

**DELTA REGIONAL AUTHORITY**  
**PERFORMANCE AND ACCOUNTABILITY REPORT**  
**SEPTEMBER 30, 2017**



**DELTA REGIONAL AUTHORITY**  
**PERFORMANCE AND ACCOUNTABILITY REPORT**  
**SEPTEMBER 30, 2017**

**CONTENTS**

	<u>Page</u>
Agency Head Letter	4
 <b><u>SECTION 1 – MANAGEMENT’S DISCUSSION AND ANALYSIS</u></b>	
Management’s Discussion and Analysis	7
 <b><u>SECTION 2 – PERFORMANCE SECTION</u></b>	
Fiscal Year 2017 Performance Report	25
 <b><u>SECTION 3 – FINANCIAL SECTION</u></b>	
Independent Auditor’s Report	41
Basic Financial Statements	
Balance Sheets	45
Statements of Net Cost	46
Statements of Changes in Net Position	47
Statements of Resources (Budgetary and Non-Budgetary)	48
Notes to Financial Statements	50

## CONTENTS (CONTINUED)

	<u>Page</u>
Other Information	
Combining Balance Sheets	62
Combining Statements of Net Cost	64
Combining Statements of Changes in Net Position	66
Combining Reconciliation of Net Cost of Operations (Proprietary) to Budget	68
Schedule of Expenditures	70
Schedules of Grants Made	71
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 <i>Government Auditing Standards</i>	73



# DELTA REGIONAL AUTHORITY

November 15, 2017

Mick Mulvaney, Director  
The Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

Dear Director Mulvaney:

Enclosed you will find the Delta Regional Authority's (DRA) Performance and Accountability Report for Fiscal Year 2017. This report is an accurate and comprehensive account of the Authority's performance for FY 2017 and includes comparative financial statements in FY 2016 and FY 2017. I am pleased to report that, to date, each and every one of DRA's independent financial audits have all been unmodified, showing that DRA is a good steward of the people's investment in this agency.

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

In FY 2017, DRA – through its available funding programs– invested \$22,866,244 of its total appropriation into 94 projects in its eight-state region. This investment leveraged \$62,498,118 in other federal, state and local funds – a ratio of 2.7 to 1 for a total project investment of \$85,364,362. Additionally, DRA's investments attracted private investments totaling \$160,120,454 – a ratio of 7.0 to 1. Ultimately, DRA has leveraged \$222,618,572 in other public and private investments for a total investment ratio of 9.7 to 1.

With these investments, the 2017 DRA funding programs are expected to help achieve the following results:

- Provide 250,015 families with access to improved water and sewer;
- Train 104,212 individuals for a 21<sup>st</sup> century workforce; and
- Create and retain 5,262 jobs.

Over the course of 16 funding cycles, DRA has invested \$185,795,715 in 1,150 projects in its eight-state region, leveraging \$1,087,617,292 in other federal, state and local funds at a ratio of 5.9 to 1. Additionally, this investment has attracted \$2,462,269,583 in private investment – a ratio of 13.3 to 1 – for a total of \$3,735,682,591 in leveraged public and private funds resulting in a leverage ratio of 19.1 to 1.

Since FY 2002, DRA funding programs have helped to accomplish the following results:

- 75,792 families provided with access to improved water and sewer;
- 8,458 individuals trained for a 21<sup>st</sup> century workforce; and
- 38,188 jobs created and retained.

In addition, the following future outcomes are projected:

- Provide 299,236 families with access to improved water and sewer;
- Train 127,644 individuals for a 21<sup>st</sup> century workforce; and
- Create and retain 17,480 jobs.

4

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

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

[www.dra.gov](http://www.dra.gov)

WASHINGTON, D.C. OFFICE:  
444 NORTH CAPITOL, N.W., STE. 309  
WASHINGTON, D.C. 20001  
PHONE: (202) 434-4872  
FAX: (202) 434-4871

As evidenced in this report, numerous accomplishments in Fiscal Year 2017 have been witnessed in the following programs and initiatives:

- Local Development Districts (LDD) Training/Administration
- Regional Economic and Community Development Officers (RDO)
- Delta Research Consortium (DRC)
- *Today's Delta 3.0*
- Reimagining the Delta Workforce
- Small Business and Entrepreneurship Initiative (SB&E)
- Supporting Delta Leadership
- Promoting Tourism and the Cultural Economy
- Promoting a Healthy Delta
- Cultivating Innovative Partnerships

#### Management Assurances

The Reports Consolidation Act of 2000 requires an assessment by the Agency Head of the reliability and completeness of financial and performance data in the PAR/AFR report and describe any material internal control weaknesses and actions the agency is taking to resolve the weaknesses. Those statements follow:

#### Annual Assurance Statement on the System of Internal Controls

DRA contracts annually with the USDA Office of the Chief Financial Officer, Pegasys Financial Services, to perform payroll, grant accounting, budget, and certain financial reporting. DRA supplements these financial services with an off-the-shelf accounting software.

Management of Delta Regional Authority has established, maintains, and monitors a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements, execution of transactions in accordance with appropriate authorizations, protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting.

DRA's system of internal controls provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees with significant roles in the financial reporting process. Management monitors the system of internal controls for compliance and cost effectiveness. Management believes that DRA's system of internal controls was adequate, at September 30, 2017, to accomplish the objectives discussed herein and in accordance with the Federal Manager's Financial Integrity Act (FMFIA) of 1982.

DRA maintains a strong internal compliance and monitoring program that independently assesses the effectiveness of the system of internal controls and recommends improvements as needed. DRA's compliance officer meets periodically with its Finance department to discuss the results of their examinations, their evaluation of the system of internal controls, and the overall quality of DRA's financial reporting.

DRA's management is responsible for preparing the financial statements contained in this annual report in accordance with accounting principles generally accepted in the United States of America for federal entities and is responsible for the audited financial statements and the unaudited financial information appearing herein.

The financial statements included herein have been audited by BKD, CPA, LLP, an independent public accounting firm. Management made all financial records, related data, board minutes, personnel, and any other information requested by BKD available to them as requested. The audit report issued by BKD expressed an unmodified opinion on the fair presentation of the financial statements and the effectiveness of DRA's internal control over financial reporting based on their examination conducted in accordance with generally accepted auditing standards and the financial audit requirements of Government Auditing Standards, issued by the Comptroller General of the United States.

# DELTA REGIONAL AUTHORITY

Management and Internal Control. Based on the results of that assessment, DRA can provide reasonable assurance that, as of September 30, 2017, internal controls over operations, reporting, and compliance operated effectively with applicable laws and regulations, and no material weaknesses were found in the design or operation of the internal controls. Accordingly, I am pleased to certify with reasonable assurance, that DRA's systems of internal control, taken as a whole, comply with Section 2 of the FMFIA of 1982, including compliance with applicable federal accounting standards and the U.S. Standard General Ledger at the transaction level and with federal financial system requirements, in accordance with Section 4 of the FMFIA of 1982, with no material non-conformances.

It is with great pleasure that DRA submits its FY 2017 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 initiatives that help provide Delta residents with the necessary infrastructure, job training, and business development resources to assist job creation, build communities, and improve lives.

Sincerely,



Peter D. Kinder  
Alternate Federal Co-Chairman

**SECTION 1 - MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DELTA REGIONAL AUTHORITY**

Listing of Officials  
As of September 30, 2017

**Federal Co-Chairman**  
*Vacant*

**State's Co-Chairman**  
Governor Kay Ivey

**Alternate Federal Co-Chairman**  
Mr. Peter Kinder

**Alternate State's Co-Chairman**  
Mr. Kenneth Boswell

**STATE GOVERNORS, DESIGNEES, AND ALTERNATES**

**Alabama**

Governor Kay Ivey  
Mr. Kenneth Boswel (Designee)  
Ms. Kelly Chasteen (Alternate)

**Louisiana**

Governor John Bel Edwards  
Ms. Leslie Durham  
(Designee & Alternate)

**Arkansas**

Governor Asa Hutchinson  
Mrs. Amy Fecher  
(Designee & Alternate)

**Mississippi**

Governor Phil Bryant  
Mr. Bobby Morgan  
(Designee & Alternate)

**Illinois**

Governor Bruce Rauner  
Mr. Victor Nurusis (Designee)  
Ms. Kim Watson (Alternate)

**Missouri**

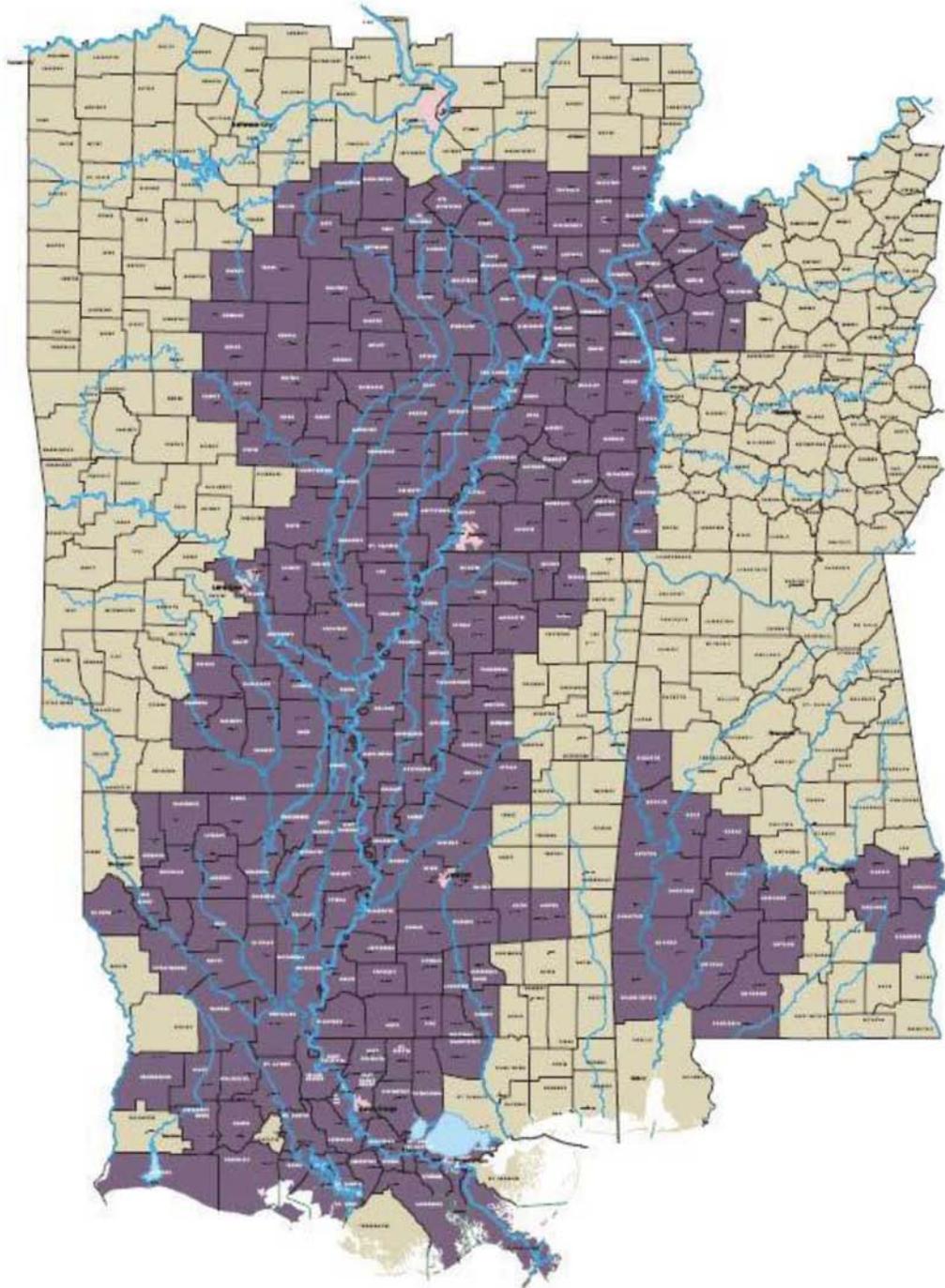
Governor Eric Greitens  
Mr. Caleb Jones (Designee)

**Kentucky**

Governor Matt Bevin  
Ms. Sandra Dunahoo  
(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, 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 (7 U.S.C.§2009aa) that DRA shall provide funding for the following four categories:

- Basic public infrastructure in distressed counties and isolated areas of distress;
- Transportation infrastructure for the purpose of facilitating economic development in the region;
- Business development, with emphasis on entrepreneurship; and
- Job training or employment-related education, with emphasis on 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 Agricultural Act of 2014 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 2017**

In FY 2017, DRA - through its available funding programs- invested \$22,866,244 of its total appropriation into 94 projects in its eight-state region. This investment leveraged \$62,498,118 in other federal, state and local funds - a ratio of 2.7 to 1 for a total project investment of \$85,364,362. Additionally, DRA's investments attracted private investments totaling \$160,120,454 - a ratio of 7.0 to 1. Ultimately, DRA has leveraged \$222,618,572 in other public and private investments for a total investment ratio of 9.7 to 1.

