

DELTA REGIONAL AUTHORITY
PERFORMANCE AND ACCOUNTABILITY REPORT
SEPTEMBER 30, 2014



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DELTA REGIONAL AUTHORITY

OFFICE OF THE FEDERAL CO-CHAIRMAN

November 17, 2014

Shaun Donovan, Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Donovan:

Enclosed you will find the Delta Regional Authority's (DRA) Performance and Accountability Report for FY 2014. This report is an accurate and comprehensive account of the Authority's performance for FY 2014 and includes comparative financial statements for FY 2013 and FY 2014. 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 DRA strives to create jobs, build communities, and improve the lives of the nearly 10 million residents of the Delta region.

In FY 2014, the DRA—through its States' Economic Development Assistance Program (SEDAP)—invested \$9,448,618 of its appropriation into 63 projects in its eight-state region. This investment leveraged \$16,047,962 in other federal, state and local funds – a ratio of 1.7 to 1 – for a total project investment of \$25,496,580. Additionally, the DRA's investments attracted private investments totaling \$3,530,000 - a ratio of 2 to 5. Ultimately, the DRA has leveraged \$19,577,962 in other public and private investments for a total investment ratio of 2.1 to 1.

With these investments, the 2014 DRA States' Economic Development Assistance Program is expected to help achieve the following results:

- 8,564 families provided with access to improved water and sewer;
- 50 individuals trained for a 21st century workforce; and
- 1,560 jobs created and retained.

Over the course of 13 funding cycles, the DRA has invested \$128,636,623 in 862 projects in its eight-state region, leveraging \$697,093,218 in other federal, state and local funds at a ratio of 5.4 to 1. Additionally, this investment has attracted \$2,026,346,351 in private investment – a ratio of 15.8 to 1 – for a total of \$2,723,439,569 in leveraged public and private funds resulting in a leverage ratio of 21.2 to 1.

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

- 28,047 families provided with access to improved water and sewer;
- 5,529 individuals trained for a 21st century workforce; and
- 18,202 jobs created and retained.

In addition, the following future SEDAP outcomes are projected:

- 33,114 families provided with access to improved water and sewer;
- 19,806 individuals trained for a 21st century workforce; and
- 22,849 jobs created and retained.

As evidence by this report, numerous accomplishments in FY 2014 have been realized through the following programs and initiatives:

States' Economic Development Assistance Program (SEDAP);
Affordable Care (ACA) Outreach and Enrollment Strategy;
Delta Leadership Institute (DLI);
Small Business & Entrepreneurship Initiative;
Healthy Delta Initiative;
Delta Doctors Program;
Innovative Readiness Training (IRT);
Jobs for America's Graduates (JAG);
Rural Health IT Revolving Loan Fund;
Delta Health Care Services Grant Program;
Local Development Districts (LDD) capacity building; and
Reimagining the Delta Workforce Initiative.

It is with great pleasure that the DRA submits its FY 2014 Performance and Accountability Report. Performance data included in this report has been compiled to provide the most complete and accurate results available. DRA will continue to grow as an agency and invest its resources in projects, programs, and organizations to help provide the 252 counties and parishes of the Delta region with the necessary infrastructure, job training, and business resources to create jobs, build communities, and improve lives.

Sincerely,



Christopher A. Masingill
Federal Co-Chairman

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS

DELTA REGIONAL AUTHORITY

Listing of Officials
As of September 30, 2014

Federal Co-Chairman

Mr. Christopher A. Masingill

States' Co-Chairman

Governor Phil Bryant

Alternate Federal Co-Chairman

Mr. Michael G. Marshall

Alternate States' Co-Chairman

Mr. Chris Champion

STATE GOVERNORS, DESIGNEES, AND ALTERNATES

Alabama

Governor Robert Bentley

Mr. Jim Byard, Jr. (Designee)

Mr. Jimmy Lester (Alternate)

Louisiana

Governor Bobby Jindal

Mr. Doyle Robinson

(Designee & Alternate)

Arkansas

Governor Mike Beebe

Mr. Steven B. Jones

(Designee & Alternate)

Mississippi

Governor Phil Bryant

Mr. Chris Champion

(Designee & Alternate)

Illinois

Governor Pat Quinn

Mr. William Stanhouse (Designee)

Ms. Kim Watson (Alternate)

Missouri

Governor Jay Nixon

Mr. Bill Ransdall (Designee)

Kentucky

Governor Steven Beshear

Mr. Tony Wilder

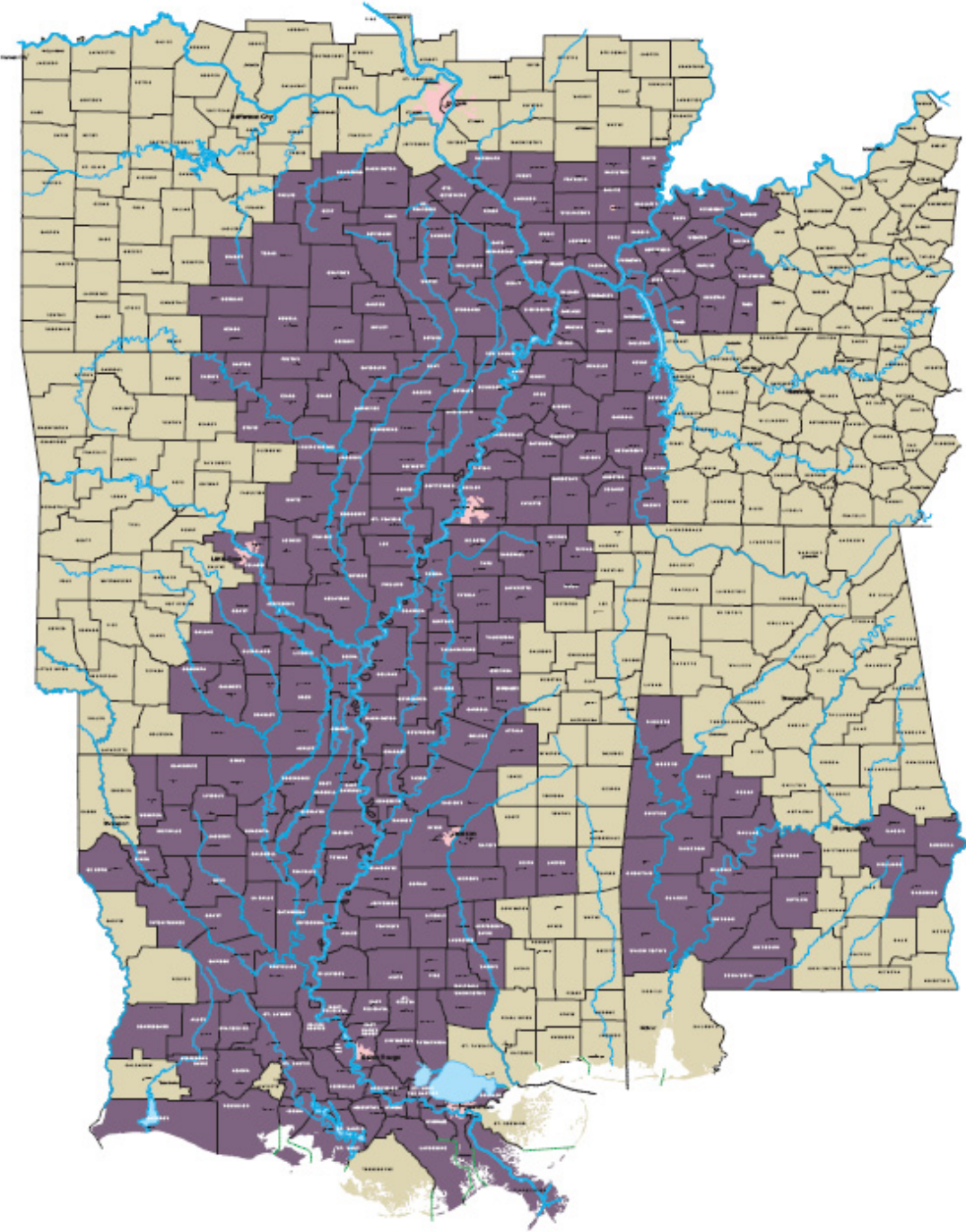
(Designee & Alternate)

Tennessee

Governor Bill Haslam

Mr. Ted Townsend (Designee)

Ms. Brooxie Carlton (Alternate)



Delta Regional Authority Service Area



Introduction

The Delta Regional Authority (the Authority or DRA) is a federal-state partnership serving 252 counties and parishes in an eight-state region. Led by a Federal Co-Chairman and the Governors of each participating state, 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 2014 Farm Bill to 2018.

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

Program Highlights for Fiscal Year 2014

During FY 2014, 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 2014 project funding allocation was \$9,448,618. Basic public and transportation infrastructure project funding totaled \$5,776,580, or 61.1% of the States' Economic Development Assistance Program's (SEDAP) investment; investment in distressed counties totaled \$8,463,215, or 89.6% of total investment. Fiscal Year 2014 SEDAP funds leveraged \$16,047,962 in additional project funding – a ratio of 1.7 to 1 – and \$3,530,000 in leveraged private investment, a ratio of .4 to 1.

Fiscal Year 2014 Counties and Parishes

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 are 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 Fiscal Year 2014 resulted in 212 distressed counties and parishes and 40 non-distressed counties (see list below).

