne, Forrest City, Brinkley, McCroy and Newport
  - July 23 – August 5, 2014

2015 IRT Missions

For the 2015 cycle, the DRA and DOD IRT program is taking a new and exciting approach with a large scale mission. For a month (three weeks of medical care), the military will be in the region. With this type of operation, the program may incorporate tent hospitals. The four potentials sites are Pine Bluff, AR; West Memphis (to serve the greater Memphis population as well); Southeast Missouri; and Greenville, MS.

2013 IRT Mission Outcomes

The Innovative Readiness Training program is one of the best ways the Delta Regional Authority contributes to both the training of troops and the improving health outcomes in the people. In 2013, IRT clinics realized the following outcomes:

Martin Medical (Martin, TN and surrounding communities)

- 3,200 patients
  - 8,800 procedures, and providing $702,000 in value

Mississippi Medical (Clarksdale, Marks, Tunica, Rosedale, MS; Helena-West Helena, AR)

- 4,298 patients
  - 7,735 procedures, and providing $1.4 M in value
  - 1,886 patients turned away due to shortage of doctors

Four State Medical (Blytheville, AR; Dyersburg, TN; Hayti, MO; Mayfield, KY)

- 3,942 patients
  - 14,925 procedures, and providing $1.2M in value
  - 4,263 patients turned away due to shortage of doctors

Ferriday Medical (Ferriday, LA)

- 3,600 patients

Jobs for America's Graduates

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

The program substantially exceeded the goals that were set, and the work was able to be carried out in ways that helped to assure the core goal of the grant – the expansion of Jobs for America's Graduates services to high risk youth in the Delta Regional Authority's service area.

Results of Phase II Partnership between the DRA and JAG:

1. The full commitment of ten new schools to implement Jobs for America's Graduates in six of the DRA states:

    - Alabama
    - Arkansas
    - Kentucky
    - Louisiana
    - Mississippi
    - Missouri

For the $200,000 invested in $20,000 incentive grants to the 10 new schools, a total in excess of $650,000 in matching commitments was generated to fully implement the JAG Model in the 2012-13 school year including the services that will follow as the high school graduates move into the labor market and/or into higher education this summer.

2. All six Governors in the targeted states have been personally engaged and made aware of the strategy, along with many of the Chief State School Officers and the State Departments of Labor. In addition, dozens of school districts have been reached by the JAG Affiliates to help assess and identify those that were ready to make the combination of commitments required to implement the JAG Model.

3. Sustainability: it is anticipated that at least eight and likely all ten Phase II schools will be continuing in the upcoming school year with our own resources.

4. A substantial amount of recognition was provided to the Delta Regional Authority in multiple venues including the press announcement at National Governors Association meeting in February 2011, the presentation to the Board of the Delta Regional Authority, presentations to the JAG *National Training Seminar*, and the presentation by the Chairman of the DRA to the JAG *2012 National Leadership Awards Event*, the largest annual gathering of Jobs for America's Graduates. In addition, a direct presentation was

made by the Chairman at the end of the year Board of Directors meeting of Jobs for America's Graduates in November 2012.

Based upon JAG's 33 years of experience working with state and local organizations in support of Jobs for America's Graduates, the investment from the Delta Regional Authority which provided for additional outreach and engagement opportunities with Governors, Chief State School Officers, Commissioners and Secretaries of Labor, state legislators, and school district and community leaders added to and encouraged:

- The support of Governor Phil Bryant's initiative to substantially expand Jobs for Mississippi Graduates by securing the single largest appropriation in its history from the Legislature – $1 million. That amount, combined with funding from the two schools that received investments from Jobs for Mississippi Graduates, will result in an increase from 18 to 32 schools – an increase in scale of more than 50 percent.

- The success of Jobs for Louisiana's Graduates in boosting the overall graduation rate of the state, as cited by Governor Bobby Jindal in his statement that Louisiana had achieved the highest graduation rates in its history, attributing this result, in part, to Jobs for Louisiana's Graduates as one of the most important ingredients in its success.

- Encouraged the overall expansion of Jobs for Arkansas Graduates under the leadership of Governor Mike Beebe, by adding a total of nine additional schools, plus the two schools funded by the DRA, to the current 70 schools, for a growth of 15 percent in Arkansas.