With these investments, the 2017 DRA funding programs are expected to help achieve the following results:

- Provide 250,015 families with access to improved water and sewer;
- Train 104,212 individuals for a 21<sup>st</sup> century workforce; and
- Create and retain 5,262 jobs.

Over the course of 16 funding cycles, DRA has invested \$185,795,715 in 1,150 projects in its eight-state region, leveraging \$1,087,617,292 in other federal, state and local funds at a ratio of 5.9 to 1. Additionally, this investment has attracted \$2,462,269,583 in private investment - a ratio of 13.3 to 1 - for a total of \$3,735,682,591 in leveraged public and private funds resulting in a leverage ratio of 19.1 to 1.

Since FY 2002, DRA funding programs have helped to accomplish the following results:

- 75,792 families provided with access to improved water and sewer;
- 8,458 individuals trained for a 21<sup>st</sup> century workforce; and
- 38,188 jobs created and retained.

In addition, the following future outcomes are projected:

- Provide 299,236 families with access to improved water and sewer;
- Train 127,644 individuals for a 21<sup>st</sup> century workforce; and
- Create and retain 17,480 jobs.

**Fiscal Year 2017 Counties and Parishes**

Distressed counties are defined as those counties that are one percent higher (6.2%) than the national average (5.2%) for unemployment for the most recent 24-month period and/or 80% or less than the national per capita income. Non-distressed counties are those under one percent of the national average for unemployment and more than 80% of 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 2017 resulted in 234 distressed counties and parishes and 18 non-distressed counties (see list below).

***Distressed List as of September 30, 2017***

<b>Alabama (20)</b>	Jefferson	Christian	Morehouse	Issaquena	New Madrid
Barbour	Lawrence	Crittenden	Natchitoches	Jasper	Oregon
Bullock	Lee	Fulton	Orleans	Jefferson	Ozark
Butler	Lincoln	Graves	Ouachita	Jefferson Davis	Pemiscot
Choctaw	Lonoke	Henderson	Pointe Coupee	Lafayette	Perry
Clarke	Marion	Hickman	Rapides	Lawrence	Phelps
Conecuh	Mississippi	Hopkins	Red River	Leflore	Reynolds
Dallas	Monroe	Livingston	Richland	Lincoln	Ripley
Escambia	Ouachita	Lyon	St. Bernard	Marion	Scott
Greene	Phillips	McLean	St. Helena	Marshall	Shannon
Hale	Poinsett	Marshall	St. James	Montgomery	Ste. Genevieve
Lowndes	Prairie	Muhlenberg	St. John the Baptist	Panola	St. Francois
Macon	Randolph	Todd	St. Landry	Pike	Stoddard
Marengo	Searcy	Trigg	St. Martin	Quitman	Texas
Monroe	Sharp	Union	St. Mary	Sharkey	Washington
Perry	St. Francis	Webster	Tangipahoa	Simpson	Wayne
Pickens	Stone		Tensas	Smith	Wright
Russell	Van Buren	<b>Louisiana (48)</b>	Union	Sunflower	
Sumter	White	Acadia	Vermillion	Tallahatchie	<b>Tennessee (21)</b>
Washington	Woodruff	Allen	Washington	Tate	Benton
Wilcox		Assumption	Webster	Tippah	Carroll
	<b>Illinois (14)</b>	Avoyelles	West Carroll	Tunica	Chester
<b>Arkansas (39)</b>	Alexander	Beauregard	West Feliciana	Union	Crockett
Ashley	Franklin	Bienville	Winn	Walthall	Decatur
Baxter	Gallatin	Caldwell		Warren	Dyer
Bradley	Hardin	Catahoula	<b>Mississippi (45)</b>	Washington	Gibson
Calhoun	Jackson	Claiborne	Adams	Wilkinson	Hardeman
Chicot	Johnson	Concordia	Amite	Yalobusha	Hardin
Clay	Massac	De Soto	Attala	Yazoo	Haywood
Cleveland	Perry	East Carroll	Benton		Henderson
Craighead	Pope	East Feliciana	Bolivar	<b>Missouri (28)</b>	Henry
Crittenden	Pulaski	Evangeline	Carroll	Bollinger	Lake
Cross	Randolph	Franklin	Claiborne	Butler	Lauderdale
Dallas	Saline	Grant	Coahoma	Carter	Madison
Desha	Union	Iberia	Copiah	Crawford	McNairy
Drew	Williamson	Iberville	Covington	Dent	Obion
Fulton		Jackson	DeSoto	Douglas	Shelby
Grant	<b>Kentucky (20)</b>	Jefferson Davis	Franklin	Dunklin	Tipton
Greene	Ballard	La Salle	Grenada	Howell	Weakley
Independence	Caldwell	Lincoln	Hinds	Iron	
Izard	Calloway	Livingston	Holmes	Madison	
Jackson	Carlisle	Madison	Humphreys	Mississippi	

*Non-Distressed List as of September 30, 2017*

**Alabama (0)**

All counties in Alabama are designated as distressed.

**Arkansas (3)**

Arkansas  
Pulaski  
Union

**Illinois (2)**

Hamilton  
White

**Kentucky (1)**

McCracken

**Louisiana (8)**

Ascension  
Cameron  
East Baton Rouge  
Jefferson  
Lafourche  
Plaquemines  
St. Charles  
West Baton Rouge

**Mississippi (2)**

Madison  
Rankin

**Missouri (1)**

Cape Girardeau

**Tennessee (1)**

Fayette

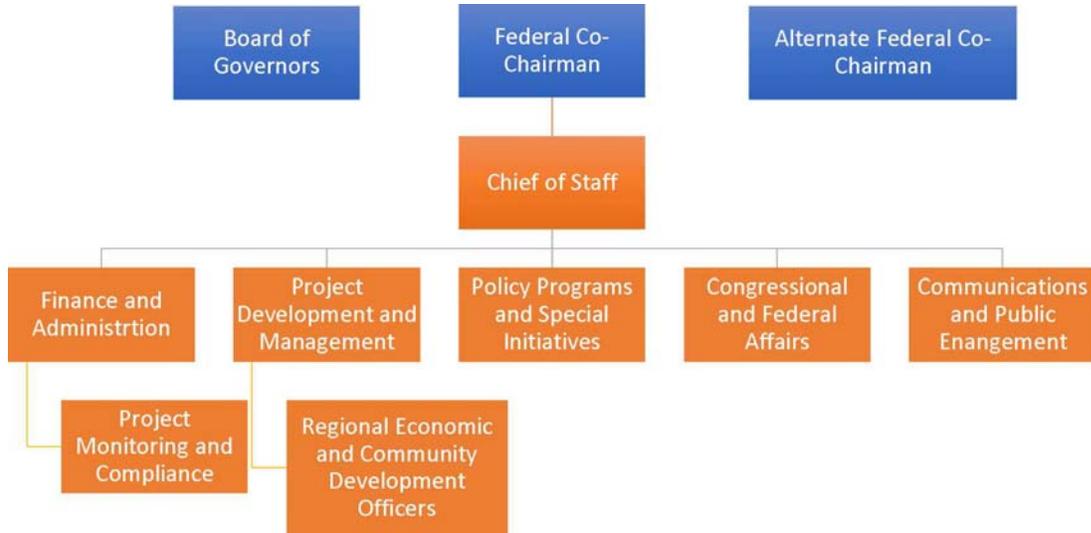
**Organizational Structure of the Delta Regional Authority**

The DRA Board is comprised of Governors from the eight states in the DRA region along with the Federal member, Peter D. Kinder, who was appointed by President Trump as the Alternate Federal Co-Chairman in August 2017. The Governors annually appoint a States' Co-Chairman, and in FY 2017, Governor Kay Ivey of Alabama was elected to serve as the eighth 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 Member 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 member and a majority of participating Governors.

The Alternate Federal Co-Chairman maintains an office within the DRA office and at the end of FY 2017 was the only full-time federal employee. Additionally, the DRA office employs seventeen 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 Delta Regional Authority**

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 also assist the Authority with compliance with many federal-mandated requirements. State administrative funds, along with other funds, are held by banks located in the DRA Region and are accounted for by the Director of Finance and Administration.

DRA completed its 15<sup>th</sup> year of compliance with the *Accountability of Tax Dollars Act of 2002*. DRA has consistently initiated additional controls and expanded compliance testing to ensure the financial integrity of the Authority.

**Financial Highlights**

The following is a summary of changes in assets, liabilities, revenues, expenditures and net position at September 30, 2017, as compared to the prior year:

- Total assets increased \$8,762,538 or 21.9% in 2017 compared to an increase of \$10,839,814 or 37.1% in 2016;
- Total liabilities decreased (\$451,387) or 17.9% in 2017 compared to an increase of \$36,342 or 1.5% in 2016;
- Total program costs increased \$1,037,822 or 5.2% in 2017 compared to an increase of \$2,500,159, or 14.3% in 2016;
- Financing sources of operations increased \$1,053,215 or 5.3% in 2017 compared to an increase of \$2,587,969 or 14.8% in 2016; and
- Net position increased \$9,213,925 or 24.6% in 2017 compared to an increase of \$10,803,072 or 40.4% in 2016.

**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).

	2015	2016	2017	2016 over (under) 2015	2016% over (under) 2015	2017 over (under) 2016	2017% over (under) 2016
<b>Total Assets</b>	\$29,213,923	\$40,053,337	\$48,815,875	\$10,839,414	37.1%	\$8,762,538	21.9%
<b>Total Liabilities</b>	2,486,545	2,522,887	2,071,500	36,342	1.5%	(451,387)	-17.9%
<b>Net Position</b>							
Unexpended appropriations/ state funds	26,765,083	37,556,986	46,744,349	10,791,903	40.3%	9,187,363	24.5%
Cumulative results of operations	(37,705)	(26,536)	26	11,169	129.6%	26,562	100.1%
Total Net Position	26,727,378	37,530,450	46,744,375	10,803,072	40.4%	9,213,925	24.6%
<b>Total Liabilities and Net Position</b>	\$ 29,213,923	\$ 40,053,337	\$ 48,815,875	\$ 10,839,414	37.1%	\$ 8,762,538	21.9%

Total assets increased \$8,762,538 or 21.9% in FY 2017 compared to FY 2016 and increased \$10,839,414 or 37.1% in FY 2016 compared to FY 2015. The FY 2017 increase is largely attributable to federal appropriations for economic development purposes, while the FY 2016 increase is attributable to federal appropriations increasing while funding for older projects continued to be paid out year over year.

Total liabilities decreased (\$451,387) or (17.9%) in FY 2017 compared to an increase of \$36,342 in FY 2016 or 1.5% compared to FY 2015, due to an increase in payment requests for RCAP projects near year-end compared to the requests received in the prior year.

Net position increased \$9,213,925 or 24.6% in FY 2017 compared to FY 2016. The increase in net position is directly attributable to an increase in financing sources. Net position increased \$10,803,072 or 40.4% in FY 2016 when compared to FY 2015. This increase in net position was directly attributable to an increase in financing sources.

**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.

**Delta Regional Authority  
Condensed Statement of Net Costs  
For the year ended September 30,**

Program Costs	2015	2016	2017	2016 over (under) 2015	2016 %	2017 over	2017 %
					(under) 2015	(under) 2016	(under) 2016
Intergovernmental gross costs	\$ 259,420	\$ 237,092	\$ 192,990	\$ (22,328)	-8.6%	\$ (44,102)	-18.6%
Net costs with the public	17,245,679	19,768,166	20,850,090	2,522,487	14.6%	1,081,924	5.9%
Total Net Program Costs	17,505,099	20,005,258	21,043,080	2,500,159	14.3%	1,037,822	5.2%
Net cost of operations	\$ 17,505,099	\$ 20,005,258	\$ 21,043,080	\$ 2,500,159	14.3%	\$ 1,037,822	5.2%

Total program costs increased \$1,037,822 or 5.2% in FY 2017 compared to an increase of \$2,500,159 in FY 2016. The increase is attributable to an increase in RCAP project disbursements. Funding requests received from RCAP grantees were received later for this fiscal year than the timing for requests received in the prior year.

