DELTA REGIONAL AUTHORITY

PERFORMANCE AND ACCOUNTABILITY REPORT

SEPTEMBER 30, 2011

BKD LLP
CPAs & Advisors

DELTA REGIONAL AUTHORITY

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SEPTEMBER 30, 2011

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DELTA REGIONAL AUTHORITY

November 9, 2011

To Whom It May Concern:

I am pleased to present the Delta Regional Authority's (DRA) Performance and Accountability Report for Fiscal Year 2011. This report is an accurate and comprehensive account of the Authority's performance for Fiscal Year 2011 and includes comparative financial statements for Fiscal Years 2010 and 2011.

The DRA has fully complied with *The Accountability for Tax Dollars Act (ATDA) of 2002* over the past nine years and continues a long-term commitment to setting and maintaining high standards in financial integrity and compliance. The report by the auditors of BKD, LLP contains an unqualified opinion on the financial statements in this document. DRA continues to meet each new challenge and expectation presented by President Obama and the U.S. Congress.

In Fiscal Year 2011, the DRA contributed $12,993,320 to 65 projects in its eight-state region leveraging $215,403,910 in other federal, state and local funds, a ratio of 16.58 to 1, making total project costs of $228,397,230. Additionally, private investment totals $134,658,691, a ratio of 10.36 to 1, with a total leveraged investment of $363,055,921, a ratio of 27.94 to 1. The 2011 DRA States' Economic Development Assistance Program (SEDAP) projects will realize the following results:

- 2,762 jobs created;
- 1,007 jobs retained;
- 3,935 families received improved water and sewer; and
- 18,328 individuals trained for jobs.

Overall, the DRA has contributed $94,546,965 to 652 projects in its eight-state region leveraging $634,582,095 in other federal, state and local funds, a ratio of 6.71 to 1, making total project costs $729,129,060. Additionally, private investment total $1,545,081,295, a ratio of 16.34 to 1, with a total leveraged investment of $2,274,210,355, a ratio of 24.05 to 1. Since the inception of the DRA Federal Grant Program and SEDAP, 431 projects have been completed with the following results:

- 7,037 jobs created;
- 6,166 jobs retained;
- 19,218 families received improved water and sewer; and
- 3,664 individuals trained for jobs.

Currently, the DRA has 248 active projects with the following projected outcomes:

- 14,315 jobs created;
- 13,393 jobs retained;
- 32,211 families received improved water and sewer; and
- 21,366 individuals trained for jobs.

As evidenced in this report, numerous accomplishments in Fiscal Year 2011 have been witnessed in the following programs and initiatives:

- States' Economic Development Assistance Program (SEDAP);
- Growing a Healthy Workforce in the Delta Initiative (HDI);
- Delta Doctors Program (DDP);
- BF Smith Foundation – Adult Literacy/Workforce Training (BFS);
- Jobs for America's Graduates (JAG);
- Save the Children (STC);
- Information Technology/iDelta (IT);
- Delta Development Highway System (DDHS);
- Multi-Modal Transportation (MMT);
- Delta Green Jobs Initiative (DGJI);
- Innovative Readiness Training Program (IRT);
- Local Development Districts (LDD);
- Entrepreneurship Training (SIU); and
- Delta Leadership Institute (DLI).

Thank you for allowing DRA to submit the Fiscal Year 2011 Performance Accountability Report. DRA will continue to grow as an organization and provide our 252 counties and parishes with a clearer direction to a better future.

Sincerely,

Christopher A. Masingill
Federal Co-Chairman

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS

DELTA REGIONAL AUTHORITY

Listing of Officials
September 30, 2011

Federal Co-Chairman
Christopher A. Masingill

States' Co-Chairman
Governor Jay Nixon

Alternate Federal Co-Chairman
Michael G. Marshall

GOVERNORS AND STATE DESIGNEES/ALTERNATES

Alabama
Governor Bob Riley
Mr. Jim Byard, Jr. (Designee)
Mrs. Bea Forniss (Alternate)

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

Illinois
Governor Pat Quinn
Sen. Larry Woolard
(Designee & Alternate)

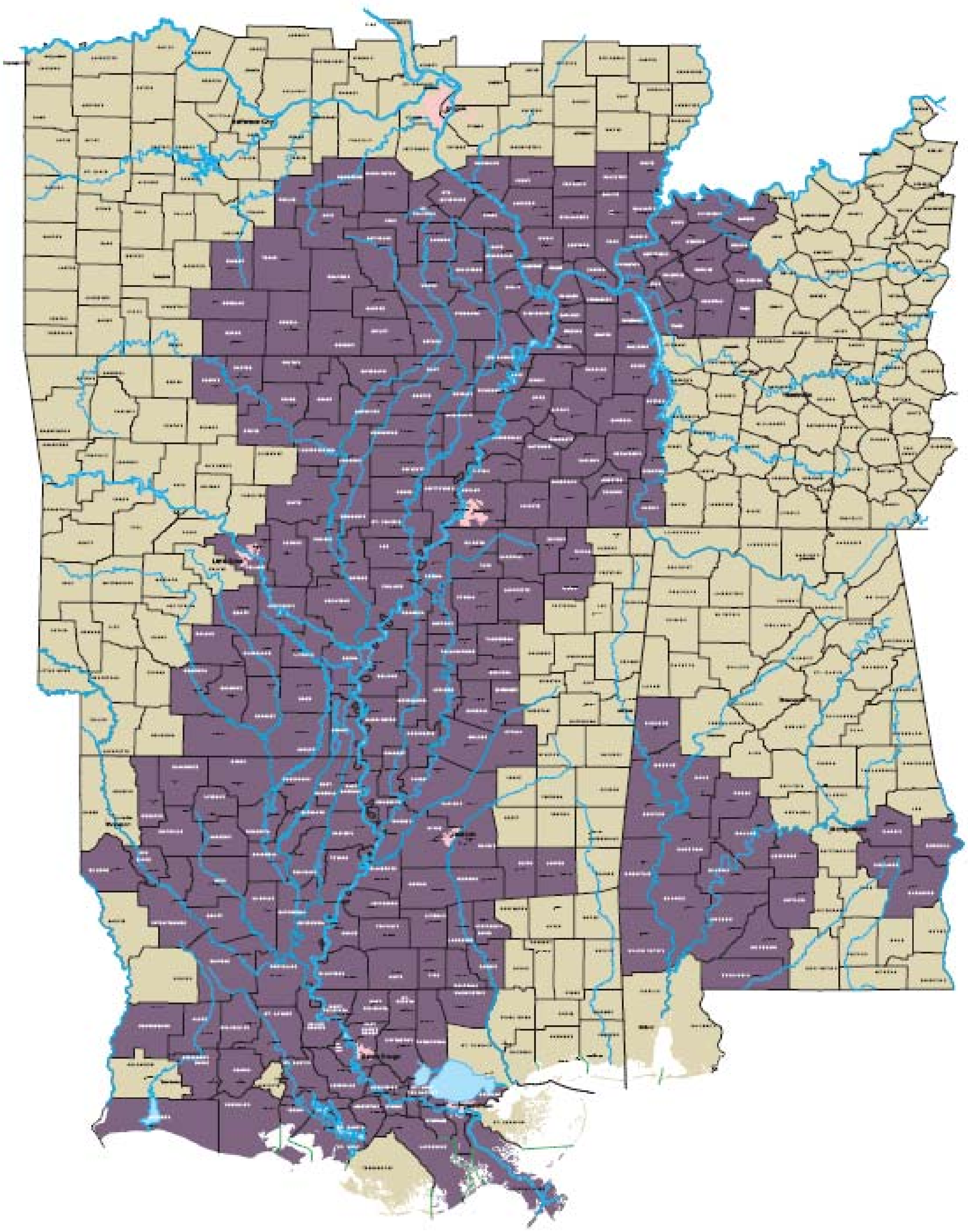
Kentucky
Governor Steven Beshear
Mrs. Stacia Peyton
(Designee & Alternate)