- Bringing JAG to the "Bootheel" area of Missouri for the first time, and demonstrating its effectiveness and value, which has resulted in 300,000 of new state money to grow JAG to 10 new schools in the 2013-14 school year.

Save the Children

Save the Children's partnership with the Delta Regional Authority has brought professional development opportunities to Save the Children's school-based literacy programs in the Delta region in rural areas of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee. Save is currently developing the program in Missouri. Save the Children's program specialists have provided high-quality professional development training and technical assistance directly to staff members and teachers working in these rural schools. As an additional economic benefit, Save the Children's literacy programs have provided free, quality afterschool childcare options for working parents.

Program Results

- Save the Children's program specialists trained paraprofessionals and teachers to implement its school-based literacy programs in a total of 52 sites.

- Save the Children's afterschool literacy programs served a total of 5,582 children.

- Save the Children's program specialists trained a total of 433 program employees and 103 teachers.

- Books and computers to thirty Save the Children programs: **Computers --** 68 Lenovo Think center desktops, 68 Desktop monitors, 20 Lenovo Thinkpad notebooks; **Books --** 4,210 Books; **Software --** 30 Renaissance Learning licenses for STAR Reading and Accelerate Reader programs.

SECTION 3 - FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Regional Authority (the Authority) as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Regional Authority as of September 30, 2013 and 2012, and its net cost and the changes in its financial position and its resources (budgetary and non-budgetary) for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Authority’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Jackson, Mississippi
December 2, 2013

BASIC FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY

BALANCE SHEETS

SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Intragovernmental		
Fund balance with Treasury	$ 30,309,027	$ 33,696,751
Cash	863,244	1,069,779
Receivables	628,335	672,834
TOTAL ASSETS	$ 31,800,606	$ 35,439,364
LIABILITIES		
Intragovernmental payable	$ 235,501	$ 234,574
Accounts payable	31,266	159,198
Grants and other payables	2,771,877	2,632,779
TOTAL LIABILITIES	3,038,644	3,026,551
NET POSITION		
Unexpended appropriations/state funds	28,792,490	32,442,603
Cumulative results of operations	(30,528)	(29,790)
TOTAL NET POSITION	28,761,962	32,412,813
TOTAL LIABILITIES AND NET POSITION	$ 31,800,606	$ 35,439,364

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY

STATEMENTS OF NET COST

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	$ 174,094	$ 371,042
Less intragovernmental earned revenue	-	-
Intragovernmental net costs	174,094	371,042
Gross costs with the public	18,933,914	18,037,695
Less earned revenues from the public	-	-
Net costs with the public	18,933,914	18,037,695
TOTAL NET PROGRAM COSTS	19,108,008	18,408,737
NET COST OF OPERATIONS	$ 19,108,008	$ 18,408,737

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013		2012	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	$ (29,790)	$ 32,442,603	$ (30,353)	$ 35,611,087
BUDGETARY FINANCING SOURCES				
Appropriations received	-	11,677,000	-	11,677,000
Other adjustments (recessions, etc.)	-	(610,777)	-	-
Appropriations used	14,491,512	(14,491,512)	14,965,015	(14,965,015)
OTHER FINANCING SOURCES				
Cost of operations absorbed by member states and others	-	1,111,371	-	972,212
Cost of operations absorbed by RCAP	-	3,252,971	-	2,559,199
Imputed financing from costs absorbed by others	26,592	-	32,405	-
Disbursements of RCAP funds	3,324,684	(3,324,684)	2,539,845	(2,539,845)
Disbursements of funds provided by member states and others	1,264,482	(1,264,482)	872,035	(872,035)
TOTAL FINANCING SOURCES	19,107,270	(3,650,113)	18,409,300	(3,168,484)
NET COST OF OPERATIONS	19,108,008	-	18,408,737	-
NET CHANGE	(738)	(3,650,113)	563	(3,168,484)
NET POSITION, ENDING BALANCE	$ (30,528)	$ 28,792,490	$ (29,790)	$ 32,442,603