**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.

**Delta Regional Authority  
Condensed Statements of Changes in Net Positions  
For the year ended September 30,**

	2015		2016		2017		2016 over/(under) 2015				2017 over/(under) 2016			
	Cum'tve results of Ops	Unexp'd Apprts/Funds	%	Cum'tve results of Ops	Unexp'd Apprts/Funds	%	Unexp'd Apprts/Funds	%						
	\$	\$	\$	\$	\$	\$	\$	\$	%	\$	\$	%	\$	%
Beginning balance	38,936	27,610,036	(37,705)	26,765,083	(26,536)	37,556,986	(76,641)	-197%	(844,953)	-3%	11,169	-30%	10,791,903	40.3%
Budgetary financing source/(uses)	13,095,424	(1,095,424)	14,443,527	10,556,473	15,936,221	9,063,779	1,348,103	10.3%	11,651,897	106.4%	1,492,694	10.3%	(1,492,694)	-14.1%
Other financing source/(use)	4,333,034	250,471	5,572,900	235,430	5,133,421	123,584	1,239,866	28.6%	(15,041)	-6%	(439,479)	-7.9%	(111,846)	-47.5%
Total financing source/(uses)	17,428,458	(844,953)	20,016,427	10,791,903	21,069,642	9,187,363	2,587,969	14.8%	11,636,856	137.7%	1,053,215	5.3%	(1,604,540)	-14.9%
Net cost of operations	17,505,099	-	20,005,258	-	21,043,080	-	2,500,159	14.3%	-	137.7%	1,037,822	5.2%	-	-
Net change	(76,641)	(844,953)	11,169	10,791,903	26,562	9,187,363	87,810	114.6%	11,636,856	137.7%	15,293	137.8%	(1,604,540)	-14.9%
Ending balance	(37,705)	26,765,083	(26,536)	37,556,986	26	46,744,349	11,169	29.6%	10,791,903	40.3%	26,562	-100.1%	9,187,363	24.5%

Financing sources of operations increased \$1,053,215 or 5.3% in FY 2017 compared to FY 2016. The increase in financing sources is related to an increase in disbursements of RCAP funds and an increase of SEDAP funds expended for projects during the current year. Financing sources of operations increased \$2,587,969 or 14.8% in FY 2016 when compared to FY 2015. The increase in financing sources was related to an increase in disbursements of RCAP funds and an increase of SEDAP funds expended for projects during the current year.

**Statements of Resources (Budgetary and Non-Budgetary)** – The statements of resources (budgetary and non-budgetary) and related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the year. 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.

**Delta Regional Authority  
Condensed Statement of Resources  
(Budgetary and Non-Budgetary)  
For the year ended September 30,**

	2015	2016	2017	2016 over/(under) 2015		2017 over/(under) 2016	
				\$	%	\$	%
Total Resources (Budgetary & Non-Budgetary Resources)	\$ 17,700,215	\$ 33,201,413	\$ 33,446,330	\$ 15,501,198	87.6%	\$ 244,917	0.7%
Total Status of Budgetary Resources	13,393,505	27,656,769	28,333,736	14,263,264	106.5%	676,967	2.4%
Total Unpaid Obligated Balance, Net End of Year	27,817,846	37,095,635	47,499,884	9,277,789	33.4%	10,404,249	28.0%
Net Outlays	\$ 12,695,042	\$ 14,071,390	\$ 16,061,792	\$ 1,376,348	10.8%	1,990,402	14.1%

The declining trend in Budgetary Resources abated in FY 2016 as DRA experienced decreases since FY 2012, which were attributable to increases in administrative and grant expenses, thereby reducing available resources and increasing obligation activity to re-appropriate and better utilize available funding from direct federal, pass-through federal and state sources.

*Notes to Financial Statements* – The notes to financial statements are an integral part of 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 financial statements should be read with the realization that these are for a component unit of the U.S. Government, a sovereign entity.

<b>Delta Regional Authority</b>					
<b>Summary of Financial Statement Audit</b>					
<b>As of September 30, 2017</b>					
Audit Opinion	Unmodified				
Restatement	No				
	<b>Beginning</b>				<b>Ending</b>
<b><u>Material Weakness(es)</u></b>	<b><u>Balance</u></b>	<b><u>New</u></b>	<b><u>Resolved</u></b>	<b><u>Consolidated</u></b>	<b><u>Balance</u></b>
None noted.	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

**Grants Oversight & New Efficiency (GONE) Act**

The objective of the Grants Oversight and New Efficiency (GONE) Act is to identify and close out expired grants. The covered grants are those within an agency’s cash payment management system that have been expired for two or more years and have not been closed out.

DRA reviewed its close-out population of federal grants and cooperative agreements and found instances where either a grant award or cooperative agreement with the period of performance ending on or prior to September 30, 2015 had not been closed out. Delays in grant and cooperative agreement closeout, and challenges to be address pursuant to the GONE Act follow the table below.

<b>Delta Regional Authority</b>						
<b>Summary of Grants Oversight &amp; New Efficiency (GONE) Act</b>						
<b>As of September 30, 2017</b>						
		<b>2-3</b>		<b>&gt;3-5</b>		<b>&gt;5</b>
<b><u>Category</u></b>		<b><u>Years</u></b>		<b><u>Years</u></b>		<b><u>Years</u></b>
Number of Grants/Cooperative						
Agreements with Zero Balances	2	\$ 11,000	0	\$ -	1	\$ 144,500
Number of Grants/Cooperative						
Agreements with Undisbursed						
Balances	47	945,240	85	3,038,656	37	1,069,887
Totals	49	\$ 956,240	85	\$ 3,038,656	38	\$ 1,214,387

**Challenges leading to delays in grant and cooperative agreement award closeout:** As noted in DRA's enabling legislation, "Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because: (1) the States or communities lack the economic resources to provide the required matching share; or (2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region." These limitations are often the reason DRA funds are needed as first dollars in on some of these grants. These limitations speak to other intrinsic limitations some of these communities' experience, that being, other resources to ensure the projects are completed on time and on budget. Another challenge identified has been the various ways DRA has obligated funds over the course of 3 administrations. First administration obligated with a signed grant agreement; second administration obligated with a board approved (voted on) project. Typically grant agreements were signed and returned soon after, but there have been occasions where the signed grant agreement took much longer to return. This issue is exacerbated by an extremely small administrative staff with little continuity over DRA's first 17 years of existence.

**Planned corrective actions to address these challenges:** First and foremost, DRA will address the staffing situation to divide administrative tasks proportionally. There are still a great number of grants and cooperative agreements but more could be done to claw back unused and underutilized funding. Secondly, DRA will be looking to purchase an accounting system which will accommodate financial accounting for both DRA administrative costs and grant funding. Next, DRA will have to better train our Local Development Districts to identify earlier, projects with the potential to close out early and how to notify DRA to start that process sooner. Likewise, DRA will need to further educate our board members about why certain projects would be too risky to approve and refocus their attention on projects that are capable of moving faster. Lastly, I believe the demographics of the Delta region must be taken into consideration and the inherent challenges that exist here. Some leeway must be given to these communities that struggle to obtain federal funds.

<b>Effectiveness of Internal Control over Financial Reporting (FMFIAs2)</b>						
Statement of Assurance	Unmodified					
Material Weakness(es)	Beginning					Ending
	Balance	New	Resolved	Consolidated	Reassessed	Balance
None noted.						
Total Material Weaknesses	0	0	0	0	0	0

<b>Effectiveness of Internal Control over Operations (FMFIAs2)</b>						
Statement of Assurance	Unmodified					
Material Weakness(es)	Beginning					Ending
	Balance	New	Resolved	Consolidated	Reassessed	Balance
None noted.						
Total Material Weaknesses	0	0	0	0	0	0

<b>Compliance with Federal Financial Management System Requirements (FMFIAs4)</b>						
Statement of Assurance	Federal Systems comply with financial management system requirements.					
Non-Compliance	Beginning					Ending
	Balance	New	Resolved	Consolidated	Reassessed	Balance
None noted.						
Total Material Weaknesses	0	0	0	0	0	0

<b>Compliance with Section 803(a) of the Federal Financial Management Improvement Act(FMFIA)</b>		
	Agency	Auditor
1. Federal Financial Mangement Systems Requirements	No lack of compliance noted.	No lack of compliance noted.
2. Applicable Federal Accounting Standards	No lack of compliance noted.	No lack of compliance noted.
3. USSGL at Transaction Level	No lack of compliance noted.	No lack of compliance noted.

**Fraud Reduction Efforts**

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

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

<b>Delta Regional Authority</b>				
<b>Framework of Internal Control</b>				
<b>For the year ended September 30, 2017</b>				
<b>Control Environment</b>	<b>Risk Assessment</b>	<b>Control Activities</b>	<b>Information &amp; Communication</b>	<b>Monitoring Activities</b>
Demonstrates commitment to integrity & ethical values.	Define objectives & risk tolerances.	Designs control activities.	Uses relevant, quality information.	Performs ongoing monitoring activities.
Exercises oversight responsibilities.	Identifies, analyzes, & responds to risk.	Selects and develops general system controls.	Communicates internally.	Evaluates issues and remediates deficiencies.
Establishes structure, authority, & responsibility.	Assess fraud risk.	Deploys & implements control activities.	Communicates externally.	
Demonstrates commitment to competence.	Identifies analyzes & respond to change.			
Enforces accountability.				

**Fraud Reduction Efforts (continued)**

DRA maintains an annual Financial Internal Control and Risk Management Plan that identifies, through quantitative and qualitative analysis, transactional areas that are susceptible to inaccuracies and/or fraud. The plan contains specific process areas that are tested throughout the fiscal year to ensure the process results are accurate and reasonable. For FY 2017 government-issued travel card was identified as a program with a high risk for fraud.

The following controls are in place to prevent/mitigate fraud within the government travel card program:

- Reduce employee-held travel cards to \$3,000,
- A government credit card SOP is published defining the roles and rules of the program. The handbook is reviewed and updated annually, as needed.

The following administrative controls are in place to detect potential fraud within the travel card program:

- The Accounting Supervisor review all purchase card holders' statements and supporting receipts on a monthly basis,
- The Accounting Supervisor reviews the card holders' quarterly history report obtained from the servicing bank to review purchases made by the card holder,
- The Accounting Supervisor writes a quarterly report summarizing purchase card activity, and
- The Director of Finance & Administration and Accounting Supervisor review the quarterly report and recommend the Chief, Monitoring/Compliance investigate those purchases deemed suspect.

Other areas reviewed for the annual Financial Internal Control and Risk Management Plan include:

- Payroll, and how fraud could be perpetuated through the time management system,
- Contracts over \$25,000, and how procurement procedures can be manipulated through fraud,
- Grant contracts/MOUs over \$100,000.

Below are additional strategies, procedures, and other steps employed by the agency to curb fraud:

- Prevent - establish an independent audit committee consisting of 1-2 board members,
- Prevent – conduct detailed fraud risk assessments to focus management attention,
- Deter/Detect – Promote effective reporting tools for suspicious or inappropriate activities (whistleblower hotline),
- Anti-Fraud Policy/Training – communicate a policy and train employees to recognize suspicious or inappropriate activities,
- Deter/Detect - Response to fraud allegations of how it will be investigated/resolved.

DRAs' senior management believes that this policy sends a clear message that senior management is committed to preventing and detecting fraud committed against the organization.

**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, 2017 and 2016, and demonstrates DRA's accountability for all funds and appropriations received.

If you have any questions about this report or need additional information, please contact the Delta Regional Authority via telephone by calling (662) 624-8600 or mail by directing inquiries to the Director of Finance & Administration, Delta Regional Authority, 236 Sharkey Ave, #400, Clarksdale, MS 38614.

**Other Contact/Reports:**

Internet Home Page <http://dra.gov>

Fraud/Whistleblower <http://dra.gov/accountability/promoting-a-transparent-government/#fraud>

Agency Financial Report <http://dra.gov/accountability/promoting-a-transparent-government/>

Strategic Plan <http://dra.gov/funding-programs/strategic-economic-development-plans-by-state/>

**SECTION 2 - PERFORMANCE REPORT**

**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, Financial Audit Manual. This report includes a summary of results on the following DRA programs and policy efforts:

**Project Development and Management**

- Local Development Districts (LDD) Training/Administration
- Regional Economic and Community Development Officers (RDO)

**Policy and Research**

- Delta Research Consortium (DRC)
- Today's Delta 3.0

**Programs and Initiatives**

- Reimagining the Delta Workforce
  - o Jobs for America's Graduates
- Small Business and Entrepreneurship Initiative (SB&E)
  - o Delta Entrepreneurship Network (DEN)
  - o HBCU-Entrepreneurial Ecosystem Initiative (HBCU-EEI)
- Supporting Delta Leadership
  - o Delta Leadership Institute (DLI)
    - Delta Leadership Network (DLN)
- Promoting Tourism and the Cultural Economy
  - o Delta Creative Placemaking Initiative (DCPI)
- Promoting a Healthy Delta
  - o Delta Doctors
  - o Innovative Readiness Training (IRT)
- Cultivating Innovative Partnerships
  - o DeltaCorps: A Program of AmeriCorps and the Delta Regional Authority
  - o Local Foods, Local Places (LFLP)

**Local Development Districts (LDD) Training/Administration**

Per DRA's statute, local development districts (LDDs) are the Authority's front-line project developers and managers. The LDDs within the DRA footprint provide technical assistance, application support and review, and other services to DRA and the entities in their districts wishing to apply for DRA funding. LDDs help identify effective and impactful economic development projects for consideration for DRA investment. All projects, regardless of the funding source, are developed in coordination with the appropriate LDD. LDD staff review and certify that each project is legitimate and meets the parameters of DRA programs.