Louisiana
Governor Bobby Jindal
Mr. Jonathan Ringo (Designee)
Mr. Doyle Robinson (Alternate)

Mississippi
Governor Haley Barbour
Ms. Rebekah Staples
(Designee & Alternate)

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

Tennessee
Governor Bill Haslam
Mr. Paul Fassbender
(Designee & Alternate)



Delta Regional Authority Service Area

Introduction

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

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

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

Congressional stipulations include:

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

The following is a discussion and analysis of the operating results and financial position of DRA, created by the Delta Regional Authority Act of 2000. The Authority's original authorization expired on October 1, 2007, but was further extended by the 2008 Farm Bill to 2012.

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 2011

Performance Goals and Intermediate Results

ANNUAL PERFORMANCE GOALS	***INTERMEDIATE RESULTS***
2,092 Jobs Created	290 Jobs Created
3,962 Jobs Retained	180 Jobs Retained
18,790 Families Affected	1,704 Families Affected
167 People Trained	244 People Trained

The Authority continued to emphasize the four funding priority areas which are: basic public infrastructure, transportation infrastructure, business development, and workforce development, with emphasis on job creation and job retention. The total Fiscal Year 2011 project funding allocation was $12,993,320, which includes $3,427,089 from prior year and contingency/emergency funds. Basic public and transportation infrastructure project funding totaled $7,927,822, which is 61.14 percent, and investment in distressed counties totaled $11,665,304, which is 89.78 percent. Fiscal Year 2011 SEDAP funds attracted $215,403,910 in additional project funding, a ratio of 16.58 to 1, and $134,658,691 in leveraged private investment, a ratio of 10.36 to 1.

Fiscal Year 2011 Distressed Counties and Parishes

The DRA Enabling Legislation requires the Authority to update distressed county designation annually. The tabulation for the Fiscal Year 2011 resulted in 221 distressed counties and parishes (see list below).

Distressed List as of September 30, 2011

Alabama (20)

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

Arkansas (40)

Arkansas
Ashley
Baxter
Bradley
Calhoun
Chicot
Clay
Cleveland
Craighead
Crittenden
Cross
Dallas
Desha
Drew
Fulton
Grant
Greene
Independence
Izard
Jackson
Jefferson
Lawrence
Lee
Lincoln
Lonoke
Marion
Mississippi
Monroe
Ouachita
Phillips
Poinsett
Prairie
Randolph
Searcy
Sharp
St. Francis
Stone
Van Buren
White
Woodruff

Illinois (15)

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

Kentucky (18)

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

Louisiana (39)

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

Mississippi (42)

Adams
Amite
Attala
Benton
Bolivar
Carroll
Claiborne
Coahoma
Copiah
Covington
Franklin
Grenada
Holmes
Humphreys
Issaquena
Jasper
Jefferson
Jefferson Davis
Lafayette
Lawrence
Leflore
Lincoln
Marion
Marshall
Montgomery
Panola
Pike
Quitman
Sharkey
Simpson
Smith
Sunflower
Tallahatchie
Tate
Tippah
Tunica
Union
Walthall
Washington
Wilkinson
Yalobusha
Yazoo

Missouri (27)

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

Tennessee (20)

Benton
Carroll
Chester
Crockett
Decatur
Dyer
Fayette
Gibson
Hardeman
Hardin
Haywood
Henderson
Henry
Lake
Lauderdale
Madison
McNairy
Obion
Shelby (Census Track 42)
Tipton
Weakley

Organizational Structure of the Delta Regional Authority

The DRA Board is comprised of Governors from the eight states included in the DRA region, along with the Federal Co-Chairman, Christopher A. Masingill, who was appointed by President Obama and took office on July 13, 2010. The Governors appoint a State Co-Chairman, and in FY 2011, Governor Jay Nixon of Missouri served as the DRA's fifth States Co-Chairman. Statute requires the Board to hold a quorum meeting annually that a majority of Governors attend. For all other DRA meetings, Governors may appoint an alternate to serve in their absence.

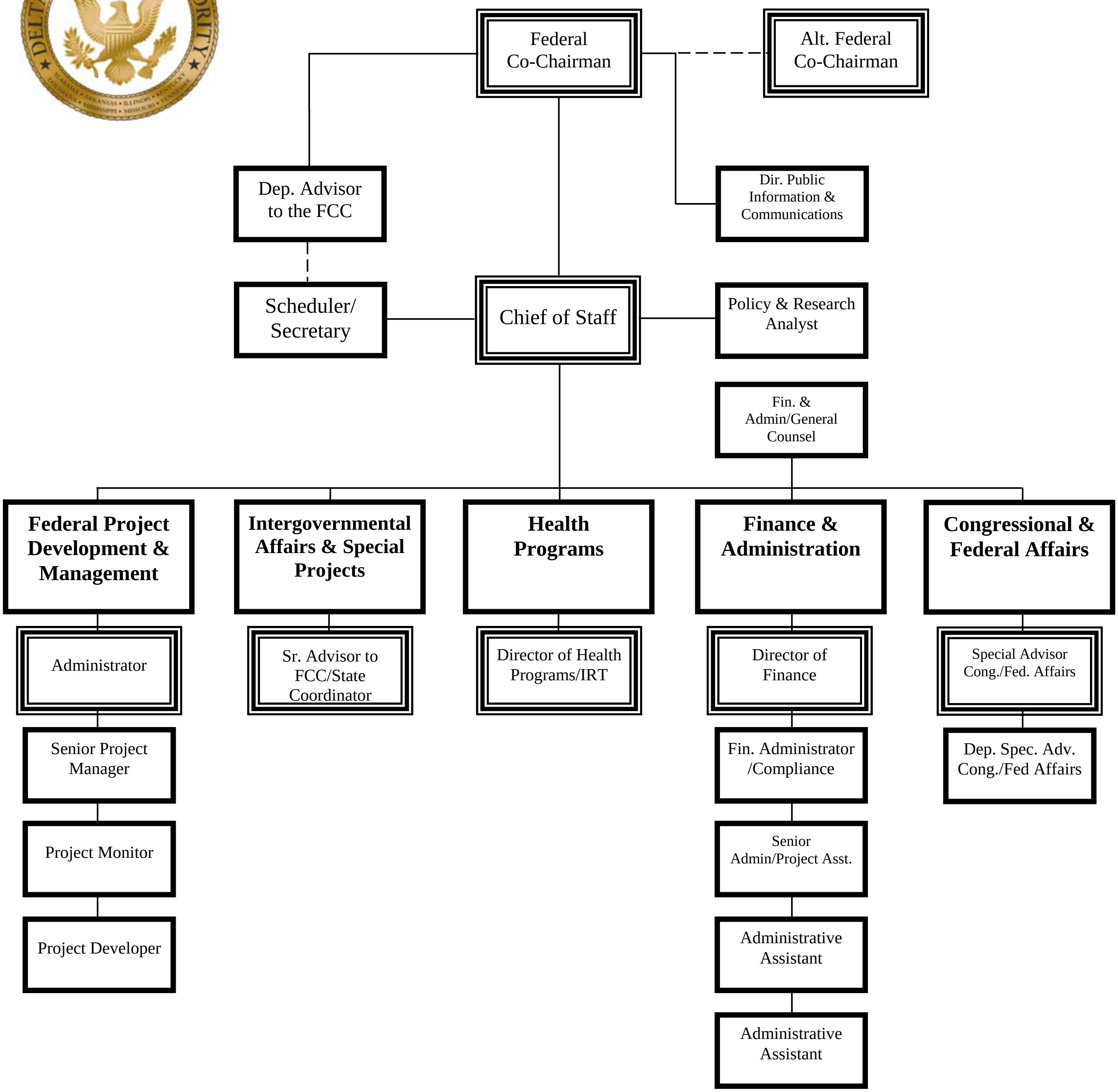
The relationship between the Federal Co-Chairman and Governors is a partnership, where all board members share the fiduciary responsibility of the Authority. These responsibilities are to establish and approve grants for economic development to the region, assess the region, formulate and recommend interstate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