Distressed List as of September 30, 2014

Alabama (20)	Greene	Kentucky (18)	Lincoln	Lafayette	New Madrid
Barbour	Independence	Caldwell	Livingston	Lawrence	Oregon
Bullock	Izard	Calloway	Madison	Leflore	Ozark
Butler	Jackson	Carlisle	Morehouse	Lincoln	Pemiscot
Choctaw	Jefferson	Christian	Red River	Marion	Perry
Clarke	Lawrence	Crittenden	Richland	Marshall	Phelps
Conecuh	Lee	Fulton	St Bernard	Montgomery	Reynolds
Dallas	Lincoln	Graves	St. Helena	Panola	Ripley
Escambia	Lonoke	Henderson	St. James	Pike	Shannon
Greene	Marion	Hickman	St. Martin	Quitman	St. Francois
Hale	Mississippi	Hopkins	Tangipahoa	Sharkey	Stoddard
Lowndes	Monroe	Livingston	Tensas	Simpson	Texas
Macon	Ouachita	Lyon	Union	Smith	Washington
Marengo	Phillips	Marshall	Vermillion	Sunflower	Wayne
Monroe	Poinsett	McLean	Washington	Tallahatchie	Wright
Perry	Randolph	Muhlenberg	West Carroll	Tate	Tennessee (20)
Pickens	Searcy	Todd	West Feliciana	Tippah	Benton
Russell	Sharp	Trigg	Winn	Tunica	Carroll
Sumter	St. Francis	Webster	Mississippi (43)	Union	Chester
Washington	Stone	Louisiana (35)	Adams	Walthall	Crockett
Wilcox	Van Buren	Allen	Amite	Warren	Decatur
Arkansas (38)	White	Avoyelles	Attala	Washington	Dyer
Ashley	Woodruff	Beauregard	Benton	Wilkinson	Fayette
Baxter	Illinois (12)	Bienville	Bolivar	Yalobusha	Gibson
Bradley	Alexander	Caldwell	Carroll	Yazoo	Hardeman
Calhoun	Franklin	Catahoula	Claiborne	Missouri (26)	Hardin
Chicot	Gallatin	Claiborne	Coahoma	Bollinger	Haywood
Clay	Hardin	Concordia	Copiah	Butler	Henderson
Cleveland	Johnson	East Carroll	Covington	Carter	Henry
Craighead	Massac	East Feliciana	Franklin	Crawford	Lake
Crittenden	Perry	Evangeline	Grenada	Dent	Lauderdale
Cross	Pope	Franklin	Holmes	Douglas	McNairy
Dallas	Pulaski	Grant	Humphreys	Dunklin	Obion
Desha	Randolph	Iberville	Issaquena	Howell	Shelby
Drew	Saline	Jackson	Jasper	Iron	Tipton
Fulton	Union	Jefferson Davis	Jefferson	Madison	Weakley
Grant		La Salle	Jefferson Davis	Mississippi	

Non-Distressed List as of September 30, 2014

Alabama (0)

All counties in Alabama are designated as distressed

Arkansas (4)

Arkansas
Prairie
Pulaski
Union

Illinois (4)

Hamilton
Jackson
White
Williamson

Kentucky (3)

Ballard

McCracken
Union

Louisiana (21)

Acadia
Ascension
Assumption
Cameron
Desoto
East Baton Rouge
Iberia
Jefferson
LaFourche
Natchitoches
Orleans
Ouachita
Plaquemines
Pointe Coupee
Rapides
St. Charles
St. John the Baptist

St. Landry
St. Mary
Webster
West Baton Rouge

Mississippi (4)

DeSoto
Hinds
Madison
Rankin

Missouri (3)

Cape Girardeau
Scott
Ste. Genevieve

Tennessee (1)

Madison

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 2014, Governor Phil Bryant of Mississippi was elected to serve as the sixth States' Co-Chairman. The DRA statute requires the Board to hold an annual quorum meeting which compels the attendance of a majority of the states' Governors. For all other DRA meetings, Governors may appoint a designee/alternate to serve in their absence.

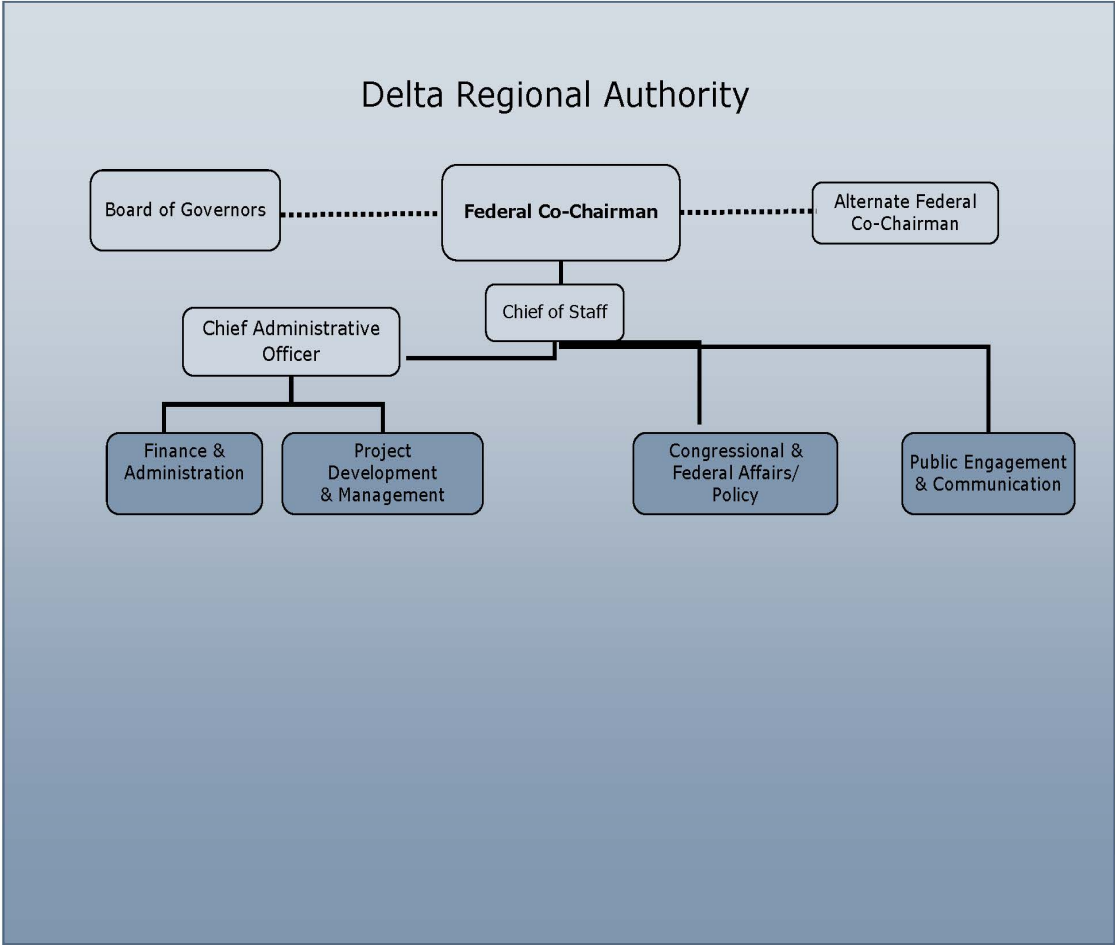
The relationship between the Federal Co-Chairman and Governors is a partnership where all board members share the fiduciary responsibility of the Authority. Moreover, the Board's responsibilities are: to establish and approve investments for economic development to the region; assess the state of the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

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

The Federal Co-Chairman maintains an office within the DRA office and at the end of FY 2014 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 twelfth 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, 2014, as compared to the prior year:

- Total assets decreased \$1,936,986, or 6.09% in 2014 compared to decreased assets of \$3,638,758, or -10.27% in 2013;
- Total liabilities decreased by \$823,996, or 27.12% in 2014 compared to an increase of \$12,093, or 0.40% in 2013;
- Net cost of operations decreased by \$718,101, or 3.76% in 2014 compared to an increase of \$699,271, or 3.80% in 2013;
- Financing sources of operations decreased by \$647,899, or 3.39% in 2014 compared to an increase of \$697,970, or 3.79% in 2013; and
- Net position decreased again in 2014 by \$1,112,990, or 3.87% as compared to the decrease of \$3,650,851, or -11.26% in 2013.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Assets	<u>\$ 35,439,364</u>	<u>\$ 31,800,606</u>	<u>\$ 29,863,620</u>
Total Liabilities	\$ 3,026,551	\$ 3,038,644	\$ 2,214,648
Net Position			
Unexpended appropriations/state funds	32,442,603	28,792,490	27,610,036
Cumulative results of operations	<u>(29,790)</u>	<u>(30,528)</u>	<u>38,936</u>
Total Net Position	<u>32,412,813</u>	<u>28,761,962</u>	<u>27,648,972</u>
Total Liabilities and Net Position	<u>\$ 35,439,364</u>	<u>\$ 31,800,606</u>	<u>\$ 29,863,620</u>

Total assets decreased \$1,936,986, or 6.09% in 2014 compared to decreased assets of \$3,638,758, or -10.27% in 2013. The FY 2014 decrease is attributed to a decrease in operational funding as compared to the higher FY 2013 decrease which was due to a sequestered sum of \$587,423 and rescission of \$23,354.

Total liabilities decreased by \$823,996, or 27.12% in 2014 compared to an increase of \$12,093, or 0.40% in 2013 FY 2013 were 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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Program Costs			
Intergovernmental gross costs	\$ 371,042	\$ 174,094	\$ 236,133
Net costs with the public	<u>18,037,695</u>	<u>18,933,914</u>	<u>18,153,774</u>
Total Program Costs	<u>18,408,737</u>	<u>19,108,008</u>	<u>18,389,907</u>
 Net Cost of Operations	 <u>\$ 18,408,737</u>	 <u>\$ 19,108,008</u>	 <u>\$ 18,389,907</u>

Net cost of operations decreased by \$718,101, or 3.76% in 2014 compared to an increase of \$699,271, or 3.80% in 2013; The FY 2013 increase is due to decrease in revenue with a slight increase in program cost and a small portion can be attributed to increased operating expenses.

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

	<u>2012</u>		<u>2013</u>		<u>2014</u>	
	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>	<u>Cumulative Results of Operations</u>	<u>Unexpended Appropriations/Funds</u>
Beginning Balance	\$ (30,353)	\$ 35,611,087	\$ (29,790)	\$ 32,442,603	\$ (30,528)	\$ 28,792,490
Budgetary Financing Sources (Uses)	14,965,015	(3,288,015)	14,491,512	(3,425,289)	13,308,090	(1,119,675)
Other Financing Sources (Uses)	<u>3,444,285</u>	<u>119,531</u>	<u>4,615,758</u>	<u>(224,824)</u>	<u>5,151,281</u>	<u>(62,779)</u>
Total Financing Sources (Uses)	<u>18,409,300</u>	<u>(3,168,484)</u>	<u>19,107,270</u>	<u>(3,650,113)</u>	<u>18,459,371</u>	<u>(1,182,454)</u>
Net Cost of Operations	<u>18,408,737</u>	<u>-</u>	<u>19,108,008</u>	<u>-</u>	<u>18,389,907</u>	<u>-</u>
Net Change	<u>563</u>	<u>(3,168,484)</u>	<u>(738)</u>	<u>(3,650,113)</u>	<u>69,464</u>	<u>(1,182,454)</u>
Ending Balance	<u>\$ (29,790)</u>	<u>\$ 32,442,603</u>	<u>\$ (30,528)</u>	<u>\$ 28,792,490</u>	<u>\$ 38,936</u>	<u>\$ 27,610,036</u>

Financing sources decreased by \$647,899, or 3.39% in 2014 compared to an increase of \$697,970, or 3.79% in 2013; The FY 2014 decrease was the result of decrease financing sources as compared to the increase in Rural Community Advance Program (RCAP) financing sources in FY13 noted above in the RCAP net cost of operations.