Based on guidance from the LDD Advisory Board, LDDs who are out of compliance with certification requirements are ineligible to submit applications for DRA funding. These compliance requirements have helped ensure consistent improvements in the quality of applications over time. Guidance is given annually during the LDD training workshop and provided publicly in DRA's administrative program manual.

In December 2016, nearly 70 designated district staff from the 44 LDDs within the DRA footprint attended the annual LDD training academy in Memphis, TN hosted by DRA. Participants received certification as DRA project coordinators. These actions will help ensure that DRA stakeholders are receiving the most up to date technical assistance from their LDD when applying for DRA funding.

**Regional Economic and Community Development Officers (RDO)**

The Regional Economic and Community Development Officers (RDOs) serve as the nexus between DRA and local, state, and federal stakeholders. RDOs are based throughout the Delta region and directly support communities by helping to identify and fill capacity needs in support of local and regional development efforts. RDOs developed the required professional relationships, subject matter expertise, and geographic and cultural knowledge needed to connect stakeholders and leverage resources to maximize program impact. RDOs worked with communities and DRA headquarters staff, Local Development Districts (LDDs), and community stakeholders across the DRA footprint to facilitate project development, coordinate outreach and information sharing, assist with funding acquisition, and develop place-based community strategies. Further, these community outreach activities directly supported and aligned with the Delta Regional Development Plan III, the DRA's long term guiding strategic planning document, by facilitating local capacity building within Delta communities, organizations, and businesses.

## POLICY AND RESEARCH

Delta Research Consortium (DRC)

In recognition of the need for better and more targeted research in the economic, cultural, and social challenges, successes, and opportunities of Delta communities, DRA partnered with Arkansas State University (ASU) to develop a consortium of four-year colleges and universities throughout DRA's eight states to focus on research endeavors in the Delta region. The consortium utilizes the shared capacity of institutions for research and innovation across sectors to elevate funding for Delta-focused research that can inform policies and economic development efforts throughout DRA's service area.

DRA co-hosted the kickoff leadership summit for the DRC in April 2015, at which there were 50 representatives from 23 institutions and a number of economic development organizations represented as well. The summit was successful in building buy-in among the institutions present and motivating the research leadership to propose taking the next steps in creating a platform structure for the DRC to their institutional leadership. The consortium then hosted a Presidents Roundtable in October 2015 that secured buy-in from 20 institutions and helped outline next steps for the consortium. Those next steps included each institution signing a Memorandum of Understanding (MOU) and DRA hosting a policy summit for the DRC institutions as well as economic developers in February 2017.

Though there have been no final determinations on the signing of MOUs, DRA hosted the 2017 Policy Convening for the DRC in February 2017, which included representatives from 20 institutions across the Delta region except for the state of Illinois. The convening focused on three key topics - telemedicine, innovation in natural resources, and infrastructure - and included facilitated discussion about how the DRC platform can be most valuable to participating colleges and universities moving forward.

Today's Delta 3.0

In order to plan and implement impactful economic and community development strategies for the future, DRA recognizes that community leaders must understand their current reality. *Today's Delta* is an online resource, with periodic print versions, showing county-level data and comparing it to state, regional, and national indicators. DRA is in the fourth phase of the *Today's Delta* research database and report originally completed and published in 2012 and updated in 2015 and 2016. The *Today's Delta* project is in the final stages of an update to the database with 2016 data and expansion to more than 40 indicators of economic, health, educational, demographic, and poverty realities in Delta communities. The project is also undergoing a full update to the online platform to provide multi-level dashboards and analysis of the region's data. These statistics will be available online on DRA's website at [www.dra.gov/todays-delta](http://www.dra.gov/todays-delta) in fall of 2017.

**PROGRAMS AND INITIATIVES****Reimagining the Delta Workforce**Jobs for America's Graduates (JAG)

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

DRA's investments into JAG have been delivered in five phases over the past several years, expanding JAG into 58 schools and reaching more than 5,000 students. Through its partnership with JAG, DRA has invested a total of \$1,250,000 for region-wide efforts, and an additional \$500,000 in Louisiana through its States' Economic Development Assistance Program (SEDAP), bringing DRA's total investment to \$1,750,000 over the past 5 years.

*DRA-JAG Partnership: Phase V*

Phase V of the partnership focused on boosting employment and educational outcomes for high-risk youth. The investment specifically included:

- A total of \$250,000 to support the implementation of JAG into 12 additional schools in five of the eight states in the DRA service area. This investment increased the number of youth served by an additional 400 students.
- In addition to DRA funding, Entergy invested \$250,000 into JAG to support the implementation of JAG programming in schools across Arkansas, Louisiana and Mississippi.

**Small Business and Entrepreneurship Initiative (SB&E)**Delta Entrepreneurship Network (DEN)

Launched in January 2015, the Delta Entrepreneurship Network (DEN) aims to identify, nurture, and grow entrepreneurs and entrepreneurship support organizations (ESO) through a competitive fellowship program. As part of a three-year partnership with The Idea Village in New Orleans, Louisiana, selected entrepreneurs and ESOs participate in a cohort that receives intensive technical assistance and the opportunity to engage in New Orleans Entrepreneur Week (NOEW).

Entrepreneurs are selected through a competitive pitch process known as the Delta Challenge. These three-minute pitch competitions are held throughout the region, with alumni and current ESOs hosting events. Winners are selected from a panel of judges based on their applications that include information on the company's staff, business plan, marketing plan, scalability, and revenue model. In addition to applications, a panel of judges determines winners based on their company pitches.

In addition to the entrepreneurs' selection process, ESOs are selected by an independent panel of judges. Applications take into account the structure of the organization, revenue model, current services for entrepreneurs, intended services for entrepreneurs, and a short answer on the interest of participating in the DEN.

## PERFORMANCE REPORT

2017

The Delta Entrepreneurship Network 2016-2017 season launched in September 2016 with Delta Challenge pitch competitions. Three technical assistance sessions took place in December 2016, January 2017, and February 2017.

The Delta Challenge pitch competitions and technical assistance workshops took place in the following locations:

Date	Location	Venue/Event Type
September 15, 2016	North Little Rock, AR	Arkansas Regional Innovation Hub
September 28, 2016	Jackson, TN	Lane College
September 29, 2016	Oxford, MS	University of Mississippi
October 11, 2016	Tuskegee, AL	University of West Alabama
October 18, 2016	Ruston, LA	Louisiana Tech University
November 18, 2016	Cape Girardeau, MO	Codefi
December 2-4, 2016	Little Rock, AR	<i>Entrepreneur Technical Assistance</i>
January 20-22, 2017	Memphis, TN	<i>ESO Technical Assistance</i>
February 3-5, 2017	Jackson, MS	<i>Entrepreneur Technical Assistance</i>

At each of these locations, at least three fellows were chosen to participate in the DEN 2016-2017 cohort.

In March 2017, DRA brought DEN Fellows, ESOs, and HBCU student entrepreneurs to New Orleans Entrepreneur Week to provide them with the opportunity to attract additional capital and acquire the technical expertise to help grow their businesses and organizations. NOEW 2017 marked the third and final year of DRA partnership with The Idea Village in New Orleans, and thus, a close-out of the Delta Entrepreneurship Network and the HBCU-Entrepreneurial Ecosystem Initiative.

### HBCU-Entrepreneurial Ecosystem Initiative (HBCU-EEI)

Launched in 2016, the HBCU Entrepreneurial Ecosystem Initiative (HBCU-EEI) was created to support ongoing efforts on historically black college and university campuses targeting minority and women-owned businesses. The initiative cataloged current resources available to young entrepreneurs, strengthened existing programs, encouraged collaboration between partner institutions, and gave student entrepreneurs the tools they need to succeed.

The following schools were selected to participate through a competitive application process:

- Grambling State University | Grambling, LA
- Mississippi Valley State University | Itta Bena, MS
- Philander Smith College | Little Rock, AR
- Rust College | Holly Springs, MS
- Southern University | Baton Rouge, LA
- University of Arkansas at Pine Bluff | Pine Bluff, AR

The participating schools received up to \$24,000 in support services to host a two-day technical assistance and rapid acceleration workshop to educate aspiring and advanced student entrepreneurs about the skills and resources needed to launch and scale their businesses.

Upon completion of the two-day session, student entrepreneurs pitched their ideas for a chance to represent their schools and the Delta region at Founders Weekend on the Allen Entrepreneurial Institute (AEI) campus in Lithonia, Georgia. Winning entrepreneurs on each campus received pitch practice, mentorship from successful minority entrepreneurs, business model development, and other technical assistance leading up to the Founders Weekend activities.

**Supporting Delta Leadership**

Delta Leadership Institute

Founded in 2005, the Delta Leadership Institute (DLI) supports a corps of local community leaders who participate in a 10-month-long Executive Academy program and continue to communicate and collaborate after the Academy's completion through the DLI's alumni group, the Delta Leadership Network (DLN), in order to foster and strengthen cross-sector and regional collaboration, idea sharing, and networking across the DRA footprint. Over the course of the Executive Academy academic year, 50 participants attend distinct sessions that take them to each of the DRA's eight states and engage in skills training, case study discussion, and on-the-ground field studies of priority issue areas including transportation and infrastructure, workforce training and education, entrepreneurship and disaster resilience for small businesses, public health, culture and tourism, and policy and governance. With nearly 500 alumni, the DLN commits time, talent, service, and often financial resources to initiatives like Emergency Preparedness and Innovative Readiness Training missions and has become a strong voice for the region and DRA.

The Executive Academy held seven sessions over the course of 2016-2017 fiscal year that focused on the above priority policy areas. The consultancy protocol implemented in 2015-16 was expanded to serve a larger role in workshopping grassroots challenges that fellows are currently facing in their communities.

Data collected following each meeting ensures that the training and experiences are tailored to the needs of the fellows. The below table shows the overall mean of responses for 2016-17 sessions.

*Mean Score of 2016-17 Executive Academy sessions by Respondents, 1-5 scale*

Executive Academy	Overall
St. Louis - Orientation	4.38
Memphis - Session II	4.17
New Orleans - Session III	3.92
Little Rock - Session IV	4.31
Atmore, AL - Session V	4.26
Washington, DC - Session VI	4.18
Lake Barkley, KY - Graduation	4.41

In the coming thirteenth year of the Delta Leadership Institute Executive Academy (2017-18), a new certification program, accredited by The University of Alabama and implemented by the three-University partnership, will improve the Institute's ability to track and measure the quantifiable impact of the program in the daily lives of those participating while also providing fellows with a tangible testament to the skills they gain from the Executive Academy experience. Through increased marketing efforts, DLI staff recruited a class of 52 fellows for the coming year from a pool of 125 applicants (an increase in applications of more than 40 percent from past years). Arguably one of the most diverse classes in the program's history, the 2017-18 class represents rural and urban communities, includes four veterans, and works in economic development, for local development districts, local, state, and federal agencies, private sector, non-profit, educational, and cultural organizations. Eleven of the new fellows come from communities not yet represented in DLI.

#### Delta Leadership Network

In FY 17, the Delta Leadership Network elected a new Regional Advisory Council (RAC) consisting of a diverse group of 16 representing each state and a chair that has served the past two years (to support the organization during DRA's administrative transition). The RAC held an orientation session in Memphis in May 2017 to define its goals for the coming year and discuss the long-time future of the alumni organization, nearly 500 strong. In partnership with DLI leadership and staff and guided by the strategy set forth by the Regional Advisory Council, the chair and RAC members are leading the planning and implementation of local alumni engagement initiatives and events on the state level that support the continuing education, network, and information sharing amongst DLN membership.

One of the top priorities covered during their strategic planning meeting was increased engagement of the membership including a focus on re-engaging the older classes in DLN activities. The DLI staff redesigned the monthly newsletter to be more user-friendly and attractive; while there is generally strong engagement digitally with 40-60 percent of newsletters and state-specific emails being opened (a relatively high open rate for mass emails), there is still the need to increase in-person participation in some states.