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013				
	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	$ 652,423	$ 659,015	$ 36,414	$ -	$ 1,347,852
Recoveries of prior year obligations	3,249,138	-	-	-	3,249,138
Other adjustments (recisions, etc.)	(610,777)	-	-	-	(610,777)
Budget authority					
Appropriations received	11,066,223	-	-	-	11,066,223
Spending authority from offsetting collections					
Collected	-	1,299,786	3,252,971	(188,415)	4,364,342
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	$ 14,357,007	$ 1,958,801	$ 3,289,385	$ (188,415)	$ 19,416,778
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	$ 14,508,474	$ -	$ -	$ -	$ 14,508,474
Unobligated balances/unexpended funds					
Apportioned	459,310	-	-	-	459,310
Unexpended funds	-	694,319	(35,299)	-	659,020
TOTAL STATUS OF BUDGETARY RESOURCES	$ 14,967,784	$ 694,319	$ (35,299)	$ -	$ 15,626,804
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	$ 33,044,329	$ -	$ 1,017,158	$ -	$ 34,061,487
Obligations incurred	14,508,474	1,264,482	3,324,684	-	19,097,640
Gross outlays	(14,453,948)	(1,243,686)	(3,375,728)	-	(19,073,362)
Recoveries of prior year unpaid obligations, actual	(3,249,138)	-	-	-	(3,249,138)
Obligated balance, net, end of year					
Undelivered orders	28,094,642	-	-	-	28,094,642
Accounts payable	1,755,075	20,796	966,114	-	2,741,985
Total, unpaid obligated balance, net, end of year	$ 29,849,717	$ 20,796	$ 966,114	$ -	$ 30,836,627
NET OUTLAYS					
Gross outlays	$ 14,453,948	$ 1,243,686	$ 3,375,728	$ -	$ 19,073,362
Offsetting collections	-	(1,299,786)	(3,252,971)	-	(4,552,757)
NET OUTLAYS	$ 14,453,948	$ (56,100)	$ 122,757	$ -	$ 14,520,605

See Notes to Financial Statements

2012				
Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
$ 306,978	$ 558,838	$ 17,060	$ -	$ 882,876
6,496,469	-	-	-	6,496,469
-	-	-	-	-
11,677,000	-	-	-	11,677,000
61,799	1,367,476	2,559,199	(395,264)	3,593,210
$ 18,542,246	$ 1,926,314	$ 2,576,259	$ (395,264)	$ 22,649,555
$ 17,889,825	$ -	$ -	$ -	$ 17,889,825
638,559	-	-	-	638,559
-	659,015	36,414	-	695,429
$ 18,528,384	$ 659,015	$ 36,414	$ -	$ 19,223,813
$ 35,374,195	$ 40,667	$ 1,347,885	$ -	$ 36,762,747
17,889,825	1,267,299	2,539,845	-	21,696,969
(13,723,222)	(1,307,966)	(2,870,572)	-	(17,901,760)
(6,496,469)	-	-	-	(6,496,469)
31,326,818	-	-	-	31,326,818
1,717,511	-	1,017,158	-	2,734,669
$ 33,044,329	$ -	$ 1,017,158	$ -	$ 34,061,487
$ 13,723,222	$ 1,307,966	$ 2,870,572	$ (395,264)	$ 17,506,496
(61,799)	(1,367,476)	(2,540,390)	-	(3,969,665)
$ 13,661,423	$ (59,510)	$ 330,182	$ (395,264)	$ 13,536,831

DELTA REGIONAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

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

Reporting Entity

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

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

Basis of Presentation

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

OMB Circular No. A-136 requires agencies to prepare basic statements, which include a balance sheet, statement of net cost, statement of changes in net position and statement of resources (budgetary and non-budgetary). The balance sheets present, as of September 30, 2013 and 2012, 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 GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Revenues and Other Financing Sources

DRA is a federal agency and receives appropriations. Other financing sources for DRA consist of imputed financing sources which are costs financed by other federal entities on behalf of DRA, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. DRA also had a reimbursable agreement with the United States Department of Transportation (DOT) during fiscal years 2013 and 2012.

Cash

At September 30, 2013 and 2012, cash consisted of deposit accounts with several financial institutions. At September 30, 2013, the Authority's cash accounts were not 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.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on net costs.