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

The Federal Co-Chairman maintains an office within the DRA office and at the end of FY 2011 employed five full-time federal employees. Additionally, the DRA office employs nine non-federal employees who carry out the normal day-to-day operations of the DRA.

Following is the current DRA organizational chart:

Delta Regional Authority
Organizational Chart



Financial Management of the Delta Regional Authority

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

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

Financial Highlights

The following is a summary of the changes in assets, liabilities, revenues, expenditures and net position at September 30, 2011, as compared to the prior year:

- Total assets decreased $516,343, or 1.35 percent during 2011, compared to a $3,347,801, or 9.62 percent increase during 2010;
- Total liabilities decreased $144,251, or 6.53 percent during 2011, compared to a $740,642, or 50.44 percent increase during 2010;
- Net cost of operations increased $311,079, or 2.19 percent during 2011, compared to a $3,602,313, or 34.00 percent increase during 2010;
- Financing sources decreased $2,668,172, or 15.88 percent during 2011, compared to a $1,690,201, or 11.18 percent increase during 2010; and
- Net position decreased $372,092, or 1.03 percent during 2011, as compared to a $2,607,159, or 7.82 percent during increase during 2010.

Overview of the Financial Statements

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

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

Condensed Balance Sheets

	2009	2010	2011
Total Assets	$ 34,814,166	$ 38,161,967	$ 37,645,624
Total Liabilities	$ 1,468,499	$ 2,209,141	$ 2,064,890
Net Position			
Unexpended appropriations/state funds	33,359,725	35,975,258	35,611,087
Cumulative results of operations	(14,058)	(22,432)	(30,353)
Total Net Position	33,345,667	35,952,826	35,580,734
Total Liabilities and Net Position	$ 34,814,166	$ 38,161,967	$ 37,645,624

Total assets decreased $516,343 or 1.35 percent during FY 2011, compared to a $3,347,801, or 9.62 percent increase during FY 2010. The difference in FY 2011 is due to a decrease in funding. Additionally, the FY 2011 appropriation included a rescission of $23,400. The increase in FY 2010 was due to the delay in the annual appropriation which further delayed the FY 2010 grant cycle.

Total liabilities decreased $144,251 or 6.53 percent during 2011, compared to an increase of $740,642 or 50.44 percent during 2010. The FY 2011 decrease is due to the delays in Congressional appropriations, thus causing delays in the grant awards. The increase in FY 2010 was due to DRA prior year unused funds obligated by the participating states.

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

Condensed Statements of Net Cost

	2009	2010	2011
Program Costs			
Intergovernmental gross costs	$ 82,730	$ 86,684	$ 376,295
Net costs with the public	10,512,657	14,111,016	14,132,484
Total Program Costs	10,595,387	14,197,700	14,508,779
Net Cost of Operations	$ 10,595,387	$ 14,197,700	$ 14,508,779

The net cost of operations increased $311,079, or 2.19 percent during FY 2011, compared to a $3,602,313 or 34.0 percent increase during FY 2010. The FY 2011 change is mainly due to increased program costs and a small portion can be attributed to increased operating expenses. However, the increase expressed as a percentage is approximately two percent, which is less than the rate of inflation. Grantees have been encouraged to utilize funds in a timely manner. The FY 2010 increase was due to an increase in the DRA RCAP financing sources of $1,700,000 and also due to the increase in the federal appropriated grant dollars being obligated.

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

Condensed Statements of Changes in Net Position

	2009		2010		2011	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds	Cumulative Results of Operations	Unexpended Appropriations/ Funds
Beginning Balance	$ (36,590)	$ 28,862,986	$ (14,058)	$ 33,359,725	$ (22,432)	$ 35,975,258
Budgetary Financing Sources	8,613,563	4,386,437	10,396,232	2,603,768	12,277,783	(601,183)
Other Financing Sources	2,004,356	110,302	3,793,094	11,765	2,223,075	237,012
Total Financing Sources	10,617,919	4,496,739	14,189,326	2,615,533	14,500,858	(364,171)
Net Cost of Operations	10,595,387	-	14,197,700	-	14,508,779	-
Net Change	22,532	4,496,739	(8,374)	2,615,533	(7,921)	(364,171)
Ending Balance	$ (14,058)	$ 33,359,725	$ (22,432)	$ 35,975,258	$ (30,353)	$ 35,611,087

Financing sources decreased $2,668,172 or 15.88 percent during FY 2011, compared to a $1,690,201, or 11.18 percent increase during FY 2010. The FY 2011 increase was due to previous year funds being re-appropriated for the SEDAP and RCAP grant programs. The FY 2010 increase was due to the increase in RCAP financing sources which correspond to the increase noted above in the RCAP net cost of operations.

Net position decreased $372,092, or 1.03 percent as a result of the decrease in revenue and an increase in program costs and other costs, as previously mentioned. The FY 2010 increase in fund balance with U.S. Treasury was due to timing of grant obligations and related disbursements.

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

Condensed Statements of Resources (Budgetary and Non-Budgetary)

	2009	2010	2011
Total Resources (Budgetary and Non-Budgetary Resources)	$ 30,445,505	$ 36,635,757	$ 23,448,564
Total Status of Budgetary Resources	28,377,055	32,767,949	21,263,147
Total, Unpaid Obligated Balance, Net, End of Year	16,286,963	29,202,889	36,762,747
Net Outlays	8,910,750	9,557,893	12,287,250

As previously discussed, the FY 2011 changes outlined in the table above are attributed to an increase in administrative and grant expenses, reducing available resources, and increasing obligation activity to re-appropriate and better utilize available resources. The increases for FY 2010 were due to increased RCAP financing sources and net costs, in addition to the obligation of FY 2010 and FY 2009 federal appropriations used for grant funding, whereas in the prior year, only one fiscal year of grant funding was obligated.

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

Limitations of the Financial Statements

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

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

Contacting DRA's Financial Management

This financial report is designed to fulfill the obligations of DRA as it relates to the *Accountability for Tax Dollars Act of 2002*. The report details the financial position of DRA as of September 30, 2011 and 2010, and demonstrates DRA's proper accountability for all the monies and appropriations received.