Net position decreased again in 2014 by \$1,112,990, or 3.87% as compared to the decrease of \$3,650,851, or -11.26% in 2013 as a continued 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Resources (Budgetary and Non-Budgetary Resources)	\$ 22,649,555	\$ 20,027,555	\$ 18,864,246
Total Status of Budgetary Resources	19,223,813	15,626,804	13,745,593
Total, Unpaid Obligated Balance, Net, End of Year	34,061,487	30,836,627	29,079,776
Net Outlays	13,536,831	14,520,605	14,070,545

The declining trend in Budgetary Resources has continued through FY 2014. DRA has experienced decreases since FY 2012 which are attributable 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. The notes explain some of the information in the financial statements and provide more detailed data.

Limitations of the Financial Statements

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

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

Contacting DRA's Financial Management

This financial report is designed to fulfill the obligations of DRA as it relates to the *Accountability for Tax Dollars Act of 2002*. The report details the financial position of DRA as of September 30, 2014 and 2013, 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 inquiries 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
 - Rural Health IT Revolving Loan Fund
 - Innovative Readiness Training Program (IRT)
 - Jobs for America’s Graduates (JAG)
 - Reimagining the Delta Workforce

FY 2014 States' Economic Development Assistance Program

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 2014 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:

Updated 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. DRA is currently working with a new website design team to upgrade and enhance the application portal and back-office capabilities. This new website will be functional in early 2015, in time for the next funding cycle.

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 brought 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

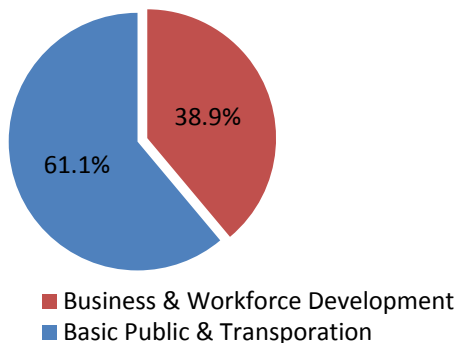


Figure 3. Share of SEDAP funding by federal priority

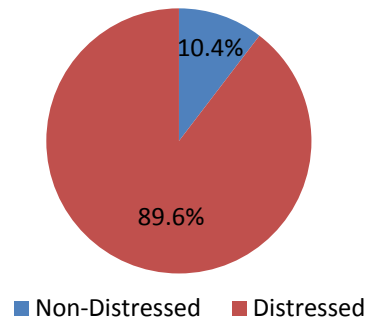


Figure 4. Share of SEDAP funding by distress status

As seen in figures 3 and 4, basic public and transportation infrastructure project investments totaled \$5,776,580 (61.1 percent of SEDAP investments) and funding for distressed counties and parishes was \$8,463,215 (89.6 percent of investments) for Fiscal Year 2014. The total project funding allocation is \$9,448,618. SEDAP funds leveraged \$16,047,962 in additional project funding, a ratio of 1.7 to 1, and \$3,530,000 in private investment, a ratio of .4 to 1. For the FY 2014 SEDAP funding cycle the following is projected:

- 862 jobs will be created
- 698 jobs will be retained
- 8,564 families will receive improved water and sewer
- 50 individuals will be trained for jobs

Over the program's 13 years DRA has invested \$128,636,623 to 862 projects in the eight-state region for total project costs of \$825,729,841. Total project cost includes \$697,093,218 in other federal, state, and local funds, a ratio of 5.4 to 1 in additional leveraged funds. Private investment totals \$2,026,346,351, a ratio of 15.8 to 1. Since inception, the DRA Federal Grant and States' Economic Development Assistance Programs have accomplished the following:

- 9,714 jobs created
- 8,488 jobs retained
- 28,047 families received improved water and sewer
- 5,529 individuals trained for jobs

Once all projects are completed the following is projected:

- 13,264 jobs created
- 9,585 jobs retained
- 33,114 families received improved water and sewer
- 19,806 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. To-date, DRA has 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 eleven years, DRA has successfully applied for more than \$25 million in RCAP funding, which supported 230 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, Operation JumpStart, Delta Leadership Institute, and the Workforce Development Capacity Building and Technical Assistance project.

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 Outreach and Enrollment Strategy

Overview

Beginning in the summer of 2013, the Delta Regional Authority (DRA) created an innovative action plan to facilitate Affordable Care Act outreach and enrollment in the Delta region. In advance of the start of the first open enrollment period under the ACA, DRA took proactive steps to help uninsured families and individuals learn about, and gain access, new health insurance options that would soon become available.

DRA rolled these initial ACA efforts into the existing Innovative Readiness Training Military Clinic program, a now six-year partnership program with the Department of Defense, which brings military medical personnel to underserved communities to provide free healthcare to residents individuals who would otherwise have little to no access to quality health care. In the summer of 2013, DRA began promoting the ACA by providing health care resources that

included basic enrollment information and tools such as the HHS hotline, healthcare.gov, and Federally Qualified Health Center locations.

In more recent months, as “Navigators,” “Assistors,” and “Certified Application Counselors” have come onto the scene, DRA has transitioned from simply providing resources, to actually bringing in-person assistors on site to every IRT mission, in order to provide patients with in-person counseling on their insurance options as well as the option to enroll for health coverage on the spot.

By incorporating these new efforts into the existing IRT medical program, DRA has worked to ensure that IRT patients not only gain access to a one-time visit with a doctor, but also gain access to resources that can help improve their long-term health.

Since beginning the ACA outreach and enrollment efforts, DRA has provided **nearly 22,000** health resource cards to individuals interested in learning more about their health coverage options through the ACA.

In some instances, DRA has partnered to join efforts with the US Department of Defense (DOD), the US Department of Health and Human Services Health Resources and Services Administration (HHS/HRSA), the US Small Business Administration (SBA), Enroll America, and others.

Approaches

1. DRA created and distributed resource cards designed to encourage uninsured individuals to take advantage of the HHS hotline number, as well as healthcare.gov, and other channels through which patients can gain access to health insurance coverage through the Health Insurance Exchanges. By calling the HHS hotline, individuals can get in touch with a “Navigator” who can provide information and assistance on how to enroll through the exchanges. **To date, DRA has distributed nearly 22,000 resource cards to IRT patients and other Delta residents.**
2. DRA encouraged patients to provide their basic contact information, which DRA collected and channeled to the best sources of assistance, such as Enroll America, HRSA, and HRSA-funded Federally Qualified Health Centers. Collected contact information was provided to Navigators, In-Person Assistors (IPAs), and Certified Application Counselors (CACs), who could get in touch with patients to provide more information.
3. DRA provided handouts that directed patients to Federally Qualified Health Centers (FQHCs) in or near the communities where patients can receive treatment at a lower cost (based on a sliding scale, as determined by income) regardless of their insurance coverage status. This resource, which was developed by DRA with consult from

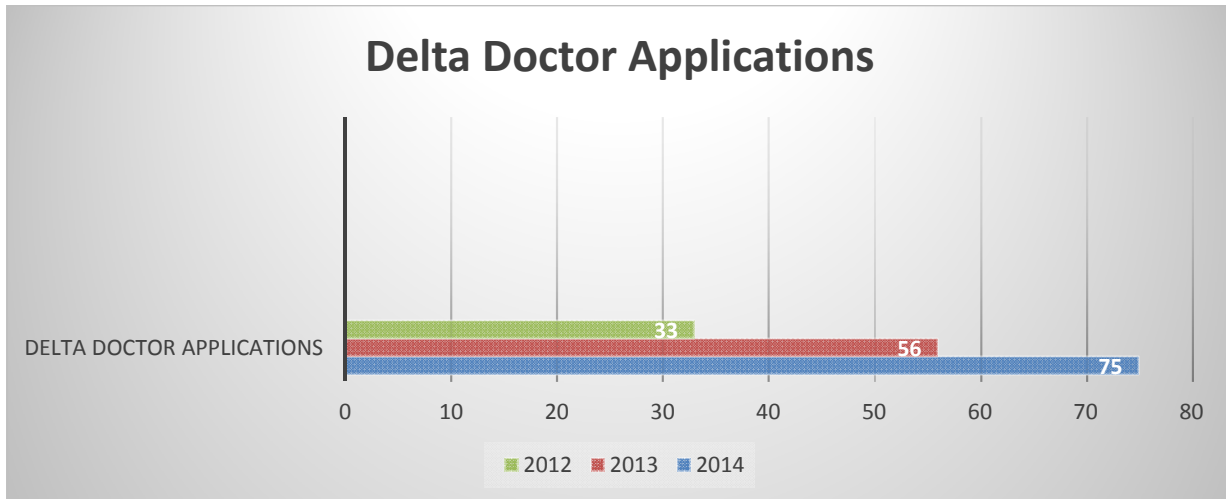
HHS/HRSA, was used by military care providers to refer patients who needed follow-up care to an affordable clinic in their area.

4. In 2013, DRA worked with the US Small Business Administration (SBA) to hold educational ACA seminars for small business owners and employees to help each group understand how the ACA will affect each and how business owners can provide insurance to employees. DRA worked with SBA representatives in Washington, DC, as well as with SBA Regional Administrators and District Directors in each IRT state in 2013 in order to set up the seminars concurrently with IRT.
5. Beginning in early 2014, DRA began coordinating with Federally Qualified Health Centers, Primary Care Associations, and Navigator grantees/consortiums to bring Navigators, Assistors and Certified Applications Counselors on-site to provide information and enroll individuals for health coverage on-the-spot during IRT missions.