In January 2017, the annual conference had an attendance of 150-170, including alumni, DLI fellows in the current Executive Academy, DRA staff and board; speakers and guests, which was consistent with numbers seen for the 2016 conference. The conference focused on lessons to learn from Louisiana and New Orleans ten years after Hurricanes Katrina and Rita hit the state and strategies for building resilience against future disasters across the region.

In August 2017, each state hosted a state meeting that gathered DLN members from that state to network and learn about a specific economic development topic from a guest speaker. Speakers ranged from the Louisiana secretary of transportation and the Governor of Alabama to an entrepreneur/chocolatier, the director of a civil rights museum in Mississippi, and one of the congressmen who worked on the original Delta Commission. These meetings gathered more than 150 DLN members.

In FY18, DLN will continue its commitment to sustain local and regional growth through strong leadership, focusing its efforts and network on increasing networking opportunities and engagement among the membership and improving the continuing education offerings through the Network beyond the Executive Academy.

**Promoting Tourism and the Cultural Economy**

Delta Creative Placemaking Initiative (DCPI)

In partnership with the National Endowment for the Arts (NEA) and the Rural Policy Research Institute (RUPRI), the Delta Regional Authority launched the Delta Creative Placemaking Initiative (DCPI) in January 2017. The purpose of the DCPI is to encourage municipalities, counties and parishes, local development districts, and other economic development entities to engage more deeply with the region's arts and cultural sectors. Through the formation of cross - sector partnerships, these entities will enhance their collective impact in supporting the quality of place and quality of life in their communities by strategically integrating the arts and culture into their existing economic and community development strategies and activities.

DRA developed a three-phase approach for the Delta Creative Placemaking Initiative as follows:

- *PHASE I: Creative Placemaking Train-the-Trainer*

In February 2017, DRA hosted staff for a Creative Placemaking "Train-the-Trainer" at the Agency's Regional Headquarters located in Clarksdale, Mississippi. Collaborative support for this training was provided by senior staff from The National Endowment for the Arts, ArtPlace America, Springboard for the Arts, Art of the Rural, The Rural Policy Research Institute, the Alabama State Council on the Arts, The Mississippi Arts Commission, and the Alliance for California Traditional Arts, among others. This training was designed to educate and inform DRA staff of the creative placemaking approach within comprehensive economic and community development strategies.

- *PHASE II: Creative Placemaking Regional Workshops*

The second phase implemented a series of workshops, held through the Mississippi River Delta region and Alabama Black Belt. The DRA Creative Placemaking Regional Workshops took place June-July 2017 in the following locations:

June 26-27   Paducah, KY	July 10-11   Vicksburg, MS
June 29-30   Wilson, AR	July 13-14   Tuskegee, AL
July 6-7   Greenville, MS	July 17-18   Arnaudville, LA

These workshops were designed to inform local elected officials, local development districts, economic development staff and leadership, and other non-arts sector decision-makers about the creative placemaking approach and the Delta Creative Placemaking Initiative. They were also intended to provide an invaluable training opportunity for municipal, county/parish, and economic development organization teams planning to submit DCPI grant proposals. As indicated in the NOFA, partnerships submitting grant applications under the Delta Creative Placemaking Initiative were required to have principals attend one of the Regional Workshops. During the 6 Regional Workshops, DRA trained nearly 380 local elected officials, economic development practitioners, and community development leaders.

• *PHASE III: Delta Creative Placemaking Investment Program*

The third phase implements the Delta Creative Placemaking Investment Program providing \$309,000 of total funding to chosen applicants. Applications were submitted by August 21, 2017 and final awards were announced on October 11.

The 2017 Delta Creative Placemaking Investment program provided funding for the following projects:

1. **City of Atmore, AL:** DRA Investment: \$15,000. Total Investment: \$35,000. In partnership with the Pride of Atmore, the city will develop and implement a master plan for The Strand revitalization project to achieve financial stability, develop new programming and encourage community engagement.
2. **City of Eufaula, AL:** DRA Investment: \$15,000. Total Investment: \$52,000. In partnership with the Eufaula Heritage Association, the city will rehabilitate the Martin Theatre in downtown Eufaula to construct an open-air, multi-purpose venue to host arts and cultural events.
3. **City of Cherokee Village, AR:** DRA Investment: \$20,000. Total Investment: \$57,000. In partnership with the Cherokee Village Historical Society, the city will construct a business incubator and community space for the Spring River Innovation Hub to support the arts, entrepreneurialism and community development.
4. **City of Marvell, AR:** DRA Investment: \$20,000. Total Investment: \$80,000. In partnership with the Marvell Civic Club, the city will restore the childhood home of Levon Helm, an American musician and actor who achieved fame as the drummer and one of the vocalists for The Band. Once the home is restored, it will be open to the public to celebrate the rich musical legacy of Marvell and the surrounding region.
5. **City of Metropolis, IL:** DRA Investment: \$22,000. Total Investment: \$60,000. In partnership with Save the Massac, the city will renovate the Massac Theatre to become a multi-use facility for the community, giving it new purpose while preserving its historical and cultural significance to the area.
6. **Village of Equality, IL:** DRA Investment: \$20,000. Total Investment: \$105,000. In partnership with the Equality Federated Tuesday Club, the city will rehabilitate a vacant building located on main street to establish a regional cultural arts center that promotes tourism and business development opportunities for entrepreneurs, small business owners, and local artists.
7. **City of Paducah, KY:** DRA Investment: \$20,000. Total Investment: \$268,943. In partnership with the Market House Theatre, the city will renovate the unoccupied Arcade Theatre building in historic downtown Paducah to use it as a scene shop for building sets and props for the Market House Theatre performances.
8. **City of Henderson, KY:** DRA Investment: \$15,000. Total Investment: \$30,000. In partnership with the Green River Area Development District, the city will engage the four-county region to conduct asset mapping of cultural entrepreneurs and identify development opportunities in each county to generate population growth and stimulate community development efforts.

9. **Acadia Parish Police Jury, LA:** DRA Investment: \$15,000. Total Investment: \$52,990. In partnership with the Acadia Arts Council, the parish will conduct an assessment of current economic and cultural activity in the area and develop a plan to support new ways to grow the area's population and expand economic opportunities for the region's residents.
10. **City of Winnsboro, LA:** DRA Investment: \$20,000. Total Investment: \$111,090. In partnership with The Delta Initiative, the city will redevelop three acres of land adjacent to the parish high school and neighboring houses to construct a community greenhouse and garden, engaging local youth in the art of food production and preparation, soft skills and mentoring, and job training.
11. **City of West Monroe, LA:** DRA Investment: \$20,000. Total Investment: \$69,000. In partnership with the Downtown Arts Alliance, the city will focus on a public art project to reinvigorate the arts and cultural sectors within the community, while also implementing programs to encourage long-term sustainability and community engagement.
12. **City of Greenwood, MS:** DRA Investment: \$20,000. Total Investment: \$50,000. In partnership with Main Street Greenwood, the city will leverage local resources to combat blight by redefining concepts of waste and empowering underserved residents through job training, apprenticeships and entrepreneurial development.
13. **City of Duck Hill, MS:** DRA Investment: \$25,000. Total Investment: \$55,000. In partnership with the Action Communication and Education Reform, the city will establish cultural opportunities for the long-term growth of the community and work to preserve downtown historic properties.
14. **City of Caruthersville, MO:** DRA Investment: \$25,000. Total Investment: \$53,440. In partnership with the Caruthersville Area Arts Council, the city will renovate the Exchange Building in the downtown corridor to establish a cultural arts center and business incubator for Caruthersville and the surrounding region.
15. **City of Brownsville, TN:** DRA Investment: \$15,000. Total Investment: \$35,000. In partnership with the Brownsville Arts Council, the city will highlight its most popular tourism attraction called "The Mindfield" through the design of wayfinding signage created by local artists and welding students.
16. **City of Martin, TN:** DRA Investment: \$22,000. Total Investment: \$482,000. In partnership with the Northwest Tennessee Entrepreneur Center, the city will partner with artists to install a soundscape recreational area and complementary playground, design an "outdoor classroom," cultivate landscape design, and light the path that features an artistic entrance into the Brian Brown Gateway.

## Promoting a Healthy Delta

### Delta Doctors

In an effort to increase the number of doctors serving Delta residents, the Delta Regional Authority began implementing the Delta Doctors program in 2003. The program allows foreign physicians who are trained in the US to work in medically underserved areas for three years by providing those physicians with J-1 Visa Waivers. Most choose to stay far longer once they develop a patient base. Those in the Delta Doctors program do not take jobs away from U.S.-born physicians. Instead, they provide services in areas where there would otherwise be a shortage of physicians.

The impact of Delta Doctors in the region is realized both by access to quality affordable healthcare and the economic impact the doctors make on the community in which they reside and practice. On average, each doctor participating in the program is estimated to create 5 full-time jobs within their clinics and offices, and an additional 3.4 full and part-time jobs within the communities where they work.

Since January 2017, DRA has processed 71 J-1 Visa Waiver applications and has approved 69 applicants to be placed in a medically underserved area within the 252 counties and parishes making up the DRA service area. In 2016, DRA processed 87 applications and approved 85 applicants.

### Innovative Readiness Training (IRT)

Through a partnership with the U.S. Department of Defense and the U.S. Military's reserve forces, the Delta Regional Authority's Innovative Readiness Training (IRT) program provides military medical personnel with in-field emergency response preparation while simultaneously providing quality healthcare services to communities throughout the Delta region. By utilizing their extensive resources, the military can meet some of the region's most urgent health and wellness needs.

The DRA hosted three IRT programs in summer of 2017, bringing medical, dental, and optical care to Delta residents that are uninsured or underinsured and in need of quality healthcare at no cost to the patient. A list of events follows:

- **Ozark Highlands:** June 5-12 in Mountain Home, Yellville, and Marshall, Arkansas. During 8 days of medical care, hundreds of servicemen and women from the U.S. Department of Defense served almost 3,700 patients in North Central Arkansas and Southern Missouri, performing over 5,100 procedures and fabricating over 1,300 pairs of glasses for a total value of \$676,000 in services.
- **Louisiana Care:** July 10-22 in Reserve, Napoleonville, and Amite, Louisiana. During 18 days of medical care, hundreds of servicemen and women from the U.S. Department of Defense served almost 3,500 patients in Southeast Louisiana and Southwest Mississippi, performing nearly 12,400 procedures (including 2,100 tooth extractions) and fabricating almost 700 pairs of glasses for a total value of more than \$1 million in services.
- **Operation Healthy Delta:** September 13-21 in Charleston and Caruthersville, Missouri. During 9 days of medical care, hundreds of servicemen and women from the U.S. Department of Defense including the Missouri Air National Guard and Navy Reserves served over 4,500 patients in Southeast Missouri, Western Kentucky, and Western Tennessee, performing over 8,100 procedures (including 2,000 tooth extractions) and fabricating over 1,600 pairs of glasses for a total value of nearly \$2 million in services.

Overall, the three IRT medical missions held during the summer of 2017 provided 11,700 patients with services including 25,600 medical procedures, 4,100 tooth extractions, and 3,600 fabricated glasses for a grand total of over \$3.7 million in value to these Delta communities.

### **Cultivating Innovative Partnerships**

#### DeltaCorps

DeltaCorps, a program of AmeriCorps and the Delta Regional Authority, helps address the economic and social needs of local communities in the eight states of the Mississippi River Delta region. DeltaCorps provides much needed "boots on the ground" as a tangible resource that communities, nonprofit organizations, public agencies, schools and universities can access to help build economic opportunities, access to healthy futures, and disaster response services, among many other things. The application process allows these organizations to apply directly to DRA with a project proposal for how DeltaCorps members will be utilized. Members earn a \$12,530 living allowance, receive health insurance, loan forbearance, and childcare assistance as well as a \$5,775 education award upon successful completion of 1700 hours of service.

During DRA's first Program Year (September 2016-September 2017), the agency awarded 67 DeltaCorps members to 15 nonprofit organizations in Arkansas, Louisiana, Mississippi, Kentucky, Missouri, and Tennessee.