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

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

SECTION 2 - PERFORMANCE SECTION

INTRODUCTION

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

- Overview of the Authority;

- Analysis of DRA *Congressional Mandates* and *Strategic Goals*, how those guiding principles further develop and refine DRA *Performance Goals*, and *c*omparison between DRA Performance Goals and Intermediate results reported by the DRA grantees located in the DRA region;

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

    - States' Economic Development Assistance Program (SEDAP);
    - Growing a Healthy Workforce in the Delta Initiative (HDI);
    - Delta Doctors Program (DDP);
    - BF Smith Foundation – Adult Literacy/Workforce Training (BFS);
    - Jobs for America's Graduates (JAG);
    - Save the Children (STC);
    - Information Technology/iDelta (IT);
    - Delta Development Highway System (DDHS);
    - Multi-Modal Transportation (MMT);
    - Delta Green Jobs Initiative (DGJI);
    - Innovative Readiness Training Program (IRT);
    - Local Development Districts (LDD);
    - Entrepreneurship Training (SIU);
    - Delta Leadership Institute (DLI);

- Describe unmet performance goals and explain why they were not met, and what is being done to resolve the issues.

DRA has been able to complete this process by collecting and entering all the related data into a database as a routine procedure as soon as the grant agreement and closing documents have been executed.

OVERVIEW OF THE AUTHORITY

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

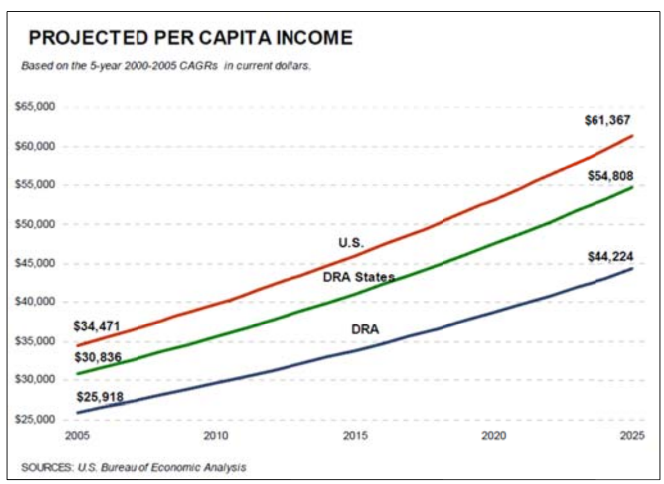
Mission Statement
The DRA will serve as a regional focal point for resources, planning and ideas. The DRA will be a catalyst for investment in the communities and in the people of the Mississippi Delta.

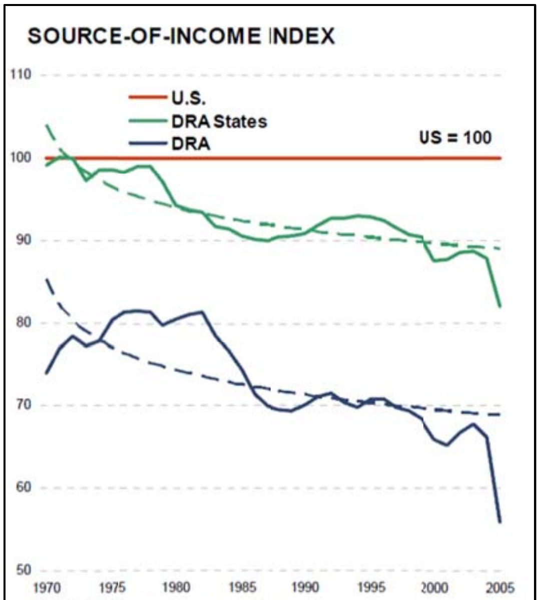
DRA, created by Congress in 2000, is a federal-state partnership serving a 252 county and parish area in an eight-state Region. Led by two presidential appointees, Federal Co-Chairman (FCC) and Alternate Federal Co-Chairman (AFCC), along with a State Co-Chairman and the governors of each participating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

The Authority helps economically distressed communities to leverage other federal and state programs which are focused on basic infrastructure development, transportation improvements, business development, and job training services. Federal law requires at least 75 percent of funds must be invested in distressed counties and parishes and pockets of poverty, with 50 percent of the funds earmarked for transportation and basic infrastructure improvements. In Fiscal Year 2011, the DRA invested 89.78 percent in distressed counties and parishes and pockets of poverty, and 61.4 percent of funds earmarked for transportation and basic infrastructure improvements.

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

DRA, in 2011 continues to partner with USDA's Rural Development Administration (RDA). Through their network of state and local offices, RDA will assist the Authority with the Rural Community Advancement Program (RCAP) administration. Additionally, the Authority works with Member State's federal, state and local governmental entities, as well as local development districts.





SOURCE: U.S. Bureau of Economic Analysis
NOTE: Dashed lines are logarithmic 35-year trendlines for each geography.

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

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

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

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

STATES' ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM

One of the most important aspects of the DRA, since inception, has been the Federal Grant Program (FGP). The program is an integral part of the Authority's ability to positively affect the lives of each state's constituency.

A complete review of all programs and policies commenced with the appointment and confirmation of Chairman Masingill as the Federal Co-Chairman (Chairman or FCC) of the Authority in July 2010. The Chairman's vision for the FGP entailed a policy shift in the way the grant department views work. No longer would the emphasis be solely placed on grant administration, but instead on project development and management.

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

Clearly, economic development has always been a part of the process for each of the grant applications received by the DRA. The Authority is now better positioned to fill this role as a project developer rather than just a funding source for economic and community development. Chairman Masingill has not only retooled the Authority's approach to doing business, but has also become actively engaged in developing the necessary tools and resources to help get the job done.

The Authority's 2011 SEDAP has been developed to enhance the economic development activities taking place in the region. From top to bottom, the entire program has been crafted with the economic developer in mind. Highlights of the program include:

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

The SEDAP Manual, in its entirety may be found at
http://grants.dra.gov/!userfiles/editor/docs/dra_SEDAP_Program_Manual_Final_2011.pdf.

Governors' project recommendations demonstrate the Authority's continued emphasis of the four funding priority areas—basic public infrastructure, transportation infrastructure, business development, and workforce development—with emphasis on job creation and job retention.

Basic public and transportation infrastructure project funding totaled $7,927,822 (61.14 percent) and distressed counties and parishes funding was $11,665,304 (89.78 percent) for Fiscal Year 2011. The total project funding allocation, $12,993,320, includes $3,427,089 in contingency/emergency and prior year funds. SEDAP funds leveraged $215,403,910 in additional project funding, a ratio of 16.58 to 1, and $134,658,691 in private investment, a ratio of 10.36 to 1. For the FY 2011 SEDAP grant cycle the following is projected:

- 458 jobs created
- 105 jobs retained
- 6,508 families received improved water and sewer
- 167 individuals trained for jobs

Overall the DRA has contributed $94,546,965 to 652 projects in the eight-state region for total project costs of $729,129,060. Total project cost includes $634,582,095 in other federal, state and local funds, a ratio of 6.71 to 1 in additional leveraged funds. Private investment totals $2,274,210,335, a ratio of 24.05 to 1. Since inception, the DRA Federal Grant and States' Economic Development Assistance Programs have actually accomplished the following:

- 7,037 jobs created
- 6,166 jobs retained
- 19,218 families received improved water and sewer
- 3,664 individuals trained for jobs

Once projects are complete the following is projected:

- 21,352 jobs created
- 16,659 jobs retained
- 51,529 families received improved water and sewer
- 25,030 individuals trained for jobs

Analysis and Comparison

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

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

Additional congressional stipulations include:

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

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

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

The three general goals from the DRA's 2008-2012 Regional Development Plan, "Rethinking the Delta" are used and outlined below to demonstrate performance in Fiscal Year 2011.