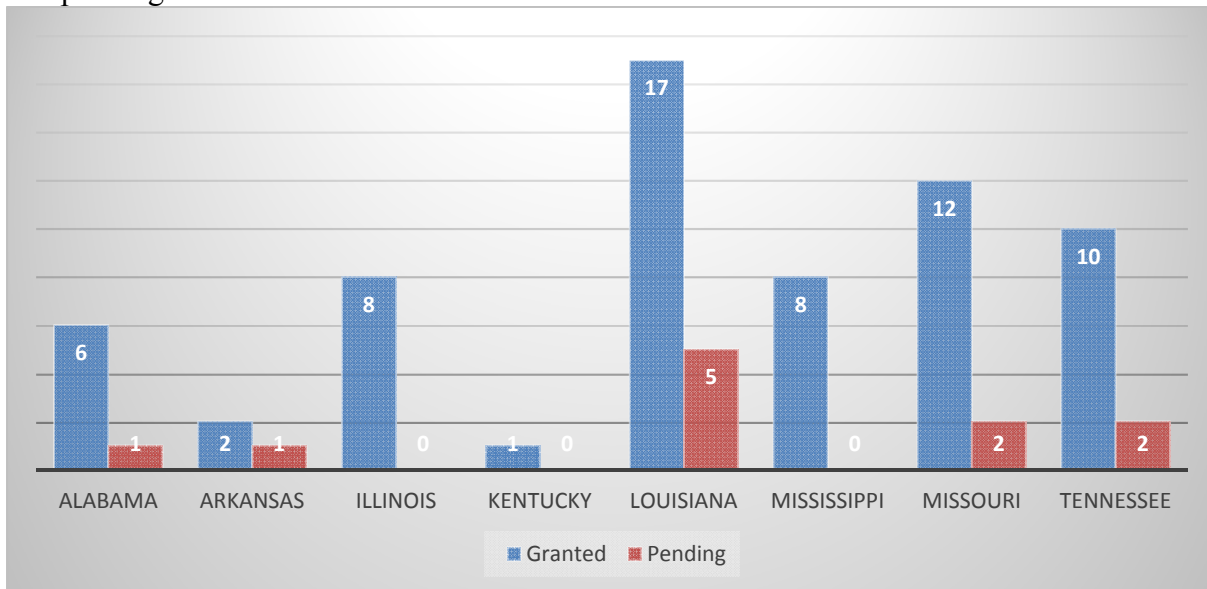
Delta Doctors Program

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

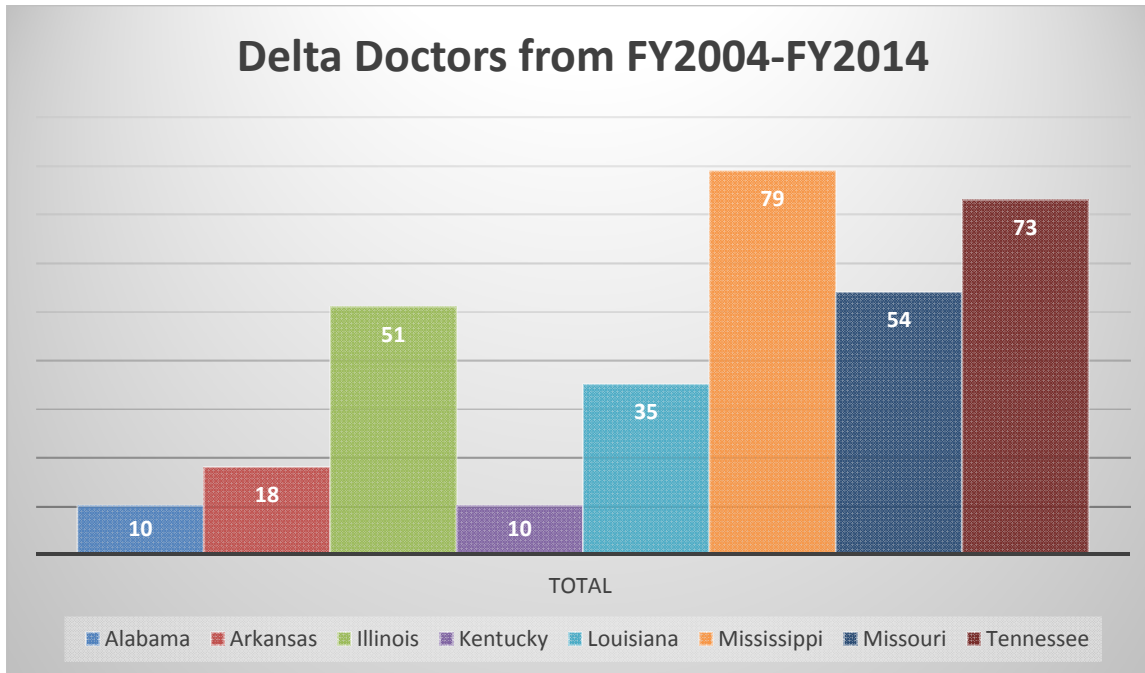
This year has been extremely busy with Delta Doctor Applications, the graph below shows applications to the program have more than doubled since FY 2012 and have easily outpaced those of FY 2013. In an effort to expand the knowledge of the DRA Delta Doctors program, in FY 2014 staff educated and informed groups around the region about the Delta Doctors programs policy and procedures.



Below is a chart showing the complete breakdown by state for FY2014 of applications granted and pending.



Total Delta Doctors applications granted since the start of the program state by state:



Delta Leadership Institute (DLI)

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. The Delta Leadership Institute is a body of fellows and alumni leaders who have participate in a year-long Executive Academy program and continue to communicate in order to foster and strengthen cross-cultural, inter-governmental bonds in the region.

Completing its ninth year – the Delta Leadership Institute rounded out an academy that was made possible through a three-entity collaboration by the DRA Board in July of 2013. FY 2014 saw fifty world-class fellows representing eight states, which met seven times over the course of the year in Oxford, MS; New Orleans, LA; Memphis, TN; Cape Girardeau, MO; Paducah, KY; Washington, DC; and Little Rock, AR. The focus was on everyday systemic issues facing the

Delta region and looked at ways to bring regional solutions to community problems like building a strong civic infrastructure for sustained economic growth, furthering good governance, quality infrastructure, adequate schools and quality health care services all working together toward sustainable community and regional growth.

Final assessment of the Executive Academy and the Institute showed that the participant experience was both extremely positive and valuable.

<p>The workshops, case studies, and field experiences were assessed along four dimensions and used to create an overall mean:</p>	<p>The highest-rated Executive Academy across all dimensions was the Washington, D.C. Executive Academy, with an overall mean of 8.71. The overall mean for each academy is listed below:</p>
<ul style="list-style-type: none"> • Knowledge of the speaker • Speaker’s ability to communicate • Active participation • Value of the subject matter 	<ul style="list-style-type: none"> • Washington, D.C. Executive Academy – 8.71 • Oxford Executive Academy – 8.62 • Cape Girardeau Executive Academy – 8.45 • Little Rock Executive Academy – 8.36 • Memphis Executive Academy – 8.30 • Paducah Executive Academy – 8.24 • New Orleans Executive Academy – 7.95

Thoughts on Leadership When respondents were asked if their thoughts on leadership had changed as a result of the Delta Leadership Institute, the vast majority stated that their thoughts had either been changed or reinforced as a result of the Delta Leadership Institute program. The following statements are emblematic of the responses:

“Leaders have to be the catalyst for change or improvement in a community or a region. Leadership is not necessarily just an individual trait, but can be accomplished by a group of leaders. I am looking forward to connecting with the DLN and keeping involved with improving our region.”

“I see a ray of hope and I saw some people develop better attitudes as time went on. I think that this class is just the beginning of getting these leaders to take action. I am not sure what the Alumni will do to influence collaboration to make things happen, but there is great potential in this group. My thoughts on leadership changed in that I more strongly see my own responsibility as a leader.”

“This experience has definitely expanded my idea of leadership. I’ve learned that leadership doesn’t necessarily mean being a one-woman show, it actually involves working with others to get the job done.”

Community Implementation When respondents were asked if they had introduced or implemented any initiatives as a result of the executive academy sessions, an overwhelming 77.3% have introduced or implemented an initiative in their communities as a result of the Delta Leadership Institute. The following statements are emblematic of the responses:

“I am trying to implement a youth entrepreneurship education program into the elementary schools. Part of my area has Junior Achievement, but that is not exactly what I would like to do. Part of my region also has the CEO program for High School seniors. I think that entrepreneurship education is lacking in the elementary age and junior high age kids.”

“I have introduced our local critical access hospital administrator to Delta Doctors initiative and hope to use that to attract health care professionals to our community.”

“I am working in Missouri to reinvigorate the Missouri Rural Partnership. This rural council has a federal designation, but has been dormant for years due to lack of leadership and an inability to find a niche or purpose. I think the Partnership can be a valuable resource and clearinghouse for all community and economic development agencies, organizations and professionals working in Missouri. I am working with the University of Missouri Extension to revive the Partnership.”

Expectations and Projections for FY15 Entering Year 2 of the three-entity collaboration with Arkansas State University, University of Louisiana Monroe, and University of Mississippi, there was an internal restructuring of the how the University of Mississippi would continue to play a role in the execution of the program and logistics. In July, all three institutes indicated their continued interest in participating in the program and began planning for the 2014-2015 Executive Academy as well as the next phase of the Delta Leadership Network.

The application period for the upcoming DLI Executive Academy was open early July through Monday, July 28th. 2014-2015 Executive Academy accepted participants were notified on August 26th, and orientation was held in Oxford, MS September 21-24.

As planning for future sessions continues, we will hold the second session focusing on public health and healthcare November 11-13 in Marion, IL. 2014-2015 sessions will also be held in New Orleans, LA; Memphis, TN; Washington, DC; and Point Clear, AL.

Healthy Delta Initiative

In August of 2013, 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 or Mike Marshall personally visited all five programs to see the DRA investment at work. All five programs have recently wrapped up their one-year projects, and we anticipate a report by the end of the year on the progress made on all five initiatives. In 2014, the DRA also wrapped up the Rural Health IT Revolving Loan

Fund that was established 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 the region with the county/parish, state and regional data needed to present a compelling case when applying for grants and other funding opportunities.

Since its inception, the DRA has directly invested more than \$12 million in improving health across the 8-state region. This investment has leveraged more than \$81 million in public and \$16 million in private sector dollars. Over the past 3 funding cycles The DRA has invested nearly \$4 million in health projects across region, with the most recent projects directed at strengthening the health care workforce. 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 ongoing collaborations, outreach capacity and partnerships in the existing program areas.