NOTE 2 – FUND BALANCE WITH TREASURY

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

	2013	2012
Fund balance with Treasury		
Appropriated fund	$ 30,309,027	$ 33,696,751
Status of fund balance with Treasury		
Unobligated balance		
Available	$ 459,310	$ 638,559
Unavailable	-	-
Obligated balance not yet disbursed	29,849,717	33,058,192
	$ 30,309,027	$ 33,696,751

NOTE 3 – FUNDS RECEIVED AS ASSESSMENTS FROM MEMBER STATES

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

	2013	2012
Unobligated balance of state funds on hand, beginning of year	$ 228,047	$ 107,079
Current year billed to and received from states	722,729	771,551
Total available from states	$ 950,776	$ 878,630
Unobligated balance of state funds on hand, end of year	$ 185,810	$ 228,047

In addition, included in cash are funds totaling $21,552 and $129,330 at September 30, 2013 and 2012, respectively, which are reimbursements from the RCAP program and available to offset future state assessments.

NOTE 4 – LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

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

	2013	2012
Liabilities not covered by budgetary resources		
Leave liability (federal)	$ 34,844	$ 29,791
Leave liability (state)	25,959	25,959
Other payables (state)	24,588	4,067
Deferred inflows from grants (RCAP)	275,792	157,548
Grants payable (RCAP)	690,322	859,610
Total liabilities not covered by budgetary resources	1,051,505	1,076,975
Liabilities covered by budgetary resources		
Accounts payable	6,678	159,198
Grants payable	1,728,836	1,545,072
Payroll and leave liability	16,124	10,732
Intragovernmental payable	235,501	234,574
Total liabilities covered by budgetary resources	1,987,139	1,949,576
Total liabilities	$ 3,038,644	$ 3,026,551

NOTE 5 – GRANTS AND OTHER PAYABLES

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

	2013	2012
Federal		
Accrued funded payroll and leave - current	$ 12,333	$ 10,732
Accrued unfunded leave - noncurrent	34,844	29,791
Grants payable	1,728,836	1,545,072
Total federal	1,776,013	1,585,595
State and Other		
Accrued leave	29,750	30,026
Total state and other	29,750	30,026
Rural Community Assistance Program		
Deferred inflows of grant funds	275,792	157,548
Grants payable	690,322	859,610
Total Rural Community Assistance Program	966,114	1,017,158
	$ 2,771,877	$ 2,632,779

NOTE 6 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

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

	2013	2012
Direct - category A	$ 1,448,313	$ 1,943,597
Direct - category B	13,060,161	15,946,228
Total obligations	$ 14,508,474	$ 17,889,825

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 $1,051,504, and the increase in components requiring resources in future periods totaled $0 at September 30, 2013. 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. 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 8-year operating lease arrangement.

Future minimum lease payments at September 30, 2013, were:

2014	$ 136,150
2015	137,912
2016	139,713
2017	112,631
2018	85,591
After 5 years	117,015
	$ 729,012

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 $127,721 and $175,054 for the years ended September 30, 2013 and 2012, respectively.

NOTE 9 – PENSION PLANS

Plan Description

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

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

Funding Policy

Contribution rates for the Authority for the defined contribution 401(k) plan expressed as a percentage of covered payroll was 14.3% and 15.3% for the years ended September 30, 2013 and 2012, respectively. Contributions made by the Authority amounted to $64,514 and $76,809 for the years ended September 30, 2013 and 2012, respectively.

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, 2013. The Authority's contributions to FERS for the years ended September 30, 2013 and 2012 were $63,595 and $67,420, 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

	2013	2012
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	$ 14,508,474	$ 17,889,825
Less spending authority from offsetting collections and recoveries	(3,249,138)	(6,558,268)
Net obligations	11,259,336	11,331,557
OTHER RESOURCES		
Imputed financing from costs absorbed by others	26,592	32,405
Cost of operations absorbed by member states and others	1,264,482	872,035
Cost of operations absorbed by RCAP	3,324,684	2,539,845
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	15,875,094	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	3,232,176	3,633,458
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	19,107,270	18,409,300
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	(4,314)	-
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	5,052	(563)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 19,108,008	$ 18,408,737

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 FY2012, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY2013 President's budget, which are rounded to the nearest million. As the FY2015 President's budget is not yet available, comparison between the statement of budgetary resources and the actual FY2013 data in the FY2015 budget cannot be performed.