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

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

Objective 1.2: Expand access to healthcare professionals.

Objective 1.3: Establish a Delta Institute.

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

Objective 1.5: Strengthen workforce education and professional skills programs.

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

Objective 2.1: Advance the iDelta initiative.

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

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

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

GOAL 3
Create sustainable communities within the Delta

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

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

Objective 3.3: Support growth-oriented entrepreneurship.

Objective 3.4: Foster local leadership.

Objective 3.5: Build and augment basic infrastructure.

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

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

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

GROWING A HEALTHY WORKFORCE IN THE DELTA INITIATIVE

The Federal Co-Chairman and eight Governors have identified health as a major focus of the Authority. The growing incidence of chronic disease is a formidable challenge for the region and for the nation. The CDC estimates that in 2005 20.8 million Americans – 7 percent of the population – had diabetes. Within DRA states, 2.57 million people are estimated to suffer from diabetes.

The DRA recognizes that health plays a critical role in the productivity and well-being of the Region. In Fiscal Year 2011, DRA adopted its newly-revised plan entitled "Growing a Healthy Workforce in the Delta" that can be viewed at http://www.dra.gov/initiatives/health.aspx.

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2011, the Healthy Delta Initiative began its introduction into the region by conducting meetings with Governors, State Health and Human Service Directors, local and community leaders. We expanded our approach and met with White House staff, the United States Surgeon General and Regional Directors of federal agencies that share our concerns in the Region.

The HDI is currently in the process of creating county level health data reports for the 252 counties within the eight state region. This level of health data will be available for use on the new DRA website at the beginning of 2012. This information will prove helpful to groups such as those the HDI met with to establish regional and sub-regional workforce task groups. Examples of those groups include, but are not limited to, the Arkansas Rural Health Partnership and the Mid-Delta Community Consortium.

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

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

Objective 1.2 Expand access to healthcare professionals.

DELTA DOCTORS PROGRAM

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

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

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

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

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

Delta Doctors
Physicians Placed by State

State	2003-2011	2011
Alabama	0	0
Arkansas	10	0
Illinois	29	8
Kentucky	6	0
Louisiana	6	1
Mississippi	39	2
Missouri	30	8
Tennessee	45	13
Totals	165	32

DRA collaborates and coordinates with health clinics, hospitals, immigration attorneys, State Conrad 30 coordinators and the State Department to ensure the program's integrity. To date, the Delta Doctors program has assisted with the placement of 165 physicians in the region, which has helped to better meet the health care needs of more Delta families. For Fiscal Year 2011, DRA budgeted for and set a goal of processing the applications for 15 J-1 visa waivers; at the end of FY 2011, DRA had processed the applications for 32 physicians. This highly successful program has been featured in several medical publications including the West Tennessee Medical News and the Medical News of Arkansas.

Objective 1.3 Establish a Delta Institute.

This objective is scheduled in the fifth year of the DRA Regional Development Plan and is to conduct a feasibility study to evaluate the specific challenges in the region.

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

B.F. SMITH FOUNDATION – ADULT LITERACY/WORKFORCE TRAINING

Through a partnership with the B.F. Smith Foundation of Stoneville, MS, the DRA is continuing to address issues of adult illiteracy and workforce training through its Pre-Employment Training Program. The program seeks to increase adult literacy through individualized reading programs. The partnership also provides a seamless transition for participants into training programs and links to employment agencies upon completion of the program. Partner organizations providing training programs include universities, community colleges, and workforce training centers.

While there are many programs that have aided in this increasingly alarming problem, few have had continuous and significant impacts. In 2002, the B.F. Foundation requested that Delta Council, a 73-year-old organization, attempt to address the problem of adult literacy in the Delta by establishing a pilot program to test a model for adult literacy necessary for employment. Delta Council is an area economic development organization representing the eighteen Delta and part-Delta counties of Northwest Mississippi. It was organized in 1935 by a group of farsighted citizens to provide a medium through which the agricultural, business, and professional leadership of the area could work together to solve common problems and promote the development of the economy of the area. Delta Council sought out Dr. Connie Schimmel, President of Fairview Learning in 2002, to conduct two pilot reading programs in Yazoo County, MS.

2011 Activity:

Ten participants completed the Adult Literacy program between January 1 and August 31, 2011.

- Greenville (Washington County) held 2 programs with 7 out of 8 participants completing the program.
- Lambert (Quitman County) held 1 program with 1 participant completing the program.

- Greenwood/Lambert (Leflore/Quitman Counties) held a pilot program with 2 out of 4 participants completing the program and the other 2 completing the program in September.

With the increased efforts to market the Delta Council Adult Literacy program as well as the commitment from local leaders, there has been a recent boost in interest in Humphreys and Quitman Counties.

- Belzoni (Humphreys County) – 5 out of 6 prospective participants were screened and deemed appropriate for the program, which will begin in September.
- Lambert/Greenwood (Quitman/Leflore County) - 5 prospective participants were screened and found qualified for the program and an important connection made with the Job Corps program. A pilot program started summer 2011 in Greenwood with two completing the program and two more to finish at the beginning of September. The young adults from the Job Corps program moved the pilot to the Lambert community center.
- Lambert (Quitman County) – Job Corps will identify a group of young adults for the next program that will be held this fall 2011.

To celebrate the success of the Adult Literacy program and the accomplishments of the participants, Delta Council held a celebration at the Greenville YMCA in January. Four participants discussed their experiences and the impact reading, because of this program, has had on their lives. Trina George, State Director of U.S. Department of Agriculture Rural Development, and Chris Masingill, Federal Co-Chairman of Delta Regional Authority, spoke to the group about the importance of the Adult Literacy program, which both organizations help fund.

Recruiting Participants:

Although the major challenge in carrying out the Adult Literacy program still includes recruiting qualified participants, efforts made during the spring enhanced the program and significant contacts were made.

- Efforts to recruit more participants have been made in Bolivar, Holmes, Humphreys, Leflore, Quitman, Washington, and Yazoo Counties.
- A retired school teacher in Quitman County is enthusiastically committed to recruiting qualified participants and ensuring each gets to his/her scheduled sessions.
- Met with representatives from the MS Center for Education Innovation, who are currently meeting with the communities in which they work to promote the program
- Informed numerous companies about how the program can benefit the workforce
- Discussed adult literacy when presenting information to service clubs
- Dr. Connie Schimmel, founder of the adult literacy program, and Frank Howell promoted the program to members of the Greenwood-Leflore-Carroll Economic Development Center.

- The retired school teacher from Quitman County had the idea to recruit young adults from the Job Corps Center in Batesville. Five students were chosen for a pilot program that was held in Greenwood and Lambert.
- Dr. Schimmel presented at a Delta Council officers' meeting (2010-11) in Yazoo City to explain and promote the program.
- Dr. Schimmel spoke at a Delta Council officers' meeting (2011-12) held in Cleveland to explain and promote the program.

JOBS FOR AMERICA'S GRADUATES

Jobs for America's Graduates, Inc. is the nation's largest and, arguably, the most successful school-to-work system for at-risk and disadvantaged young people. Since its inception in 1980, well over 800,000 young people have participated in a JAG Model program. Today, JAG operates in approximately 850 high schools and serves nearly 42,000 youth in 33 states. The ultimate objective of the JAG Model is to help each program participant secure a quality job that will lead to a meaningful and satisfying career. To achieve this objective, JAG focuses on keeping students in school through graduation and equipping them with the academic and technical skills necessary to improve their employability. Second, JAG requires not less than one year of follow-up and support after the student leaves high school. This latter component of JAG helps to ensure the young person's success in a job and/or postsecondary education during the time when the student is most at risk of failure. This partnership with JAG will focus on the priority of the Delta Regional Authority of boosting employment, specifically including high-risk youth (whose unemployment rate is the highest in American history).