DRA Healthy Workforce Challenge

In August of 2013, 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 involved 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 were required to include a focus on smoking cessation, weight loss, exercise programs such as documentable activity logs, regular health checks and overall healthy living. The programs were 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.

The DRA is in the process of evaluating the Healthy Workforce Challenge program outcomes, in anticipation of sharing and replicating best practices throughout the region.

Rural Health IT Revolving Loan Fund

In late 2012, 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 provided 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 were required to be eligible to receive meaningful use incentives, as defined by the HITECH Act, and had to agree to repay the DRA upon receipt of these federal incentives.

The DRA provided revolving loans to providers in Mississippi, Missouri and Tennessee. Providers from all eight states were encouraged 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.

Background

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. The HDI is currently exploring additional collaborations with federal partners geared to increase the number of applicants from the region, and grow the capacity of those who apply.

Innovative Readiness Training (IRT)

In its sixth year of partnership, the Delta Regional Authority and the Department of Defense are bringing the Innovative Readiness Training program to the Delta region through three medical missions across two states: Arkansas, Louisiana and Illinois. As of the final summer mission in Arkansas, in FY 2014, these missions have now served over 50,000 stakeholders in the Delta Regional Authority footprint.

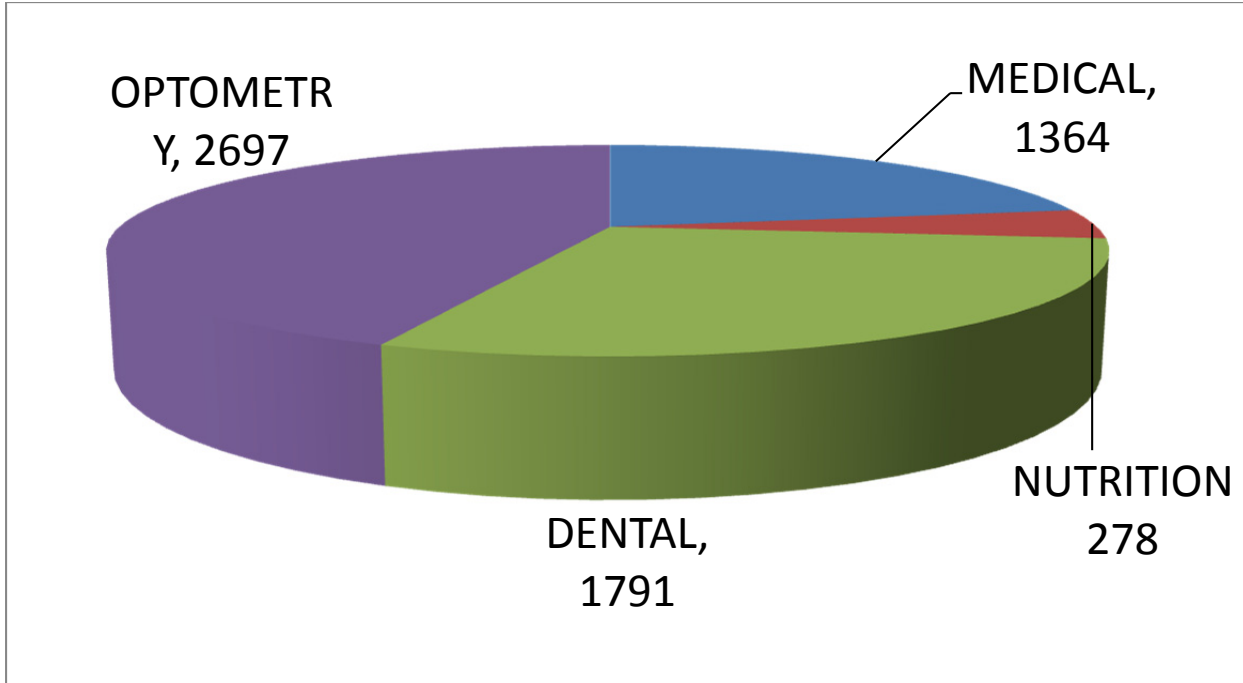
These medical missions provide quality medical care by licensed medical professionals, serving in reserve forces, to residents of rural communities that otherwise have little to no access to quality health care. Again this year, the Department of Health and Human Services (HHS) through the Health Resources & Services Administration (HRSA) joined the partnership to provide information and resources to patients regarding upcoming opportunities to enroll in health insurance. HRSA Administrator Mary Wakefield visited the Arkansas Care mission where she was able to see first-hand the impacts these missions are making in the region.

Below are graphs from three of the missions in FY2014 reporting number of patients seen and most importantly the services requested so that we can plan accordingly for future missions in the region.

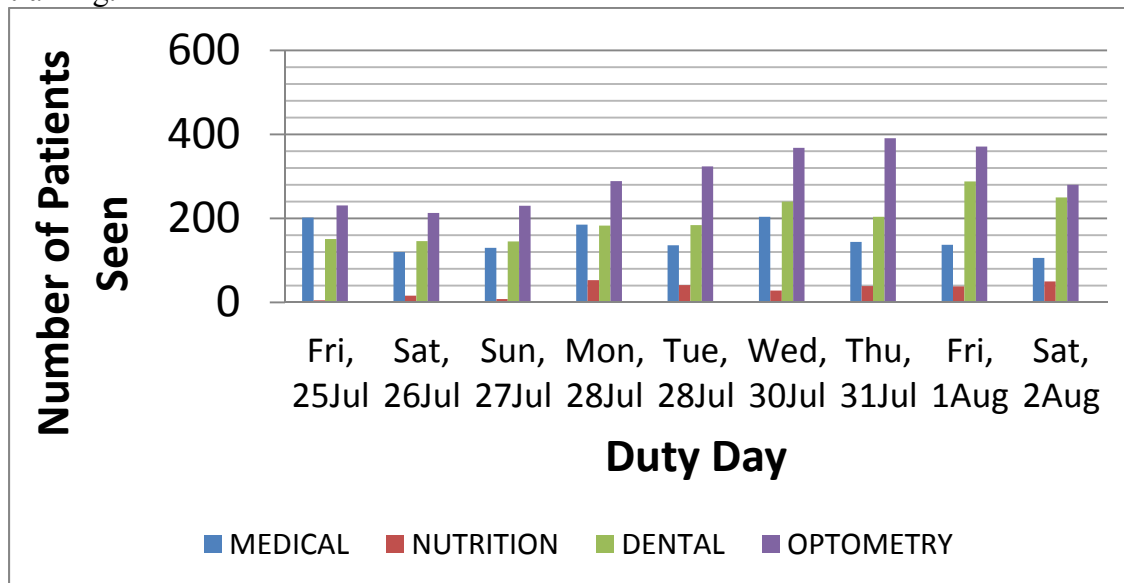
Arkansas Care 2014

From July 25 to August 2 the 3274th Army Hospital out of Fort Bragg, NC coordinated the largest IRT mission DRA has been involved with since partnering with DOD.

TOTAL PATIENT ENCOUNTERS



At each clinic DRA and HRSA partnered on site with navigators to talk with those stakeholders taking advantage of the clinic services about their healthcare options. In addition to extra access to healthcare services DRA partnered with the Arkansas Workforce Boards in the region. The Workforce Boards had materials and staff attend the clinics to be there as an additional education resource for those who may be looking to get back into the workforce or who want more skilled training.



DRA Performance Report | 2014

Northern Louisiana Care 2014

July 7-17 an IRT mission was held in Winnsboro, LA at the Horace G. White learning Center

	Patient Intake Data											Total
	7/7	7/8	7/9	7/10	7/11	7/12	7/13	7/14	7/15	7/16	7/17	
Clinic Hours	9	9	9	9	9	9	4	9	9	9		76
New Patients Registered	131	148	140	149	173	152	84	165	182	214		1538
	Provider Visits											
Medical	29	18	35	25	20	16	9	24	22	14		212
Optometry	64	87	104	115	121	100	60	108	103	114		976
Dental	81	58	115	102	85	91	62	78	64	85		821
Behavioral Health	11	24	22	20	11	10	9	9	14	18		148
Total Provider Visits	185	187	276	262	237	217	140	219	203	231	0	1926
	Medical Procedures Performed											
Medical Assesments	29	57	35	25	20	20	17	30	30	18		281
Women's Health Consults	3	6	10	4	13	7	2	1	3	7		56
Nutrition Consults	0	3	3	3	5	2	1	5	3	2		27
Prescriptions Filled	36	64	73	111	123	103	47	89	90	75		811
Glasses Fabricated	38	50	84	89	99	115	47	123	73	93		811
Teeth Extracted	37	82	88	79	106	151	60	161	121	103		988
Dental Cleanings	30	28	44	41	37	23	20	27	21	42		313
BH Walkabouts	102	123	149	159	192	178	78	198	145	210		1534
BH Intake Interviews	6	6	22	6	11	9	5	9	14	20		108
BH Referrals	5	5	5	4	8	7	3	7	13	18		75
BH Education	4	18	6	14	79	58	11	52	37	42		321
Total Procedures	290	442	519	535	693	673	291	702	550	630	0	5325

Southern Illinois Care 2014

Southern Care was the first IRT health mission to serve southern Illinois and had the potential to reach thousands of community members in need of medical services.

Southern Illinois TOTALS JUN 2014				
Medical Care				
	CHILD (6-18)	ADULT (18-59)	SENIOR (60+)	TOTAL
PATIENTS	43	349	118	510
EXAMS	42	344	112	498
PRESCRIPTIONS	18	354	64	436
REFERRALS	6	112	29	147
EDUCATION	31	267	89	387
PT RESCHEDULES	0	3	0	3
TOTAL	140	1429	412	1981

Combined Statistics TOTALS JUN 2014				
Dental Care				
	CHILD (6-18)	ADULT (18-59)	SENIOR (60+)	TOTAL
PATIENTS	101	1269	253	1623
EXAMS	107	1046	214	1367
CLEANINGS	93	561	96	750
EXTRACTIONS	14	1485	339	1838
PRESCRIPTIONS	4	740	129	873
EDUCATION	104	878	221	1203
PT RESCHEDULES	0	2	0	2
TOTAL	423	5981	1252	7656

Combined Statistics TOTALS JUN 2014				
Optometry Care				
	CHILD (6-18)	ADULT (18-59)	SENIOR (60+)	TOTAL
PATIENTS	110	585	203	898
EXAMS	104	544	191	839
GLASSES	72	578	194	844
REFERRALS	1	15	19	35
EDUCATION	65	425	145	635
PRESCRIPTIONS	23	192	64	279
MEDICATIONS	2	27	17	46
PT RESCHEDULES	9	64	21	94
TOTAL	386	2430	854	3670

Between June 16-27, reservists with the Southern IL Care mission served more than 3,000 people with upwards of 10,000 individual procedures, including tooth extractions, eye exams, and eyeglass fittings, valued at more than \$1.2 million in community impact.