OTHER INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
ASSETS					
Intragovernmental					
Fund balance with Treasury	$ 30,309,027	$ -	$ -	$ -	$ 30,309,027
Cash	-	486,330	376,914	-	863,244
Receivables	4,314	258,535	553,901	(188,415)	628,335
TOTAL ASSETS	$ 30,313,341	$ 744,865	$ 930,815	$ (188,415)	$ 31,800,606
LIABILITIES					
Intragovernmental payable	$ 235,501	$ -	$ -	$ -	$ 235,501
Accounts payable	10,470	20,796	-	-	31,266
Grants and other payables	1,776,013	29,750	966,114	-	2,771,877
TOTAL LIABILITIES	2,021,984	50,546	966,114	-	3,038,644
NET POSITION					
Unexpended appropriations/state funds	28,321,885	694,319	(35,299)	(188,415)	28,792,490
Cumulative results of operations	(30,528)	-	-	-	(30,528)
TOTAL NET POSITION	28,291,357	694,319	(35,299)	(188,415)	28,761,962
TOTAL LIABILITIES AND NET POSITION	$ 30,313,341	$ 744,865	$ 930,815	$ (188,415)	$ 31,800,606

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
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 STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2013

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	$ 174,094	$ -	$ -	$ -	$ 174,094
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	174,094	-	-	-	174,094
Gross costs with the public	14,344,748	1,264,482	3,324,684	-	18,933,914
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	14,344,748	1,264,482	3,324,684	-	18,933,914
TOTAL NET PROGRAM COSTS	14,518,842	1,264,482	3,324,684	-	19,108,008
NET COST OF OPERATIONS	$ 14,518,842	$ 1,264,482	$ 3,324,684	$ -	$ 19,108,008

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT 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	$ 371,042	$ -	$ -	$ -	$ 371,042
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	371,042	-	-	-	371,042
Gross costs with the public	14,625,815	1,267,299	2,539,845	(395,264)	18,037,695
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	14,625,815	1,267,299	2,539,845	(395,264)	18,037,695
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 STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2013

	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	$ (29,790)	$ 31,747,174	$ -	$ 659,015	$ -	$ 36,414	$ -	$ -	$ (29,790)	$ 32,442,603
BUDGETARY FINANCING SOURCES										
Appropriations received	-	11,677,000	-	-	-	-	-	-	-	11,677,000
Other adjustments (recisions, etc.)	-	(610,777)	-	-	-	-	-	-	-	(610,777)
Appropriations used	14,491,512	(14,491,512)	-	-	-	-	-	-	14,491,512	(14,491,512)
OTHER FINANCING SOURCES										
Cost of operations absorbed by member states and others	-	-	-	1,299,786	-	-	-	(188,415)	-	1,111,371
Cost of operations absorbed by RCAP	-	-	-	-	-	3,252,971	-	-	-	3,252,971
Imputed financing from costs absorbed by others	26,592	-	-	-	-	-	-	-	26,592	-
Disbursements of RCAP funds	-	-	-	-	3,324,684	(3,324,684)	-	-	3,324,684	(3,324,684)
Disbursements of funds provided by member states and others	-	-	1,264,482	(1,264,482)	-	-	-	-	1,264,482	(1,264,482)
TOTAL FINANCING SOURCES	14,518,104	(3,425,289)	1,264,482	35,304	3,324,684	(71,713)	-	(188,415)	19,107,270	(3,650,113)
NET COST OF OPERATIONS	14,518,842	-	1,264,482	-	3,324,684	-	-	-	19,108,008	-
NET CHANGE	(738)	(3,425,289)	-	35,304	-	(71,713)	-	(188,415)	(738)	(3,650,113)
NET POSITION, ENDING BALANCE	$ (30,528)	$ 28,321,885	$ -	$ 694,319	$ -	$ (35,299)	$ -	$ (188,415)	$ (30,528)	$ 28,792,490

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT 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 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