Nearly 400 delegates and Friends of JAG took part in the 28th Annual National Training Seminar (NTS) held at the InterContinental New Orleans, July 13-15, 2011. The 28th NTS was a memorable educational and networking experience with delegates from the 33-state JAG National Network.

Approximately 150 managers and Specialists enrolled in one of the eight (8) JAG National University courses that began on Monday, July 11, and concluded with a Recognition Brunch on Wednesday, July 13, in time for the Opening Awards Session of the 28th NTS. The faculty members conducting the courses were JAG national trainers with considerable expertise and experience in implementing JAG Model programs that achieve high performance outcomes.

As the Delta Regional Authority was a major funder of the 28th Annual NTS, with approximately 160 delegates representing DRA states including Alabama, Arkansas, Louisiana, Mississippi, and Tennessee.

Outcomes

1) Engaging a wide range of schools in the seven states in the DRA service area where JAG has operations, to fully inform them about the success of the JAG programs in their states, as they consider participation in the program.

2) Engaging at the state level with the leadership of the state education and workforce system to recognize the commitment of the Delta Regional Authority, and to highlight the

one-time-only matching grant strategy, with its proven success over the past 30 years of Jobs for America's Graduates. As part of that process, other resources should be sought that could be attractive in expanding the program in the DRA service area.

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

4) Creating of a mechanism of support and early engagement that would lead to *sustaining* the JAG program in eight of the ten schools from other sources for the 2013-14 school year and beyond. Based on the track record of Jobs for America's Graduates over the past 30 years, it is anticipated that at least 2,000 high-risk youth will be served by the JAG program as a result of this proposed grant over four years.

Influence on Jobs

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

Objective 1.5: Strengthen workforce education and professional skills programs.

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

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

SAVE THE CHILDREN

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

These funds will align with DRA's mission to "improve basic public services" and "assist the region in obtaining the job training, employment-related education."1 Funding from the DRA of $500,000 will:

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

Details of proposed activity

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

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

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

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

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

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

Objective 2.1 Advance the iDelta initiative

INFORMATION TECHNOLOGY/ iDELTA

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

Findings from the *i*Delta report include:

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

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

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

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

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

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

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

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

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

MTA performed the following tasks:

- Task 1: Developed and facilitated a Coahoma County Wireless Broadband team with members representing a cross section of the community, including business, telecommunication, health care, workforce development, K-12 education, higher education, libraries, community-based organizations, local government, tourism/recreation, and agriculture;

- Task 2: Coordinated with willing current broadband service providers to identify and map the gaps in broadband service, in the county without broadband availability;

- Task 3: Investigated best practice models for community telecommunications assessments including: Connected Nations, E-North Carolina, and Georgia Tech's Smart Tech;

- Task 4: Conducted a pilot community telecommunications assessment to identify barriers to broadband adoption and provide market demand analysis for wireless broadband;

- Task 5: Developed and managed a Request for Proposal process for a wireless broadband demonstration in a manner that supports a service providers business plans and meets the needs of the county;

- Task 6: Monitored the progress of the wireless broadband demonstration project;

- Task 7: Identified best practice tools and resources to equip the DRA and the Coahoma County Wireless Broadband team to measure and track broadband and information technology adoption; and

- Task 8: Worked with the DRA and the Coahoma County Wireless Broadband team to develop a computer donation pilot program to provide computers and wireless devices to needy students.

Program Status

This pilot/demonstration project is ongoing in Coahoma County and currently being financially maintained by DRA while options are being considered for commercialization of the network. DRA is also, funding the initial stages of a similar program across the Mississippi River in Phillips County Arkansas to further expand the reach of the iDelta approach.

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

Objective 2.2 Build the Delta Development Highway System (DDHS)

DELTA DEVELOPMENT HIGHWAY SYSTEM

The Delta Development Highway System was put on hold during FY 2011. Congress has not approved a Surface Transportation Reauthorization since the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorization ended in 2009.

Objective 2.3 Expand intermodal and multimodal transportation nodes and networks.

MULTI-MODAL TRANSPORTATION

Multimodal transportation has long played a key role in the Delta region's economy. The navigable waters of the Mississippi river, and its historical network of wagon, rail, and – more recently – trucking ports, has been the lifeblood of the nation's north-south connections. However, for the Delta to advance in today's "just-in-time" environment it must develop an efficient intermodal transportation network. Particularly critical are facilities and equipment that can accommodate containerized cargo.

The DRA released its Multimodal Transportation Plan for the region in 2008. The Authority is mandated by Congress to develop a comprehensive multimodal strategic plan. That mandate was included in the 2005 National Highway Act. In response, thousands of hours of work were devoted to compiling the Multimodal Transportation Plan. Eighteen meetings were held across the region, and input was received from more than 500 key players. The assets and needs were identified for highways, bridges, intelligent transportation systems, freight rail, passenger rail, waterways, ports, locks and airports. Then, recommendations to improve the multimodal transportation system were made. The DRA's role as a planner, a coordinator of resources and an advocate for the Delta makes this a perfect fit. This report complements our Delta Development Highway System Plan, which was released in 2007.

The report is a definitive, because of an intense outreach effort, and worked closely with federal, state and local agencies to ensure that this plan dovetails into their efforts. We also received guidance from the National Surface Transportation Policy and Revenue Study Committee's "Transportation for Tomorrow" report, which was released in December. This effort provided the guiding principles for our recommendations: safety, efficiency, congestion reduction, economic development, energy concerns and environmental concerns.

More than $200 billion in investments will be needed during the next 25 years to ensure the efficient movement of people and goods in the Delta. This region has become a vital cog in the world logistics and distribution network. Our report shows why making these investments will be a wise move as this country competes in the increasingly complex global economy of the new century.

While the need for Multi-Modal infrastructure in the Delta is great, a comprehensive transportation reauthorization has not yet been approved by Congress. The DRA has put this objective on hold until additional guidance is provided.

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

DELTA GREEN JOBS INITIATIVE

Also critical to the long-term growth of the region, as well as for the nation, is access to dependable and affordable energy resources. The DRA is committed to ensuring the region and the nation possesses enough energy to meet current and future needs. This includes traditional fossil fuel sources such as oil, gas, and coal, as well as less polluting sources such as nuclear, bio-fuels, and renewable energy.

In April 2011, DRA brought together a group of experts from around the country to provide insight and guidance on growing a bio-economy in the Delta region. These experts used their knowledge of what’s already occurring in the region in the area of the bio-economy, what areas of opportunities need to be pursued, and the assets and hurdles associated with reaching those opportunities to help guide DRA leadership and staff during the planning phases of the Growing a Bio-Economy in the Delta program. This meeting led to the bio-economy being included as one of the main policy areas being featured at the 2011 DRA National Policy Conference.

Program Goal Three:

Create sustainable communities within the Delta

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

INNOVATIVE READINESS TRAINING

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

The communities selected by the Pentagon for the June 2011 IRT program were: Helena, Wynne, Marianna, Eudora, and McGhee, Arkansas. For 10 days, Army and Air Force Reserve and active duty Navy units lived in these communities and provided free medical assistance to citizens who were in need of medical care. Across the five towns, 2,221 patients were provided medical care, 1,811 patients received dental exams, and 1,563 received vision exams, with over 1,000 pairs of eyeglasses distributed to adults and children. Veterinarian services treated over 250 dogs and cats from the local animal shelter.