Jobs for America's Graduates (JAG)

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 each 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.

Phase III Partnership between the DRA and JAG:

For Phase III of the partnership to boost both employment and education outcomes for high-risk youth, it is proposed that:

- A. A total of \$350,000 to support the opening of 14 new JAG schools at \$20,000 per school in the DRA service area within the seven states where JAG has long-standing and proven operations and \$60,000 to the JAG National Organization. That \$60,000 will provide:
 1. \$60,000 for JAG oversight and support for the implementation of the 12 new schools with monitoring, evaluation, technical assistance, training, and other assistance to the affiliated schools.
 2. A selection process managed by Jobs for America's Graduates to establish a set of criteria and invite as many of the JAG states within the DRA service area (as approved by the DRA) to submit proposals from new schools for review and approval. The criteria for DRA funding will include, but not be limited to:
 - A commitment to fully fund a staff member with their matching resources in the school to be dedicated to the implementation of the JAG Model in that school, with whatever additional financial and other resources are required beyond a \$20,000 financial commitment from the DRA .
 - Letters of support and commitment by the schools to meet all the requirements for successful implementation based on the proven JAG Model criteria.
 - Identification of anticipated future financial resources to support the continuation of the program in future school years.

- Recommendation by and a commitment from the JAG State Affiliate to provide extra oversight and support to assure the successful implementation and follow-on funding for the next school year.
- B. A \$10,000 commitment to the 2014 JAG National Training Seminar, held in July 2014. As with the previous grant in Phase I, these funds would be used for:
1. Assuring the participation of the maximum number of JAG Affiliate staff participants from the new DRA-supported JAG schools in the DRA service area.
 2. Creating a special training program for those staff from the Delta Regional Authority service areas, focused on meeting the particular employment and education success challenges in the service area of the Delta Regional Authority at the National Training Seminar. This program would begin a day earlier than the National Training Seminar, with a follow-up session during NTS. Representatives from the DRA with special expertise would participate in that special training event and would focus on the particular challenges of high-risk youth in the DRA service area, especially how to secure employment leading to good careers.
 3. Matching support would come from the registration fees and travel/lodging paid for by the JAG state organizations in the participating states, in keeping with the overall theme of this request of seeking matching and leveraging funding support.

Anticipated Outcomes of Phase III

- A. It is anticipated that the outcomes from the Phase III Proposal will include:
1. Engaging a wide range of schools in the seven states in the DRA service area where JAG has operations, to fully inform each about the success of the JAG programs in the states, as consideration is given to participate in JAG.
 2. Engaging state leadership, including Governors and state education and workforce systems, to recognize the commitment of the Delta Regional Authority and to highlight the one-time-only matching grant strategy, with its proven success over the past 30 years of Jobs for America's Graduates. As part of that process, other state resources will be sought that could be attractive in expanding the program in the DRA service area.
 3. Serving an additional 450 or more high-risk youth in the DRA service area, who would have the opportunity to participate in the JAG program and benefit from the dramatic improvements in graduation, employment, and college attendance rates that JAG has demonstrated for more than 30 years. Total youth to be served in the 20-22 schools from Phases II and III in the 2014-2015 school year would be 850.

4. Creating mechanisms to *sustain* the JAG program in the 14 new schools from other sources for the 2014-15 school year and beyond. Based on the track record of Jobs for America's Graduates over the past 30 years, it is anticipated that at least 2,000 more high-risk youth will be served by the JAG program in the DRA service area as a result of this proposed grant over the following four years from the end of Phase III in 2015.

Reimagining the Delta Workforce

The Delta Regional Authority partnered with Ted Abernathy and the Southern Growth Policy Board to produce the Reimagining the Delta Workforce Report. From this report it was determined that there was a need to educate stakeholders and to build a competitive, technical assistance and capacity building and implementation investment program which will allow rural communities and parishes to develop a connected workforce system on the local level among the business/industry and education systems. To provide the stakeholders with the information that is needed to move workforce forward the Delta Regional Authority held Reimagining the Delta Workforce Summits in each of the eight states:

- Chatom, AL
- Pine Bluff, AR
- Carterville, IL
- Cadiz, KY
- Thibodaux, LA
- Clarksdale, MS
- Poplar Bluff, MO
- Dyersburg, TN

By participating in workforce development system planning sessions, participants experienced the development of a more connected, comprehensive workforce system among education systems and business and industry sectors.

Additionally, the end result will include a well-educated and highly skilled workforce thus resulting in increased jobs, improved quality of lives, and rebuilt communities. Program development and recommendations are based on findings in the DRA commissioned report, [Reimagining Workforce Development](#). Such recommendations include:

- **Reimagining readiness-** Applicants should demonstrate plans to strengthen connections between education and job skills, rethink the value of credentials in the workplace, expose students to the work world, and take technology to scale.
- **Reengaging adult learners and disconnected youth** - Applicants should demonstrate plans to target adults who lack a degree or credentials, assist dislocated workers to rejoin the workforce, and recover disconnected youth.
- **Realigning relationships and resources** - Applicants should demonstrate plans to create continuity in education and workforce development, align and track data across the education and workforce pipeline, and engage businesses in a meaningful way.
- **Ramp up** - Applicants should demonstrate plans to take new workforce development plans to scale upon program completion.

The Authority sees the benefits of engaging in workforce development planning by the increased number of quality jobs and careers that can be attained, improvement to quality of life and the rebuilding of communities.

SECTION 3 - FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Regional Authority (the Authority) as of and for the years ended September 30, 2014 and 2013, 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, 2014 and 2013, 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 November 17, 2014, 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
November 17, 2014

BASIC FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Intragovernmental		
Fund balance with Treasury	\$ 28,464,058	\$ 30,309,027
Cash	895,454	863,244
Interfund receivable	31,943	-
Receivables	<u>472,165</u>	<u>628,335</u>
 TOTAL ASSETS	 <u>\$ 29,863,620</u>	 <u>\$ 31,800,606</u>
LIABILITIES		
Intragovernmental payable	\$ 251,904	\$ 235,501
Accounts payable	163,859	31,266
Grants and other payables	<u>1,798,885</u>	<u>2,771,877</u>
 TOTAL LIABILITIES	 2,214,648	 3,038,644
NET POSITION		
Unexpended appropriations/state funds	27,610,036	28,792,490
Cumulative results of operations	<u>38,936</u>	<u>(30,528)</u>
 TOTAL NET POSITION	 <u>27,648,972</u>	 <u>28,761,962</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 29,863,620</u>	 <u>\$ 31,800,606</u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF NET COST
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	\$ 236,133	\$ 174,094
Less intragovernmental earned revenue	<u> -</u>	<u> -</u>
Intragovernmental net costs	236,133	174,094
Gross costs with the public	18,153,774	18,933,914
Less earned revenues from the public	<u> -</u>	<u> -</u>
Net costs with the public	<u>18,153,774</u>	<u>18,933,914</u>
TOTAL NET PROGRAM COSTS	<u>18,389,907</u>	<u>19,108,008</u>
NET COST OF OPERATIONS	<u>\$ 18,389,907</u>	<u>\$ 19,108,008</u>

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014		2013	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ (30,528)	\$ 28,792,490	\$ (29,790)	\$ 32,442,603
BUDGETARY FINANCING SOURCES (USES)				
Appropriations received	-	12,000,000	-	11,677,000
Other adjustments (recessions, etc.)	-	-	-	(610,777)
Appropriations used	13,308,090	(13,119,675)	14,491,512	(14,491,512)
OTHER FINANCING SOURCES (USES)				
Cost of operations absorbed by member states and others	-	1,177,135	-	1,111,371
Cost of operations absorbed by RCAP	-	3,877,917	-	3,252,971
Imputed financing from costs absorbed by others	33,450	-	26,592	-
Disbursements of RCAP funds	3,896,313	(3,896,313)	3,324,684	(3,324,684)
Disbursements of funds provided by member states and others	1,221,518	(1,221,518)	1,264,482	(1,264,482)
TOTAL FINANCING SOURCES (USES)	18,459,371	(1,182,454)	19,107,270	(3,650,113)
NET COST OF OPERATIONS	18,389,907	-	19,108,008	-
NET CHANGE	69,464	(1,182,454)	(738)	(3,650,113)
NET POSITION, ENDING BALANCE	\$ 38,936	\$ 27,610,036	\$ (30,528)	\$ 28,792,490

See Notes to Financial Statements

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014				
	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	\$ 459,310	\$ 694,319	\$ (35,299)	\$ -	\$ 1,118,330
Recoveries of prior year obligations	690,042	-	-	-	690,042
Budget authority					
Appropriations received	12,000,000	-	-	-	12,000,000
Spending authority from offsetting collections					
Collected	-	1,177,957	3,877,917	-	5,055,874
Permanently not available	-	-	-	-	-
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	\$ 13,149,352	\$ 1,872,276	\$ 3,842,618	\$ -	\$ 18,864,246
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	\$ 12,941,779	\$ -	\$ -	\$ -	\$ 12,941,779
Unobligated balances/unexpended funds					
Apportioned	207,573	-	-	-	207,573
Unexpended funds	-	649,936	(53,695)	-	596,241
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 13,149,352	\$ 649,936	\$ (53,695)	\$ -	\$ 13,745,593
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	\$ 29,849,717	\$ 20,796	\$ 966,114	\$ -	\$ 30,836,627
Obligations incurred	12,941,779	1,221,518	3,896,313	-	18,059,610
Gross outlays	(13,844,969)	(1,219,116)	(4,062,334)	-	(19,126,419)
Recoveries of prior year unpaid obligations, actual	(690,042)	-	-	-	(690,042)
Obligated balance, net, end of year					
Undelivered orders	27,038,982	-	-	-	27,038,982
Accounts payable	1,217,503	23,198	800,093	-	2,040,794
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF YEAR	\$ 28,256,485	\$ 23,198	\$ 800,093	\$ -	\$ 29,079,776
NET OUTLAYS					
Gross outlays	\$ 13,844,969	\$ 1,219,116	\$ 4,062,334	\$ -	\$ 19,126,419
Offsetting collections	-	(1,177,957)	(3,877,917)	-	(5,055,874)
TOTAL NET OUTLAYS	\$ 13,844,969	\$ 41,159	\$ 184,417	\$ -	\$ 14,070,545