YEAR ENDED SEPTEMBER 30, 2013

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	$ 14,508,474	$ -	$ -	$ -	$ 14,508,474
Less spending authority from offsetting collections and recoveries	3,253,452	-	-	-	3,253,452
Net obligations	11,255,022	-	-	-	11,255,022
OTHER RESOURCES					
Imputed financing from costs absorbed by others	26,592	-	-	-	26,592
Cost of operations absorbed by member states and others	-	1,264,482	-	-	1,264,482
Cost of operations absorbed by RCAP	-	-	3,324,684	-	3,324,684
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	11,281,614	1,264,482	3,324,684	-	15,870,780
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	(3,232,176)	-	-	-	(3,232,176)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	14,513,790	1,264,482	3,324,684	-	19,102,956
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	5,052	-	-	-	5,052
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 14,518,842	$ 1,264,482	$ 3,324,684	$ -	$ 19,108,008

DELTA REGIONAL AUTHORITY
COMBINING RECONCILIATION 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	-	1,267,299	-	(395,264)	872,035
Cost of operations absorbed by others	-	-	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					
Increase 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
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2013

Description	Paid From: Federal Funds	Paid From: State and Other Funds	Paid From: Rural Community Assistance Program	Total All Funds
Grants, subsidies and contributions	$ 12,861,960	$ -	$ 3,324,684	$ 16,186,644
Consulting and other services	330,598	421,154	-	751,752
Employee benefits	227,039	77,159	-	304,198
Personnel services	741,708	244,303	-	986,011
Seminars and meetings	-	127,246	-	127,246
Travel and transportation of persons	149,232	81,664	-	230,896
Rent, communications and utilities	87,998	204,409	-	292,407
Supplies and materials	20,802	52,153	-	72,955
Printing and reproduction	30,103	29,093	-	59,196
Office expense	4,508	27,301	-	31,809
	$ 14,453,948	$ 1,264,482	$ 3,324,684	$ 19,043,114

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, 2013, 2012 AND 2011

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

	2013			2012			2011		
	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	$ 2,915,806	$ 649,450,560	32.0%	$ 3,048,016	$ 225,049,336	33.8%	$ 2,812,540	$ 12,471,751	21.7%
B. Transportation Infrastructure	2,035,412	70,517,811	22.4%	2,937,905	13,114,186	32.5%	5,115,282	186,371,579	39.4%
C. Business Development	2,883,616	226,731,630	31.6%	1,999,030	4,063,777	22.1%	3,823,860	23,076,044	29.4%
D. Work Development	1,276,885	6,997,425	14.0%	1,045,900	1,596,300	11.6%	1,214,738	6,450,956	9.3%
E. Other	-	-	0.00%	-	-	0.00%	26,900	26,900	0.2%
	$ 9,111,719	$ 953,697,426	100.0%	$ 9,030,851	$ 243,823,599	100.0%	$ 12,993,320	$ 228,397,230	100.0%

	2013			2012			2011		
	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %
State Allocations:									
Alabama	$ 979,248	$ 979,248	10.9%	$ 1,013,555	$ 1,013,555	10.7%	$ 1,087,053	$ 1,087,053	8.4%
Arkansas	1,415,326	1,415,326	15.8%	1,336,720	1,461,940	15.4%	1,554,213	1,554,213	12.0%
Illinois	706,184	706,148	7.9%	810,579	810,579	8.6%	978,509	978,509	7.5%
Kentucky	839,893	839,894	9.4%	850,170	850,170	9.0%	928,253	928,253	7.1%
Louisiana	1,644,478	1,644,478	18.3%	1,734,437	1,734,438	18.3%	1,779,648	1,779,648	13.7%
Mississippi	1,342,547	1,342,557	15.0%	1,161,316	1,467,054	15.5%	1,482,253	1,482,253	11.4%
Missouri	1,039,830	1,039,830	11.6%	1,093,874	1,093,874	11.5%	1,434,745	1,434,745	11.0%
Tennessee	994,213	994,215	11.1%	1,030,200	1,039,980	11.0%	3,748,646	3,748,646	28.9%
	$ 8,961,719	$ 8,961,696	100.0%	$ 9,030,851	$ 9,471,590	100.0%	$ 12,993,320	$ 12,993,320	100.0%

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Delta Regional Authority (the Authority), which comprise the balance sheet as of September 30, 2013, and the related statements of net cost, changes in net position, and resources (budgetary and nonbudgetary) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

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

Other Matters

We noted certain matters that we reported to the Authority's management in a separate letter dated December 2, 2013.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Jackson, Mississippi
December 2, 2013