The awarded organizations and their member allotments are listed below:

- 1. SBP (formerly known as St. Bernard Project)** utilized twenty-five DeltaCorps members to provide disaster recovery services to flood-impacted residents throughout the Baton Rouge area and continue long-term recovery operations in New Orleans.
- 2. Hispanic Community Services** utilized two DeltaCorps members to serve the Hispanic populations of Jonesboro and Pochontas, Arkansas.
- 3. Project Homecoming**, a nonprofit community development organization that focuses on poverty-related and disaster-related housing and workforce development in Orleans Parish in Louisiana utilized five DeltaCorps members to support their affordable housing, workforce development, and disaster-relief efforts.
- 4. The College Initiative** hosted five DeltaCorps members to provide low-income high school students in Arkansas and Tennessee with financial literacy services for future college success and financial independence.
- 5. The Delta Area Economic Opportunity Corporation** of southeast Missouri hosted one DeltaCorps member to nurture and mentor ten Boy Scouts in Pemiscot County, developing the first Boy Scout troop in this area.
- 6. United Way of Southeast Missouri** utilized two members to tutor students in grades 2<sup>nd</sup> - 6<sup>th</sup> to increase reading by at least one grade level by the end of the year.
- 7. The Jackson Zoo** in Mississippi hosted a DeltaCorps member to implement, evaluate, and develop education programs that help economically disadvantaged students learn more about the zoo's exhibits and animals.
- 8. Four Rivers Behavioral Health and the Purchase Area Health Coalition** in western Kentucky hosted two DeltaCorps members to improve health, wellness, and economic issues in the region.
- 9. Rural Community Alliance** in Elaine and Eudora, Arkansas hosted three members to provide after-school tutoring services and summer learning activities to nearly 200 children in both communities.

**10. The Arkansas Hunger Relief Alliance** hosted five DeltaCorps members who focused on 38 counties in the Arkansas Delta by expanding programs in Norfolk and Little Rock, including the Arkansas No Kid Hungry Campaign, Cooking Matters nutrition education, hunger gardens, Summer and after-school meal programs, and volunteer coordination.

**11. Pfeifer Kiwanis Camp** hosted three DeltaCorps members who enhanced the Alternative Classroom Experience with environmental and conservation activities for economically disadvantaged, at-risk students in Pulaski County, Arkansas.

**12. Artesian Schools** hosted two DeltaCorps members to mentor 8th grade through high school students with the goal of increasing student attendance and homework completion rates in the Frayser-Raleigh community of Memphis, Tennessee.

**13. Bastion Community of Resilience** hosted one member who facilitated active neighboring within the intentionally designed neighborhood for post-9/11 veterans and military families to produce healthy outcomes by connecting veterans to needed supports and services, hosting workshops, and leading classes.

**14. Second Harvest** hosted two DeltaCorps members to enhance existing programming by targeting the root causes of hunger - income, education, and access to healthy foods -- in Orleans, Jefferson, St. Bernard, and Plaquemines Parishes in Louisiana.

**15. Rebuilding Together** hosted five DeltaCorps members to help low income homeowners, the elderly, the disabled, military veterans, and single head of households live safely and securely in their homes.

Overall, DeltaCorps members have recruited 3,550 episodic volunteers and 506 ongoing volunteers to assist with needs at their organizations and in their communities.

Through Education service, members have served 57 Hispanic low income high school students to better prepare them for college, assisted with Spanish translation services with health-related needs for 37 individuals, trained/taught 394 students about environmental stewardship practices, and through this training, increased overall environmental stewardship knowledge in 301 students to date. Members have also mentored 23 ninth grade students and tutored 235 elementary students.

Through member service in disaster recovery, 604 individuals have received necessary support in disaster services, and 93 individuals have been transitioned into safe housing. 16 elderly, low income, and/or disabled individuals have received home repairs that have allowed them to live in safe, stable housing.

Through Veterans and Military Families service, 335 veterans and their families have received targeted assistance and wellness classes.

Through Economic Opportunity service, 1,611 economically disadvantaged individuals received job training. 715 economically disadvantaged students received financial literacy workshops to better prepare them for college.

Through Healthy Futures service, 296 individuals have received services to eliminate long term hunger.

**Local Food, Local Places (LFLP)**

First announced in June 2014 during a White House Rural Council meeting in Washington, DC, the Local Foods, Local Places (LFLP) program aims to boost economic opportunities for local farmers and businesses, to improve access to healthy foods, and to revitalize downtowns and traditional neighborhoods by supporting farmers markets, food hubs, community gardens, and community kitchens and improving accessibility of these amenities. The program helps the awarded communities improve their livability by promoting economic development, preserving rural lands, and increasing access to locally grown food.

Six federal partners jointly fund and support the LFLP program: the U.S. Department of Agriculture (USDA), the U.S. Environmental Protection Agency (EPA), the U.S. Department of Transportation (DOT), the Centers for Disease Control and Prevention (CDC), the Delta Regional Authority (DRA), and the Appalachian Regional Commission (ARC). Project plans among the communities receiving LFLP awards include goals to create local food networks, establish regional food innovation centers, and develop job training efforts around local food entrepreneurship.

**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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as 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. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits 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 opinions.

### ***Opinions***

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, 2017 and 2016, 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.

### **Other Matters**

#### ***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 conducted 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, are presented for purposes of additional analysis and are 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 January 2, 2018, 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  
January 2, 2018

## **BASIC FINANCIAL STATEMENTS**

**DELTA REGIONAL AUTHORITY**  
**BALANCE SHEETS**  
**SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Intragovernmental		
Fund balance with Treasury	\$ 47,592,321	\$ 38,119,613
Cash	807,869	1,591,266
Property and equipment, net	219,978	-
Receivables	<u>195,707</u>	<u>342,458</u>
 TOTAL ASSETS	 <u>\$ 48,815,875</u>	 <u>\$ 40,053,337</u>
<b>LIABILITIES</b>		
Intragovernmental payable	\$ 246,634	\$ 251,904
Accounts payable	17,730	446,849
Grants and other payables	<u>1,807,136</u>	<u>1,824,134</u>
 TOTAL LIABILITIES	 2,071,500	 2,522,887
<b>NET POSITION</b>		
Unexpended appropriations/state funds	46,744,349	37,556,986
Cumulative results of operations	<u>26</u>	<u>(26,536)</u>
 TOTAL NET POSITION	 <u>46,744,375</u>	 <u>37,530,450</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 48,815,875</u>	 <u>\$ 40,053,337</u>

See Notes to Financial Statements

**DELTA REGIONAL AUTHORITY**  
**STATEMENTS OF NET COST**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>PROGRAM COSTS</b>		
Economic Development		
Intragovernmental gross costs	\$ 192,990	\$ 237,092
Less intragovernmental earned revenue	<u>-</u>	<u>-</u>
Intragovernmental net costs	192,990	237,092
Gross costs with the public	20,850,090	19,768,166
Less earned revenues from the public	<u>-</u>	<u>-</u>
Net costs with the public	<u>20,850,090</u>	<u>19,768,166</u>
TOTAL NET PROGRAM COSTS	<u>21,043,080</u>	<u>20,005,258</u>
<b>NET COST OF OPERATIONS</b>	<u><u>\$ 21,043,080</u></u>	<u><u>\$ 20,005,258</u></u>

See Notes to Financial Statements

**DELTA REGIONAL AUTHORITY**  
**STATEMENTS OF CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017		2016	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	\$ (26,536)	\$ 37,556,986	\$ (37,705)	\$ 26,765,083
BUDGETARY FINANCING SOURCES (USES)				
Appropriations received	-	25,000,000	-	25,000,000
Appropriations used	15,936,221	(15,936,221)	14,443,527	(14,443,527)
OTHER FINANCING SOURCES (USES)				
Cost of operations absorbed by member states and others	-	1,688,680	-	1,790,730
Cost of operations absorbed by RCAP	-	3,552,768	-	3,989,345
Imputed financing from costs absorbed by others	15,557	-	28,255	-
Disbursements of RCAP funds	3,495,511	(3,495,511)	3,983,269	(3,983,269)
Disbursements of funds provided by member states and others	1,622,353	(1,622,353)	1,561,376	(1,561,376)
TOTAL FINANCING SOURCES (USES)	21,069,642	9,187,363	20,016,427	10,791,903
NET COST OF OPERATIONS	21,043,080	-	20,005,258	-
NET CHANGE	26,562	9,187,363	11,169	10,791,903
NET POSITION, ENDING BALANCE	\$ 26	\$ 46,744,349	\$ (26,536)	\$ 37,556,986

See Notes to Financial Statements

**DELTA REGIONAL AUTHORITY**  
**STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017				
	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
	Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
<b>BUDGETARY RESOURCES</b>					
Unobligated balance, beginning of year	\$ 1,939,380	\$ 1,101,736	\$ (19,594)	\$ -	\$ 3,021,522
Recoveries of prior year obligations	183,360	-	-	-	183,360
Budget authority					
Appropriations received	25,000,000	-	-	-	25,000,000
Spending authority from offsetting collections					
Collected	-	1,688,680	3,552,768	-	5,241,448
<b>TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)</b>	<b>\$ 27,122,740</b>	<b>\$ 2,790,416</b>	<b>\$ 3,533,174</b>	<b>\$ -</b>	<b>\$ 33,446,330</b>
<b>STATUS OF BUDGETARY RESOURCES</b>					
Obligations incurred					
Direct	\$ 26,772,985	\$ -	\$ -	\$ -	\$ 26,772,985
Unobligated balances/unexpended funds					
Apportioned	355,025	-	-	-	355,025
Unapportioned	-	-	-	-	-
Unexpended funds	-	1,168,063	37,663	-	1,205,726
Unobligated balance not available	-	-	-	-	-
<b>TOTAL STATUS OF BUDGETARY RESOURCES</b>	<b>\$ 27,128,010</b>	<b>\$ 1,168,063</b>	<b>\$ 37,663</b>	<b>\$ -</b>	<b>\$ 28,333,736</b>
<b>CHANGE IN OBLIGATED BALANCES</b>					
Obligated balance, net, beginning of year	\$ 36,180,231	\$ 101,701	\$ 813,703	\$ -	\$ 37,095,635
Obligations incurred	26,772,985	1,622,353	3,495,511	-	31,890,849
Gross outlays	(15,527,290)	(1,706,324)	(4,069,626)	-	(21,303,240)
Recoveries of prior year unpaid obligations, actual	(183,360)	-	-	-	(183,360)
Obligated balance, net, end of year					
Undelivered orders	45,415,664	-	-	-	45,415,664
Accounts payable	1,826,902	17,730	239,588	-	2,084,220
<b>TOTAL UNPAID OBLIGATED BALANCE, NET, END OF YEAR</b>	<b>\$ 47,242,566</b>	<b>\$ 17,730</b>	<b>\$ 239,588</b>	<b>\$ -</b>	<b>\$ 47,499,884</b>
<b>NET OUTLAYS</b>					
Gross outlays	\$ 15,527,290	\$ 1,706,324	\$ 4,069,626	\$ -	\$ 21,303,240
Offsetting collections	-	(1,688,680)	(3,552,768)	-	(5,241,448)
<b>TOTAL NET OUTLAYS</b>	<b>\$ 15,527,290</b>	<b>\$ 17,644</b>	<b>\$ 516,858</b>	<b>\$ -</b>	<b>\$ 16,061,792</b>

See Notes to Financial Statements

2016

Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
\$ 523,988	\$ 872,382	\$ (25,670)	\$ -	\$ 1,370,700
1,050,638	-	-	-	1,050,638
25,000,000	-	-	-	25,000,000
-	1,790,730	3,989,345	-	5,780,075
<u>\$ 26,574,626</u>	<u>\$ 2,663,112</u>	<u>\$ 3,963,675</u>	<u>\$ -</u>	<u>\$ 33,201,413</u>
\$ 24,635,247	\$ -	\$ -	\$ -	\$ 24,635,247
888,742	-	-	-	888,742
-	-	-	-	-
-	1,101,736	(19,594)	-	1,082,142
1,050,638	-	-	-	1,050,638
<u>\$ 26,574,627</u>	<u>\$ 1,101,736</u>	<u>\$ (19,594)</u>	<u>\$ -</u>	<u>\$ 27,656,769</u>
\$ 26,619,675	\$ 35,414	\$ 1,162,757	\$ -	\$ 27,817,846
24,635,247	1,561,376	3,983,269	-	30,179,892
(14,024,053)	(1,495,089)	(4,332,323)	-	(19,851,465)
(1,050,638)	-	-	-	(1,050,638)
34,767,530	-	-	-	34,767,530
1,412,701	101,701	813,703	-	2,328,105
<u>\$ 36,180,231</u>	<u>\$ 101,701</u>	<u>\$ 813,703</u>	<u>\$ -</u>	<u>\$ 37,095,635</u>
\$ 14,024,053	\$ 1,495,089	\$ 4,332,323	\$ -	\$ 19,851,465
-	(1,790,730)	(3,989,345)	-	(5,780,075)
<u>\$ 14,024,053</u>	<u>\$ (295,641)</u>	<u>\$ 342,978</u>	<u>\$ -</u>	<u>\$ 14,071,390</u>

**DELTA REGIONAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**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, 2017 and 2016, 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 changes in net position reflect financing sources available to DRA, the cost of its operations and the net change in its financial position. 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 accompanying financial statements as "federal."