See Notes to Financial Statements

2013

Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
\$ 652,423	\$ 659,015	\$ 36,414	\$ -	\$ 1,347,852
3,249,138	-	-	-	3,249,138
11,677,000	-	-	-	11,677,000
-	1,299,786	3,252,971	(188,415)	4,364,342
(610,777)	-	-	-	(610,777)
<u>\$ 14,967,784</u>	<u>\$ 1,958,801</u>	<u>\$ 3,289,385</u>	<u>\$ (188,415)</u>	<u>\$ 20,027,555</u>
\$ 14,508,474	\$ -	\$ -	\$ -	\$ 14,508,474
459,310	-	-	-	459,310
-	694,319	(35,299)	-	659,020
<u>\$ 14,967,784</u>	<u>\$ 694,319</u>	<u>\$ (35,299)</u>	<u>\$ -</u>	<u>\$ 15,626,804</u>
\$ 33,044,329	\$ -	\$ 1,017,158	\$ -	\$ 34,061,487
14,508,474	1,264,482	3,324,684	-	19,097,640
(14,453,948)	(1,243,686)	(3,375,728)	-	(19,073,362)
(3,249,138)	-	-	-	(3,249,138)
28,094,642	-	-	-	28,094,642
1,755,075	20,796	966,114	-	2,741,985
<u>\$ 29,849,717</u>	<u>\$ 20,796</u>	<u>\$ 966,114</u>	<u>\$ -</u>	<u>\$ 30,836,627</u>
\$ 14,453,948	\$ 1,243,686	\$ 3,375,728	\$ -	\$ 19,073,362
-	(1,299,786)	(3,252,971)	-	(4,552,757)
<u>\$ 14,453,948</u>	<u>\$ (56,100)</u>	<u>\$ 122,757</u>	<u>\$ -</u>	<u>\$ 14,520,605</u>

DELTA REGIONAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014 and 2013

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, 2014 and 2013, 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 2014 and 2013.

Cash

At September 30, 2014 and 2013, cash consisted of deposit accounts with several financial institutions. At September 30, 2014, 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 2013 financial statements to conform to the 2014 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 follows.

	<u>2014</u>	<u>2013</u>
Fund balance with Treasury		
Appropriated fund	<u>\$ 28,464,058</u>	<u>\$ 30,309,027</u>
Status of fund balance with Treasury		
Unobligated balance		
Available	\$ 207,573	\$ 459,310
Unavailable	-	-
Obligated balance not yet disbursed	<u>28,256,485</u>	<u>29,849,717</u>
	<u>\$ 28,464,058</u>	<u>\$ 30,309,027</u>

NOTE 3 – FUNDS RECEIVED AS ASSESSMENTS FROM MEMBER STATES

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

	<u>2014</u>	<u>2013</u>
Balance of state funds on hand, beginning of year	\$ 185,810	\$ 228,047
Current year billed to and received from states	<u>807,603</u>	<u>722,729</u>
Total available from states	<u>\$ 993,413</u>	<u>\$ 950,776</u>
Balance of state funds on hand, end of year	<u>\$ 421,119</u>	<u>\$ 185,810</u>

NOTE 4 – LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

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

	<u>2014</u>	<u>2013</u>
Liabilities not covered by budgetary resources		
Leave liability (federal)	\$ 33,542	\$ 34,844
Leave liability (state)	25,959	25,959
Other payables (state)	43,813	24,588
Deferred inflows from grants (RCAP)	90,766	275,792
Grants payable (RCAP)	<u>691,606</u>	<u>690,322</u>
Total liabilities not covered by budgetary resources	<u>885,686</u>	<u>1,051,505</u>
Liabilities covered by budgetary resources		
Accounts payable	140,360	6,678
Grants payable	915,988	1,728,836
Payroll and leave liability	40,549	16,124
Intragovernmental payable	<u>232,065</u>	<u>235,501</u>
Total liabilities covered by budgetary resources	<u>1,328,962</u>	<u>1,987,139</u>
Total liabilities	<u>\$ 2,214,648</u>	<u>\$ 3,038,644</u>

NOTE 5 – GRANTS AND OTHER PAYABLES

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

	<u>2014</u>	<u>2013</u>
Federal		
Accrued funded payroll and leave - current	\$ 18,330	\$ 12,333
Accrued unfunded leave - noncurrent	33,542	34,844
Grants payable	<u>915,988</u>	<u>1,728,836</u>
Total federal	<u>967,860</u>	<u>1,776,013</u>
State and Other		
Accrued leave	25,959	29,750
Other payables	<u>22,694</u>	<u>-</u>
Total state and other	<u>48,653</u>	<u>29,750</u>
Rural Community Assistance Program		
Deferred inflows of grant funds	90,766	275,792
Grants payable	<u>691,606</u>	<u>690,322</u>
Total Rural Community Assistance Program	<u>782,372</u>	<u>966,114</u>
	<u>\$ 1,798,885</u>	<u>\$ 2,771,877</u>

NOTE 6 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

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

	<u>2014</u>	<u>2013</u>
Direct - category A	\$ -	\$ 1,448,313
Direct - category B	<u>12,941,779</u>	<u>13,060,161</u>
Total obligations	<u>\$ 12,941,779</u>	<u>\$ 14,508,474</u>

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

Liabilities not covered by budgetary resources totaled \$885,686, and the decrease in components requiring resources in future periods totaled \$1,302 at September 30, 2014. Liabilities not covered by budgetary resources totaled \$1,051,504, and the increase in components requiring resources in future periods totaled \$50,052 at September 30, 2013. The changes are the net increase/decrease of future funded expenses for annual leave and represent the difference between appropriations of annual funds for the prior and current annual funds. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

NOTE 8 – OPERATING LEASES

DRA leases its primary operating facilities, including substantially all furniture and fixtures used, under a 15-year operating lease arrangement with Coahoma County, Mississippi. DRA also leases space for the Washington D.C. office from State Services Organization, Inc. under a 6-year operating lease arrangement.

Future minimum lease payments at September 30, 2014, were:

2015	\$ 110,694
2016	111,883
2017	84,175
2018	56,494
2019	57,765
After 5 years	<u>19,470</u>
	<u>\$ 440,481</u>

The lease with Coahoma County may be terminated by DRA should DRA fail to receive funding from the United States, the existence of DRA be terminated, or should the governing body of DRA choose to move DRA's office outside Coahoma County, Mississippi. However, the lease with State Services Organization, Inc. may also be terminated for the above reasons, and DRA will be liable for four months of base rent upon early termination of the lease agreement. Rental expense was \$132,589 and \$127,721 for the years ended September 30, 2014 and 2013, respectively.

NOTE 9 – PENSION PLANS

Plan Description

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

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

Funding Policy

Contribution rates for the Authority for the defined contribution 401(k) plan expressed as a percentage of covered payroll were 13.8% and 14.3% for the years ended September 30, 2014 and 2013, respectively. Contributions made by the Authority amounted to \$57,795 and \$64,514 for the years ended September 30, 2014 and 2013, 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. For the year ended September 30, 2014, FERS covered employees make contributions based on their year of hire ranging from 0.8% to 4.4%, and the employer contribution ranges from 11.9% to 20.8%. Contribution rates for employees participating in the FERS plan expressed as a percentage of covered payroll were 13.6% and 11.9% for the years ended September 30, 2014 and 2013, respectively. The Authority's contributions to FERS for the years ended September 30, 2014 and 2013 were \$73,263 and \$63,595, 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

	<u>2014</u>	<u>2013</u>
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	\$ 12,941,779	\$ 14,508,474
Less spending authority from offsetting collections and recoveries	<u>(690,042)</u>	<u>(3,249,138)</u>
Net obligations	12,251,737	11,259,336
OTHER RESOURCES		
Imputed financing from costs absorbed by others	33,450	26,592
Cost of operations absorbed by member states and others	1,221,518	1,264,482
Cost of operations absorbed by RCAP	<u>3,896,313</u>	<u>3,324,684</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	17,403,018	15,875,094
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>1,056,354</u>	<u>3,232,176</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	18,459,372	19,107,270
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	(68,163)	(4,314)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	<u>(1,302)</u>	<u>5,052</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 18,389,907</u>	<u>\$ 19,108,008</u>

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

Budgetary resources made available to DRA include current appropriations, unobligated appropriations and recoveries of prior year obligations. For FY 2013, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2014 President's budget, which are rounded to the nearest million. As the FY 2016 President's budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2014 data in the FY 2016 budget cannot be performed.