The locations for the 2012 IRT Program include Selma, Hayneville, and Demopolis, Alabama. DRA has been involved in the planning process with the Military and the selected towns. Numerous conference calls have been held in order to determine site selection, medical needs, and other logistics.

The DRA's role is to assist in the coordination of these projects from the application and planning stages to the project implementation between the communities and the military. Additionally, DRA is on the advisory board of the IRT program.

IRT Background

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

The military services have always brought to bear their extensive resources to help meet some of the country's civil needs. In recent years, DOD has realized the simultaneous benefits these civil-military programs can offer to military readiness. This document reviews the resurgence of these dual-benefit programs. (Source: Joint Taskforce Razorback – Arkansas Medical Mission 2011)

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

LOCAL DEVELOPMENT DISTRICTS

DRA partners with local and regional stakeholders in a variety of ways. Congress has identified a key partnership for the Authority in the forty-five Local Development Districts (LDD) that serve within the DRA footprint. DRA provides technical assistance funds to each of the LDDs so that their efforts to promote the activities of the Authority as well as provide technical assistance to grantees are sufficiently rewarded.

Many of the LDDs and some local government entities have taken advantage of the opportunity afforded by the DRA grant program to acquire or upgrade their GIS capabilities. By promoting this type of technology, these agencies are better able to provide fundamental services to their constituents.

Objective 3.3: Support growth-oriented entrepreneurship.

ENTREPRENUERSHIP TRAINING

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

To demonstrate this objective, in Fiscal Year 2011, DRA is continuing to fund entrepreneurial training projects with DRA and Rural Community Advancement Program (RCAP) funding. Southern Illinois University in Carbondale Illinois is one such recipient of RCAP funding and is completing their second year of Operation Bootstrap – Entrepreneurial Training program.

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

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

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

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

Objective 3.4: Foster local leadership.

DELTA LEADERSHIP INSTITUTE

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

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

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

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

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

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

In June of 2011, Delta Leadership Institute graduated 44 members of the 2010-2011 Executive Academy class. Those 44 members completed five sessions of leadership training, skill building, project development and implementation. The first session was held in Tuscaloosa, Alabama on the campus of the University of Alabama. This session is an introduction to DLI and the Executive Academy, the second session was held in Memphis, Tennessee in October. The second session focused on creating sustainable communities, health as an economic engine and a visit to the Civil Rights Museum. In January 2010, the class met in New Orleans, Louisiana and the focus was on transportation for the region with a focus on highways and learning to communicate effectively. Additionally, the class took a field trip to look at the economic impact of losing the Avondale shipyards. In April the class met in St. Louis, Missouri in conjunction with the DRA Annual Conference, where the focus was on leadership, and working with other federal agencies. The last session was in Little Rock, Arkansas in June for the project presentations and graduation.

In July of 2011, DRA Board Members were asked to begin their process of DLI selections for the 2011-2012 class. These selections were due to DRA by August 3, 2011.

Additional information on DLI can be found on the web at www.deltaleadership.org.

Objective 3.5 Build and augment basic infrastructure.

Recognizing the fundamental importance of basic infrastructure to the economic development of the Delta, Congress charged the DRA with investing in safe and reliable water and wastewater systems. No amount of technology and training will advance the region if its people do not have access to basic infrastructure. As a consequence, the DRA has invested over $45 million toward basic infrastructure through SEDAP.

Basic public and transportation infrastructure project funding totaled $7,927,822, which is 61.4 percent of the total Fiscal Year 2011 project funding allocation of $12,993,320.

Contact Information

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

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

SECTION 3 - FINANCIAL SECTION

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying basic financial statements of Delta Regional Authority as of and for the years ended September 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of Delta Regional Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Delta Regional Authority as of September 30, 2011 and 2010, and its net cost, changes in net position and resources (budgetary and non-budgetary) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, we have also issued our report dated November 14, 2011, on our consideration of Delta Regional Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04 and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Delta Regional Authority's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information presented under Section 2, Performance Report has not been subjected to the procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

BKD, LLP

November 14, 2011

FINANCIAL STATEMENTS

DELTA REGIONAL AUTHORITY

BALANCE SHEETS

SEPTEMBER 30, 2011 AND 2010

	2011	2010
ASSETS		
Intragovernmental		
Fund balance with Treasury	$ 35,681,174	$ 35,943,804
Cash	1,205,441	1,289,521
Advances and prepayments	-	408
Receivables	759,009	928,234
TOTAL ASSETS	$ 37,645,624	$ 38,161,967
LIABILITIES		
Intragovernmental payable	$ 234,948	$ 239,966
Accounts payable	399,162	102,393
Grants and other payables	1,430,780	1,866,782
TOTAL LIABILITIES	2,064,890	2,209,141
NET POSITION		
Unexpended appropriations/state funds	35,611,087	35,975,258
Cumulative results of operations	(30,353)	(22,432)
TOTAL NET POSITION	35,580,734	35,952,826
TOTAL LIABILITIES AND NET POSITION	$ 37,645,624	$ 38,161,967

See Notes to Financial Statements.

DELTA REGIONAL AUTHORITY

STATEMENTS OF NET COST

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
PROGRAM COSTS		
Economic Development		
Intragovernmental gross costs	$ 376,295	$ 86,684
Less intragovernmental earned revenue	-	-
Intragovernmental net costs	376,295	86,684
Gross costs with the public	14,132,484	14,131,347
Less earned revenues from the public	-	20,331
Net costs with the public	14,132,484	14,111,016
TOTAL NET PROGRAM COSTS	14,508,779	14,197,700
NET COST OF OPERATIONS	$ 14,508,779	$ 14,197,700

See Notes to Financial Statements.

DELTA REGIONAL AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	
	Cumulative Results of Operations	Unexpended Appropriations/ Funds
NET POSITION, BEGINNING BALANCE	$ (22,432)	$ 35,975,258
BUDGETARY FINANCING SOURCES		
Appropriations received	-	11,700,000
Other adjustments (recessions, etc.)	-	(23,400)
Appropriations used	12,277,783	(12,277,783)
OTHER FINANCING SOURCES		
Cost of operations absorbed by member states and others	-	936,260
Cost of operations absorbed by RCAP	-	1,486,169
Imputed financing from costs absorbed by others	37,658	-
Disbursements of RCAP funds	1,491,521	(1,491,521)
Disbursements of funds provided by member states and others	693,896	(693,896)
TOTAL FINANCING SOURCES	14,500,858	(364,171)
NET COST OF OPERATIONS	14,508,779	-
NET CHANGE	(7,921)	(364,171)
NET POSITION, ENDING BALANCE	$ (30,353)	$ 35,611,087

See Notes to Financial Statements.