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 DRA staff. These transactions are designated in the accompanying 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 2017 and 2016.

## Cash

At September 30, 2017 and 2016, cash consisted of deposit accounts with various financial institutions. At September 30, 2017, the Authority's cash accounts were fully insured or otherwise collateralized.

## General Property and Equipment

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

## Compensated Absences

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

NOTE 2 – FUND BALANCE WITH TREASURY

DRA’s fund balance with Treasury comes from appropriations and the reimbursable agreement with DOT. A summary of DRA’s fund balance with Treasury follows.

	<u>2017</u>	<u>2016</u>
Fund balance with Treasury		
Appropriated fund	\$ <u>47,592,321</u>	\$ <u>38,119,613</u>
Status of fund balance with Treasury		
Unobligated balance		
Available	\$ 355,025	\$ 888,742
Unavailable	-	1,050,638
Obligated balance not yet disbursed	<u>47,237,296</u>	<u>36,180,233</u>
	<u>\$ 47,592,321</u>	<u>\$ 38,119,613</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2017.

Asset Class	Beginning Balance	Purchases, at cost	Deletions	End Balance
Vehicles	\$ -	\$ 243,728	\$ -	\$ 243,728
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, gross	-	243,728	-	243,728
Accumulated depreciation	-	(23,750)	-	(23,750)
Property and equipment, net	<u>\$ -</u>	<u>\$ 219,978</u>	<u>\$ -</u>	<u>\$ 219,978</u>

Depreciation expense for the fiscal year ended September 30, 2017 was \$23,750.

NOTE 4 – RECEIVABLES

Receivables are substantially made up of amounts due from the USDA, which is a major granting agency for DRA, and the Rural Community Assistance Program (RCAP). At September 30, 2017, \$47,230 was due from USDA for administrative expenses and \$148,477 was due from USDA for subgrantee expenses recorded in the financial statements as program costs. At September 30, 2016, \$29,328 was due from USDA for reimbursement of

administrative expenses, \$250,176 was due from USDA for subgrantee expenses recorded in the financial statements as program costs, \$61,764 due from Mississippi as the remaining portion of their state assessment and \$1,190 from other sources.

NOTE 5 – 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>2017</u>	<u>2016</u>
Balance of state funds on hand, beginning of year	\$ 342,023	\$ 198,739
Current year billed to and received from states	<u>1,194,444</u>	<u>1,245,335</u>
Total available from states	<u>\$ 1,536,467</u>	<u>\$ 1,444,074</u>
Balance of state funds on hand, end of year	<u>\$ 236,538</u>	<u>\$ 342,023</u>

NOTE 6 – 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>2017</u>	<u>2016</u>
Liabilities not covered by budgetary resources		
Leave liability (federal)	\$ -	\$ 27,727
Leave liability (state)	63,078	47,339
Other payables (state and other)	17,730	118,214
Deferred inflows from grants (RCAP and other)	152,247	408,596
Grants payable (RCAP)	<u>328,588</u>	<u>410,071</u>
Total liabilities not covered by budgetary resources	<u>561,643</u>	<u>1,011,947</u>

	<u>2017</u>	<u>2016</u>
Liabilities covered by budgetary resources		
Accounts payable	\$ -	\$ 53,598
Grants payable	1,254,651	1,176,525
Payroll and leave liability	8,572	48,752
Intragovernmental payable	<u>246,634</u>	<u>232,065</u>
Total liabilities covered by budgetary resources	<u>1,509,857</u>	<u>1,510,940</u>
Total liabilities	<u>\$ 2,071,500</u>	<u>\$ 2,522,887</u>

#### NOTE 7 – GRANTS AND OTHER PAYABLES

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

	<u>2017</u>	<u>2016</u>
Federal		
Accrued funded payroll and leave - current	\$ 8,572	\$ 48,752
Accrued unfunded leave - noncurrent	-	27,727
Grants payable	<u>1,254,651</u>	<u>1,176,525</u>
Total federal	<u>1,263,223</u>	<u>1,253,004</u>
State and Other		
Accrued leave	63,078	47,339
Deferred inflows of grant funds	<u>90,000</u>	<u>21,477</u>
Total state and other	<u>153,078</u>	<u>68,816</u>
RCAP		
Deferred inflows of grant funds	62,247	90,473
Grants payable	328,588	410,071
Other payables	<u>-</u>	<u>1,770</u>
Total RCAP	<u>390,835</u>	<u>502,314</u>
	<u>\$ 1,807,136</u>	<u>\$ 1,824,134</u>

NOTE 8 – 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>2017</u>	<u>2016</u>
Direct - category B Grants	\$ 23,918,833	\$ 22,370,126
Direct - category B Administration	<u>2,854,152</u>	<u>2,265,121</u>
Total obligations	<u>\$ 26,772,985</u>	<u>\$ 24,635,247</u>

NOTE 9 – 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 \$561,643, and the decrease in components requiring resources in future periods totaled \$27,727 at September 30, 2017. Liabilities not covered by budgetary resources totaled \$1,011,947, and the decrease in components requiring resources in future periods totaled \$9,979 at September 30, 2016. 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 10 – 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 six-year operating lease arrangement.

Future minimum lease payments at September 30, 2017, were:

2018	\$ 114,346
2019	115,617
2020	<u>53,217</u>
	<u>\$ 283,180</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 \$134,102 and \$106,200 for the years ended September 30, 2017 and 2016, respectively.

#### NOTE 11 – 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 12.8% and 10.3% for the years ended September 30, 2017 and 2016, respectively. Contributions made by the Authority amounted to approximately \$123,000 and \$97,000 for the years ended September 30, 2017 and 2016, respectively.

FERS covered employees are required to contribute 0.8% of their annual covered salary, and the Authority was required to contribute 11.2% of annual covered payroll. For the year ended September 30, 2014 and following, 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 14.0% and 14.2% for the years ended September 30, 2017 and 2016, respectively. The Authority's contributions to FERS for the years ended September 30, 2017 and 2016 were approximately \$44,500 and \$75,000, respectively, which equaled the required contributions for each year.

#### NOTE 12 – 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 13 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc., made by the Authority in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Authority in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the Authority employees that will be funded by Office of Personnel Management (OPM). Changes in budgetary resources obligated for goods, services and benefits ordered but not yet provided represent the difference between the beginning and ending balances of undelivered orders (i.e., goods and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and net cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represent financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial [proprietary] accounting) is as follows (note: in prior years, this information was presented as a separate financial statement [the statement of financing]).

	<u>2017</u>	<u>2016</u>
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	\$ 26,772,985	\$ 24,635,247
Less spending authority from offsetting collections and recoveries	<u>183,360</u>	<u>(1,050,638)</u>
Net obligations	26,956,345	23,584,609
OTHER RESOURCES		
Imputed financing from costs absorbed by others	15,557	28,255
Cost of operations absorbed by member states and others	1,622,353	1,561,376
Cost of operations absorbed by RCAP	3,495,511	3,983,269
Other	<u>1,165</u>	<u>-</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	32,090,931	29,157,509
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>(10,653,404)</u>	<u>(9,141,082)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	21,437,527	20,016,427
TOTAL RESOURCES USED TO FINANCE THE ACQUISITION OF ASSETS	-	(1,190)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase (decrease) in annual leave liability	<u>(27,727)</u>	<u>(9,979)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 21,409,800</u>	<u>\$ 20,005,258</u>

NOTE 14 – 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 2016, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2018 President's budget, which are rounded to the nearest million. As the FY 2019 President's budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2017 data in the FY 2019 budget cannot be performed.

## **OTHER INFORMATION**

**DELTA REGIONAL AUTHORITY**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2017**

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
<b>ASSETS</b>					
Intragovernmental					
Fund balance with Treasury	\$ 47,592,321	\$ -	\$ -	\$ -	\$ 47,592,321
Cash	-	378,699	429,170	-	807,869
Property and equipment, net	-	219,978	-	-	219,978
Receivables	26	47,234	148,447	-	195,707
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 47,592,347</u>	<u>\$ 645,911</u>	<u>\$ 577,617</u>	<u>\$ -</u>	<u>\$ 48,815,875</u>
<b>LIABILITIES</b>					
Intragovernmental payable	\$ 246,634	\$ -	\$ -	\$ -	\$ 246,634
Interfund transfers	543,841	(692,960)	149,119	-	-
Accounts payable	-	17,730	-	-	17,730
Grants and other payables	1,263,223	153,078	390,835	-	1,807,136
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	2,053,698	(522,152)	539,954	-	2,071,500
<b>NET POSITION</b>					
Unexpended appropriations/state funds	45,538,623	1,168,063	37,663	-	46,744,349
Cumulative results of operations	26	-	-	-	26
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>45,538,649</u>	<u>1,168,063</u>	<u>37,663</u>	<u>-</u>	<u>46,744,375</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 47,592,347</u>	<u>\$ 645,911</u>	<u>\$ 577,617</u>	<u>\$ -</u>	<u>\$ 48,815,875</u>

**DELTA REGIONAL AUTHORITY**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2016**

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
<b>ASSETS</b>					
Intragovernmental					
Fund balance with Treasury	\$ 38,119,613	\$ -	\$ -	\$ -	\$ 38,119,613
Cash	-	1,217,620	373,646	-	1,591,266
Receivables	<u>1,190</u>	<u>91,092</u>	<u>250,176</u>	<u>-</u>	<u>342,458</u>
TOTAL ASSETS	<u>\$ 38,120,803</u>	<u>\$ 1,308,712</u>	<u>\$ 623,822</u>	<u>\$ -</u>	<u>\$ 40,053,337</u>
 <b>LIABILITIES</b>					
Intragovernmental payable	\$ 251,904	\$ -	\$ -	\$ -	\$ 251,904
Interfund payable	158,156	12,131	(170,287)	-	-
Accounts payable	330,405	101,701	14,743	-	446,849
Grants and other payables	<u>932,030</u>	<u>93,144</u>	<u>798,960</u>	<u>-</u>	<u>1,824,134</u>
TOTAL LIABILITIES	1,672,495	206,976	643,416	-	2,522,887
 <b>NET POSITION</b>					
Unexpended appropriations/state funds	36,474,844	1,101,736	(19,594)	-	37,556,986
Cumulative results of operations	<u>(26,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,536)</u>
TOTAL NET POSITION	<u>36,448,308</u>	<u>1,101,736</u>	<u>(19,594)</u>	<u>-</u>	<u>37,530,450</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 38,120,803</u>	<u>\$ 1,308,712</u>	<u>\$ 623,822</u>	<u>\$ -</u>	<u>\$ 40,053,337</u>

**DELTA REGIONAL AUTHORITY**  
**COMBINING STATEMENT OF NET COST**  
**YEAR ENDED SEPTEMBER 30, 2017**

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
<b>PROGRAM COSTS</b>					
Economic Development					
Intragovernmental gross costs	\$ 192,990	\$ -	\$ -	\$ -	\$ 192,990
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>192,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,990</u>
Gross costs with the public	15,732,226	1,622,353	3,495,511	-	20,850,090
Less earned revenues from the public	-	-	-	-	-
Net costs with the public	<u>15,732,226</u>	<u>1,622,353</u>	<u>3,495,511</u>	<u>-</u>	<u>20,850,090</u>
TOTAL NET PROGRAM COSTS	<u>15,925,216</u>	<u>1,622,353</u>	<u>3,495,511</u>	<u>-</u>	<u>21,043,080</u>
NET COST OF OPERATIONS	<u>\$ 15,925,216</u>	<u>\$ 1,622,353</u>	<u>\$ 3,495,511</u>	<u>\$ -</u>	<u>\$ 21,043,080</u>

**DELTA REGIONAL AUTHORITY**  
**COMBINING STATEMENT OF NET COST**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<u>Federal</u>	<u>State and Other</u>	<u>Rural Community Assistance Program</u>	<u>Eliminations</u>	<u>Combined</u>
<b>PROGRAM COSTS</b>					
Economic Development					
Intragovernmental gross costs	\$ 237,092	\$ -	\$ -	\$ -	\$ 237,092
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	<u>237,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,092</u>
Gross costs with the public	14,223,521	1,561,376	3,983,269	-	19,768,166
Less earned revenues from the public	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net costs with the public	<u>14,223,521</u>	<u>1,561,376</u>	<u>3,983,269</u>	<u>-</u>	<u>19,768,166</u>
 TOTAL NET PROGRAM COSTS	 <u>14,460,613</u>	 <u>1,561,376</u>	 <u>3,983,269</u>	 <u>-</u>	 <u>20,005,258</u>
 NET COST OF OPERATIONS	 <u>\$ 14,460,613</u>	 <u>\$ 1,561,376</u>	 <u>\$ 3,983,269</u>	 <u>\$ -</u>	 <u>\$ 20,005,258</u>