OTHER INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Intragovernmental					
Fund balance with Treasury	\$ 28,464,058	\$ -	\$ -	\$ -	\$ 28,464,058
Cash	-	561,583	333,871	-	895,454
Interfund receivable	31,943	-	-	-	31,943
Receivables	1,714	40,456	429,995	-	472,165
	<u>1,714</u>	<u>40,456</u>	<u>429,995</u>	<u>-</u>	<u>472,165</u>
TOTAL ASSETS	<u>\$ 28,497,715</u>	<u>\$ 602,039</u>	<u>\$ 763,866</u>	<u>\$ -</u>	<u>\$ 29,863,620</u>
LIABILITIES					
Intragovernmental payable	\$ 251,904	\$ -	\$ -	\$ -	\$ 251,904
Interfund transfers	82,480	(99,948)	17,468	-	-
Accounts payable	142,740	3,398	17,721	-	163,859
Grants and other payables	967,860	48,653	782,372	-	1,798,885
	<u>967,860</u>	<u>48,653</u>	<u>782,372</u>	<u>-</u>	<u>1,798,885</u>
TOTAL LIABILITIES	1,444,984	(47,897)	817,561	-	2,214,648
NET POSITION					
Unexpended appropriations/state funds	27,013,795	649,936	(53,695)	-	27,610,036
Cumulative results of operations	38,936	-	-	-	38,936
	<u>38,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,936</u>
TOTAL NET POSITION	<u>27,052,731</u>	<u>649,936</u>	<u>(53,695)</u>	<u>-</u>	<u>27,648,972</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 28,497,715</u>	<u>\$ 602,039</u>	<u>\$ 763,866</u>	<u>\$ -</u>	<u>\$ 29,863,620</u>

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Intragovernmental					
Fund balance with Treasury	\$ 30,309,027	\$ -	\$ -	\$ -	\$ 30,309,027
Cash	-	486,330	376,914	-	863,244
Receivables	4,314	258,535	553,901	(188,415)	628,335
	<u>4,314</u>	<u>258,535</u>	<u>553,901</u>	<u>(188,415)</u>	<u>628,335</u>
TOTAL ASSETS	<u>\$ 30,313,341</u>	<u>\$ 744,865</u>	<u>\$ 930,815</u>	<u>\$ (188,415)</u>	<u>\$ 31,800,606</u>
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
	<u>1,776,013</u>	<u>29,750</u>	<u>966,114</u>	<u>-</u>	<u>2,771,877</u>
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)
	<u>(30,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,528)</u>
TOTAL NET POSITION	<u>28,291,357</u>	<u>694,319</u>	<u>(35,299)</u>	<u>(188,415)</u>	<u>28,761,962</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,313,341</u>	<u>\$ 744,865</u>	<u>\$ 930,815</u>	<u>\$ (188,415)</u>	<u>\$ 31,800,606</u>

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	\$ 236,133	\$ -	\$ -	\$ -	\$ 236,133
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>236,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,133</u>
Gross costs with the public	13,035,943	1,221,518	3,896,313	-	18,153,774
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	<u>13,035,943</u>	<u>1,221,518</u>	<u>3,896,313</u>	<u>-</u>	<u>18,153,774</u>
TOTAL NET PROGRAM COSTS	<u>13,272,076</u>	<u>1,221,518</u>	<u>3,896,313</u>	<u>-</u>	<u>18,389,907</u>
NET COST OF OPERATIONS	<u>\$ 13,272,076</u>	<u>\$ 1,221,518</u>	<u>\$ 3,896,313</u>	<u>\$ -</u>	<u>\$ 18,389,907</u>

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

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

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ (30,528)	\$ 28,321,885	\$ -	\$ 694,319	\$ -	\$ (35,299)	\$ -	\$ (188,415)	\$ (30,528)	\$ 28,792,490
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	12,000,000	-	-	-	-	-	-	-	12,000,000
Other adjustments (recisions, etc.)	-	-	-	-	-	-	-	-	-	-
Appropriations used	13,308,090	(13,308,090)	-	-	-	-	-	188,415	13,308,090	(13,119,675)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,177,135	-	-	-	-	-	1,177,135
Cost of operations absorbed by RCAP	-	-	-	-	-	3,877,917	-	-	-	3,877,917
Imputed financing from costs absorbed by others	33,450	-	-	-	-	-	-	-	33,450	-
Disbursements of RCAP funds	-	-	-	-	3,896,313	(3,896,313)	-	-	3,896,313	(3,896,313)
Disbursements of funds provided by member states and others	-	-	1,221,518	(1,221,518)	-	-	-	-	1,221,518	(1,221,518)
TOTAL FINANCING SOURCES (USES)	13,341,540	(1,308,090)	1,221,518	(44,383)	3,896,313	(18,396)	-	188,415	18,459,371	(1,182,454)
NET COST OF OPERATIONS	13,272,076	-	1,221,518	-	3,896,313	-	-	-	18,389,907	-
NET CHANGE	69,464	(1,308,090)	-	(44,383)	-	(18,396)	-	188,415	69,464	(1,182,454)
NET POSITION, ENDING BALANCE	\$ 38,936	\$ 27,013,795	\$ -	\$ 649,936	\$ -	\$ (53,695)	\$ -	\$ -	\$ 38,936	\$ 27,610,036

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 (USES)										
Appropriations received	-	11,677,000	-	-	-	-	-	-	-	11,677,000
Other adjustments (recessions, etc.)	-	(610,777)	-	-	-	-	-	-	-	(610,777)
Appropriations used	14,491,512	(14,491,512)	-	-	-	-	-	-	14,491,512	(14,491,512)
OTHER FINANCING SOURCES (USES)										
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 (USES)	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 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2014

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	\$ 12,941,779	\$ -	\$ -	\$ -	\$ 12,941,779
Less spending authority from offsetting collections and recoveries	<u>690,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,042</u>
Net obligations	12,251,737	-	-	-	12,251,737
OTHER RESOURCES					
Imputed financing from costs absorbed by others	33,450	-	-	-	33,450
Cost of operations absorbed by member states and others	-	1,221,518	-	-	1,221,518
Cost of operations absorbed by RCAP	<u>-</u>	<u>-</u>	<u>3,896,313</u>	<u>-</u>	<u>3,896,313</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	12,285,187	1,221,518	3,896,313	-	17,403,018
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>1,056,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,354</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	13,341,541	1,221,518	3,896,313	-	18,459,372
RESOURCES THAT FINANCE THE ACQUISITION OF ASSETS	(68,163)	-	-	-	(68,163)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	<u>(1,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,302)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 13,272,076</u>	<u>\$ 1,221,518</u>	<u>\$ 3,896,313</u>	<u>\$ -</u>	<u>\$ 18,389,907</u>

DELTA REGIONAL AUTHORITY
COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2013

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	\$ 14,508,474	\$ -	\$ -	\$ -	\$ 14,508,474
Less spending authority from offsetting collections and recoveries	<u>3,249,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,249,138</u>
Net obligations	11,259,336	-	-	-	11,259,336
OTHER RESOURCES					
Imputed financing from costs absorbed by others	26,592	-	-	-	26,592
Cost of operations absorbed by member states	-	1,264,482	-	-	1,264,482
Cost of operations absorbed by others	<u>-</u>	<u>-</u>	<u>3,324,684</u>	<u>-</u>	<u>3,324,684</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	11,285,928	1,264,482	3,324,684	-	15,875,094
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS					
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	<u>(3,232,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,232,176)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	14,518,104	1,264,482	3,324,684	-	19,107,270
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	(4,314)	-	-	-	(4,314)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Increase in annual leave liability	<u>5,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,052</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 14,518,842</u>	<u>\$ 1,264,482</u>	<u>\$ 3,324,684</u>	<u>\$ -</u>	<u>\$ 19,108,008</u>

DELTA REGIONAL AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2014

<u>Description</u>	<u>Paid From</u>			<u>Total All Funds</u>
	<u>Federal Funds</u>	<u>State and Other Funds</u>	<u>Rural Community Assistance Program</u>	
Grants, subsidies and contributions	\$ 11,323,202	\$ -	\$ 3,896,313	\$ 15,219,515
Consulting and other services	546,387	318,826	-	865,213
Employee benefits	272,513	58,460	-	330,973
Personnel services	722,738	247,518	-	970,256
Seminars and meetings	-	73,491	-	73,491
Travel and transportation of persons	201,135	64,985	-	266,120
Rent, communications and utilities	107,403	277,421	-	384,824
Supplies and materials	30,813	38,100	-	68,913
Printing and reproduction	62,386	109,859	-	172,245
Office expense	5,499	32,858	-	38,357
	<u>\$ 13,272,076</u>	<u>\$ 1,221,518</u>	<u>\$ 3,896,313</u>	<u>\$ 18,389,907</u>

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, 2014, 2013 AND 2012

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

	2014			2013			2012		
	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	\$ 2,310,502	\$ 36,494,129	45.3%	\$ 2,915,806	\$ 649,450,560	32.0%	\$ 3,048,016	\$ 225,049,336	33.8%
B. Transportation Infrastructure	1,090,506	13,003,704	21.4%	2,035,412	70,517,811	22.3%	2,937,905	13,114,186	32.5%
C. Business Development	1,626,951	19,612,093	31.9%	2,883,616	226,731,630	31.6%	1,999,030	4,063,777	22.1%
D. Work Development	74,001	1,871,819	1.5%	1,276,885	6,997,425	14.0%	1,045,900	1,596,300	11.6%
E. Other	-	-	0.0%	-	-	0.0%	-	-	0.0%
	<u>\$ 5,101,960</u>	<u>\$ 70,981,745</u>	<u>100.0%</u>	<u>\$ 9,111,719</u>	<u>\$ 953,697,426</u>	<u>100.0%</u>	<u>\$ 9,030,851</u>	<u>\$ 243,823,599</u>	<u>100.0%</u>

	2014			2013			2012		
	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %
State Allocations									
Alabama	\$ -	\$ 1,007,128	10.7%	\$ 979,248	\$ 979,248	10.9%	\$ 1,013,555	\$ 1,013,555	10.7%
Arkansas	1,409,639	1,409,639	14.9%	1,415,326	1,415,326	15.8%	1,336,720	1,461,940	15.4%
Illinois	744,740	744,740	7.9%	706,184	706,148	7.9%	810,579	810,579	8.6%
Kentucky	867,003	867,005	9.2%	839,893	839,894	9.4%	850,170	850,170	9.0%
Louisiana	1,696,438	1,596,439	16.9%	1,644,478	1,644,478	18.4%	1,734,437	1,734,438	18.3%
Mississippi	226,590	1,386,207	14.7%	1,342,547	1,342,557	15.0%	1,161,316	1,467,054	15.5%
Missouri	-	1,088,953	11.5%	1,039,830	1,039,830	11.5%	1,093,874	1,093,874	11.5%
Tennessee	157,550	1,348,507	14.3%	994,213	994,215	11.0%	1,030,200	1,039,980	11.0%
	<u>\$ 5,101,960</u>	<u>\$ 9,448,618</u>	<u>100.0%</u>	<u>\$ 8,961,719</u>	<u>\$ 8,961,696</u>	<u>100.0%</u>	<u>\$ 9,030,851</u>	<u>\$ 9,471,590</u>	<u>100.0%</u>

* Grant obligation process for 2014 not completed as of audit report date.

**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, 2014, 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 November 17, 2014.

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 and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 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.

We noted certain matters that we reported to the Authority's management in a separate letter dated November 17, 2014.

Purpose of this Report

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

BKD, LLC

Jackson, Mississippi
November 17, 2014