**DELTA REGIONAL AUTHORITY**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2017**

	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	\$ (26,536)	\$ 36,474,844	\$ -	\$ 1,101,736	\$ -	\$ (19,594)	\$ -	\$ -	\$ (26,536)	\$ 37,556,986
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	25,000,000	-	-	-	-	-	-	-	25,000,000
Appropriations used	15,936,221	(15,936,221)	-	-	-	-	-	-	15,936,221	(15,936,221)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,688,680	-	-	-	-	-	1,688,680
Cost of operations absorbed by RCAP	-	-	-	-	-	3,552,768	-	-	-	3,552,768
Imputed financing from costs absorbed by others	15,557	-	-	-	-	-	-	-	15,557	-
Disbursements of RCAP funds	-	-	-	-	3,495,511	(3,495,511)	-	-	3,495,511	(3,495,511)
Disbursements of funds provided by member states and others	-	-	1,622,353	(1,622,353)	-	-	-	-	1,622,353	(1,622,353)
TOTAL FINANCING SOURCES (USES)	15,951,778	9,063,779	1,622,353	66,327	3,495,511	57,257	-	-	21,069,642	9,187,363
NET COST OF OPERATIONS	15,925,216	-	1,622,353	-	3,495,511	-	-	-	21,043,080	-
NET CHANGE	26,562	9,063,779	-	66,327	-	57,257	-	-	26,562	9,187,363
NET POSITION, ENDING BALANCE	\$ 26	\$ 45,538,623	\$ -	\$ 1,168,063	\$ -	\$ 37,663	\$ -	\$ -	\$ 26	\$ 46,744,349

**DELTA REGIONAL AUTHORITY**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2016**

	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	\$ (37,705)	\$ 25,918,371	\$ -	\$ 872,382	\$ -	\$ (25,670)	\$ -	\$ -	\$ (37,705)	\$ 26,765,083
BUDGETARY FINANCING SOURCES (USES)										
Appropriations received	-	25,000,000	-	-	-	-	-	-	-	25,000,000
Appropriations used	14,443,527	(14,443,527)	-	-	-	-	-	-	14,443,527	(14,443,527)
OTHER FINANCING SOURCES (USES)										
Cost of operations absorbed by member states and others	-	-	-	1,790,730	-	-	-	-	-	1,790,730
Cost of operations absorbed by RCAP	-	-	-	-	-	3,989,345	-	-	-	3,989,345
Imputed financing from costs absorbed by others	28,255	-	-	-	-	-	-	-	28,255	-
Disbursements of RCAP funds	-	-	-	-	3,983,269	(3,983,269)	-	-	3,983,269	(3,983,269)
Disbursements of funds provided by member states and others	-	-	1,561,376	(1,561,376)	-	-	-	-	1,561,376	(1,561,376)
TOTAL FINANCING SOURCES (USES)	14,471,782	10,556,473	1,561,376	229,354	3,983,269	6,076	-	-	20,016,427	10,791,903
NET COST OF OPERATIONS	14,460,613	-	1,561,376	-	3,983,269	-	-	-	20,005,258	-
NET CHANGE	11,169	10,556,473	-	229,354	-	6,076	-	-	11,169	10,791,903
NET POSITION, ENDING BALANCE	\$ (26,536)	\$ 36,474,844	\$ -	\$ 1,101,736	\$ -	\$ (19,594)	\$ -	\$ -	\$ (26,536)	\$ 37,556,986

**DELTA REGIONAL AUTHORITY**  
**COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET**  
**YEAR ENDED SEPTEMBER 30, 2017**

	<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	\$ 26,772,985	\$ -	\$ -	\$ -	\$ 26,772,985
Less spending authority from offsetting collections and recoveries	<u>(183,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,360)</u>
Net obligations	26,589,625	-	-	-	26,589,625
OTHER RESOURCES					
Imputed financing from costs absorbed by others	15,557	-	-	-	15,557
Cost of operations absorbed by member states and others	-	1,622,353	-	-	1,622,353
Cost of operations absorbed by RCAP	-	-	3,495,511	-	3,495,511
Other	<u>1,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,165</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	26,606,347	1,622,353	3,495,511	-	31,724,211
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>(10,653,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,653,404)</u>
TOTAL RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS	15,952,943	1,622,353	3,495,511	-	21,070,807
RESOURCES THAT FINANCE THE ACQUISITION OF ASSETS	-	-	-	-	-
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	<u>(27,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,727)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 15,925,216</u>	<u>\$ 1,622,353</u>	<u>\$ 3,495,511</u>	<u>\$ -</u>	<u>\$ 21,043,080</u>

**DELTA REGIONAL AUTHORITY**  
**COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<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	\$ 24,635,247	\$ -	\$ -	\$ -	\$ 24,635,247
Less spending authority from offsetting collections and recoveries	<u>(1,050,638)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,050,638)</u>
Net obligations	23,584,609	-	-	-	23,584,609
OTHER RESOURCES					
Imputed financing from costs absorbed by others	28,255	-	-	-	28,255
Cost of operations absorbed by member states	-	1,561,376	-	-	1,561,376
Cost of operations absorbed by RCAP	<u>-</u>	<u>-</u>	<u>3,983,269</u>	<u>-</u>	<u>3,983,269</u>
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	23,612,864	1,561,376	3,983,269	-	29,157,509
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>(9,141,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,141,082)</u>
TOTAL RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS	14,471,782	1,561,376	3,983,269	-	20,016,427
RESOURCES THAT FINANCE THE ACQUISITION OF ASSETS	(1,190)	-	-	-	(1,190)
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Increase in annual leave liability	<u>(9,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,979)</u>
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	<u>\$ 14,460,613</u>	<u>\$ 1,561,376</u>	<u>\$ 3,983,269</u>	<u>\$ -</u>	<u>\$ 20,005,258</u>

**DELTA REGIONAL AUTHORITY**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED SEPTEMBER 30, 2017**

<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	\$ 14,106,939	\$ -	\$ 3,495,511	\$ 17,602,450
Consulting and other services	365,498	506,033	-	871,531
Employee benefits	310,519	169,845	-	480,364
Personnel services	808,210	401,758	-	1,209,968
Seminars and meetings	-	138,616	-	138,616
Travel and transportation of persons	184,798	10,696	-	195,494
Rent, communications and utilities	91,574	168,511	-	260,085
Supplies and materials	54,792	37,526	-	92,318
Printing and reproduction	29,174	84,165	-	113,339
Office expense	1,439	105,203	-	106,642
	<u>\$ 15,952,943</u>	<u>\$ 1,622,353</u>	<u>\$ 3,495,511</u>	<u>\$ 21,070,807</u>

**DELTA REGIONAL AUTHORITY**  
**SCHEDULES OF GRANTS MADE\***  
**YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015**

	2017			2016			2015		
	DRA Obligated	Total Project Funds	Funding Priority %	DRA Obligated	Total Project Funds	Funding Priority %	DRA Obligated	Total Project Funds	Funding Priority %
A. Basic Public Infrastructure	\$ 3,818,801	\$ 15,580,377	37.0%	\$ 4,375,155	\$ 98,374,292	42.4%	\$ 2,710,867	\$ 13,629,503	28.3%
B. Transportation Infrastructure	1,563,060	12,061,015	15.1%	1,658,999	44,428,541	16.1%	1,759,543	66,251,025	18.4%
C. Business Development	2,046,194	16,674,410	19.8%	1,639,757	46,595,849	15.9%	2,590,722	110,369,396	27.1%
D. Work Development	1,969,852	30,175,127	19.1%	1,275,062	4,650,168	12.4%	1,755,746	20,149,361	18.4%
E. Other	922,917	2,282,729	8.9%	1,361,512	13,138,568	13.2%	746,991	18,105,894	7.8%
	<u>\$ 10,320,824</u>	<u>\$ 76,773,658</u>	<u>100.0%</u>	<u>\$ 10,310,485</u>	<u>\$ 207,187,418</u>	<u>100.0%</u>	<u>\$ 9,563,869</u>	<u>\$ 228,505,179</u>	<u>100.0%</u>

	2017			2016			2015		
	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %
State Allocations									
Alabama	\$ 1,046,252	\$ 1,046,252	10.1%	\$ 1,085,395	\$ 1,085,396	10.5%	\$ 1,106,966	\$ 1,006,718	10.6%
Arkansas	1,442,110	1,442,110	13.9%	1,522,320	1,522,320	14.7%	1,434,397	1,434,397	15.1%
Illinois	844,671	844,671	8.1%	768,862	838,670	8.1%	773,722	773,722	8.1%
Kentucky	924,312	924,312	8.9%	918,441	918,441	8.8%	874,446	874,466	9.2%
Louisiana	2,079,313	2,069,314	19.9%	1,795,360	1,795,360	17.3%	1,557,975	1,594,207	16.8%
Mississippi	1,468,630	1,538,098	14.8%	1,635,176	1,635,177	15.8%	1,383,363	1,087,955	11.5%
Missouri	1,152,368	1,152,368	11.1%	1,147,049	1,147,050	11.1%	1,087,955	1,383,363	14.6%
Tennessee	1,363,168	1,363,168	13.1%	1,437,882	1,437,882	14.3%	1,345,045	1,345,045	14.2%
	<u>\$ 10,320,824</u>	<u>\$ 10,380,293</u>	<u>100.0%</u>	<u>\$ 10,310,485</u>	<u>\$ 10,380,296</u>	<u>100.0%</u>	<u>\$ 9,563,869</u>	<u>\$ 9,499,873</u>	<u>100.0%</u>

\* Grant obligation process for 2017 not completed as of audit report date.

Obligated may be more than allocated due to deobligation and reobligation of prior years' unused funds.

Totals may not add due to rounding.

**DELTA REGIONAL AUTHORITY**  
**SCHEDULES OF GRANTS MADE (CONTINUED)\***  
**COMMUNITY INFRASTRUCTURE FUND (CIF)**  
**YEARS ENDED SEPTEMBER 30, 2017 and 2016**

	2017			2016		
	<u>DRA Obligated</u>	<u>Total Project Funds</u>	<u>Funding Priority %</u>	<u>DRA Obligated</u>	<u>Total Project Funds</u>	<u>Funding Priority %</u>
A. Basic Public Infrastructure	\$ 7,240,001	\$ 85,797,841	72.5%	\$ 8,520,150	\$ 86,404,125	85.9%
B. Transportation Infrastructure	2,450,000	65,396,670	24.5%	1,400,000	3,480,500	14.1%
C. Business Development	300,000	9,610,052	3.0%	-	-	0.0%
D. Work Development	-	-	0.0%	-	-	0.0%
E. Other	-	-	0.0%	-	-	0.0%
	<u>\$ 9,990,001</u>	<u>\$ 160,804,563</u>	<u>100.0%</u>	<u>\$ 9,920,150</u>	<u>\$ 89,884,625</u>	<u>100.0%</u>

	2017			2016		
	<u>DRA Obligated</u>	<u>State Allocation</u>	<u>State %</u>	<u>DRA Obligated</u>	<u>State Allocation</u>	<u>State %</u>
State Allocations						
Alabama	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Arkansas	1,350,000	1,350,000	13.5%	1,355,500	1,355,500	13.7%
Illinois	515,000	515,000	5.2%	120,150	120,150	1.2%
Kentucky	800,000	800,000	8.0%	800,000	800,000	8.1%
Louisiana	1,211,901	1,211,901	12.1%	1,364,000	1,364,000	13.7%
Mississippi	2,963,100	2,963,100	29.7%	5,030,500	5,030,500	50.7%
Missouri	1,600,000	1,600,000	16.0%	1,250,000	1,250,000	12.6%
Tennessee	1,550,000	1,550,000	15.5%	-	-	0.0%
	<u>\$ 9,990,001</u>	<u>\$ 9,990,001</u>	<u>100.0%</u>	<u>\$ 9,920,150</u>	<u>\$ 9,920,150</u>	<u>100.0%</u>

\* 2016 is the first year of the CIF grant program.

**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 basic financial statements of Delta Regional Authority (the Authority), which comprise the balance sheet as of September 30, 2017, and the related statements of net cost, changes in net position, and resources (budgetary and non-budgetary) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 2, 2018.

***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. 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. 17-03. 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. 17-03.

We noted certain matters that we reported to the Authority's management in a separate letter dated January 2, 2018.

***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, LLP**

Jackson, Mississippi  
January 2, 2018