2010	
Cumulative Results of Operations	Unexpended Appropriations/ Funds
$ (14,058)	$ 33,359,725
-	13,000,000
-	-
10,396,232	(10,396,232)
-	787,706
-	2,997,152
20,001	-
2,902,437	(2,902,437)
870,656	(870,656)
14,189,326	2,615,533
14,197,700	-
(8,374)	2,615,533
$ (22,432)	$ 35,975,258

DELTA REGIONAL AUTHORITY
STATEMENTS OF RESOURCES (BUDGETARY AND NON-BUDGETARY)
YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011				
	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
	Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
BUDGETARY RESOURCES					
Unobligated balance, beginning of year	$ 8,714,499	$ 316,474	$ 22,412	$ -	$ 9,053,385
Recoveries of prior year obligations	296,150	-	-	-	296,150
Budget authority					
Appropriations received	11,700,000	-	-	-	11,700,000
Spending authority from offsetting collections					
Collected	-	936,260	1,486,169	-	2,422,429
Change in unfilled customer orders					
Advance received	-	-	-	-	-
Subtotal	11,700,000	936,260	1,486,169	-	14,122,429
Other adjustments (recessions, etc.)	(23,400)	-	-	-	(23,400)
TOTAL RESOURCES (BUDGETARY AND NON-BUDGETARY)	$ 20,687,249	$ 1,252,734	$ 1,508,581	$ -	$ 23,448,564
STATUS OF BUDGETARY RESOURCES					
Obligations incurred					
Direct	$ 20,380,270	$ -	$ -	$ -	$ 20,380,270
Reimbursable	-	-	-	-	-
	20,380,270	-	-	-	20,380,270
Unobligated balances/unexpended funds					
Apportioned	150,662	-	-	-	150,662
Unexpended funds	-	558,838	17,060	-	575,898
Unobligated balance not available	156,317	-	-	-	156,317
TOTAL STATUS OF BUDGETARY RESOURCES	$ 20,687,249	$ 558,838	$ 17,060	$ -	$ 21,263,147
CHANGE IN OBLIGATED BALANCES					
Obligated balance, net, beginning of year	$ 27,229,305	$ 180,488	$ 1,793,096	$ -	$ 29,202,889
Obligations incurred	20,380,270	693,896	1,491,521	-	22,565,687
Gross outlays	(11,939,230)	(833,717)	(1,936,732)	-	(14,709,679)
Recoveries of prior year unpaid obligations, actual	(296,150)	-	-	-	(296,150)
Obligated balance, net, end of year					
Undelivered orders	34,960,276	-	-	-	34,960,276
Accounts payable	413,919	40,667	1,347,885	-	1,802,471
Total, unpaid obligated balance, net, end of year	$ 35,374,195	$ 40,667	$ 1,347,885	$ -	$ 36,762,747
NET OUTLAYS					
Gross outlays	$ 11,939,230	$ 833,717	$ 1,936,732	$ -	$ 14,709,679
Offsetting collections	-	(936,260)	(1,486,169)	-	(2,422,429)
NET OUTLAYS	$ 11,939,230	$ (102,543)	$ 450,563	$ -	$ 12,287,250

See Notes to Financial Statements

2010				
Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
Budgetary	Non-Budgetary	Non-Budgetary	Non-Budgetary	Budgetary and Non-Budgetary
$ 18,200,083	$ 304,709	$ 22,412	$ -	$ 18,527,204
1,225,713	-	-	-	1,225,713
13,000,000	-	-	-	13,000,000
23,598	882,421	2,997,152	-	3,903,171
(20,331)	-	-	-	(20,331)
13,003,267	882,421	2,997,152	-	16,882,840
-	-	-	-	-
$ 32,429,063	$ 1,187,130	$ 3,019,564	$ -	$ 36,635,757
$ 23,694,933	$ -	$ -	$ -	$ 23,694,933
19,631	-	-	-	19,631
23,714,564	-	-	-	23,714,564
7,291,624	-	-	-	7,291,624
-	316,474	22,412	-	338,886
1,422,875	-	-	-	1,422,875
$ 32,429,063	$ 316,474	$ 22,412	$ -	$ 32,767,949
$ 15,103,743	$ 176,355	$ 1,006,865	$ -	$ 16,286,963
23,714,564	870,656	2,997,152	-	27,582,372
(10,363,289)	(866,523)	(2,210,921)	-	(13,440,733)
(1,225,713)	-	-	-	(1,225,713)
27,153,531	-	-	-	27,153,531
75,774	180,488	1,793,096	-	2,049,358
$ 27,229,305	$ 180,488	$ 1,793,096	$ -	$ 29,202,889
$ 10,363,289	$ 866,523	$ 2,210,921	$ -	$ 13,440,733
(3,267)	(882,421)	(2,997,152)	-	(3,882,840)
$ 10,360,022	$ (15,898)	$ (786,231)	$ -	$ 9,557,893

DELTA REGIONAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2011 and 2010

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

Reporting Entity

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

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

Basis of Presentation

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

OMB Circular No. A-136 requires agencies to prepare basic statements, which include a balance sheet, statement of net cost, statement of changes in net position and statement of resources (budgetary and non-budgetary). The balance sheets present, as of September 30, 2011 and 2010, amounts of future economic benefits owned or managed by DRA (assets), amounts owed by DRA (liabilities), and amounts which comprise the difference (net position). The statements of net cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within DRA and other reporting entities. The statements of resources (budgetary and non-budgetary) report an agency's budgetary activity.

Management of Financial Records

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

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

Basis of Accounting

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

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

Use of Estimates

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

Revenues and Other Financing Sources

The DRA is an appropriated fund and receives appropriations. Other financing sources for DRA consist of imputed financing sources which are costs financed by other federal entities on behalf of DRA, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. DRA also had a reimbursable agreement with the United States Department of Transportation (DOT) during fiscal years 2011 and 2010.

Cash

At September 30, 2011 and 2010, cash consisted of deposit accounts with several financial institutions.

Effective July 21, 2010, the FDIC's insured limits was permanently set at $250,000. At September 30, 2011, the Authority's cash accounts held with financial institutions were fully insured.

General Property and Equipment

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

Compensated Absences

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

Note 2 – FUND BALANCE WITH TREASURY

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

	2011	2010
Fund balance with Treasury		
Appropriated fund	$ 35,681,174	$ 35,943,804
Status of fund balance with Treasury		
Unobligated balance		
Available	$ 150,662	$ 7,291,624
Unavailable	156,317	1,422,875
Obligated balance not yet disbursed	35,374,195	27,229,305
	$ 35,681,174	$ 35,943,804

NOTE 3 – FUNDS RECEIVED FROM MEMBER STATES

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

	2011	2010
Unobligated Balance of state funds on hand, beginning of year	$ 240,757	269,666
Miscellaneous Income used to defray state expenses	31,494	
Current year billed to and received from states	721,286	721,286
Total received from states	$ 993,537	$ 990,952
Unobligated Balance of state funds on hand, end of year	$ 421,812	$ 240,757

NOTE 4 – COMPLIANCE WITH FEDERAL LIMITS AND STATE PARTICIPATION IN ADMINISTRATIVE EXPENDITURES

Member states in the DRA region are required to match 50% of administrative expenditures after costs associated with the federal co-chairman. For the years ended September 30, 2011 and 2010, this 50% budgetary match requirement of state funds totaled

$721,286 for each year. State funds disbursed or accrued for administrative expenditures totaled $571,725 and $767,864 at September 30, 2011 and 2010, respectively. For the years ended September 30, 2011 and 2010, this 50% cumulative match requirement of state funds was overpaid by $271,183 and $380,739, respectively. At September 30, 2011 and 2010, there were excess state funds to carry forward to the next fiscal year of $421,812 and $297,189, respectively.

NOTE 5 – LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

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

	2011	2010
Liabilities not covered by budgetary resources		
Leave liability (federal)	$ 30,700	$ 22,433
Leave liability (state)	40,667	43,792
Accounts payable (state)	-	66,696
Deferred revenue (state)	-	70,000
Deferred revenue (RCAP)	22,289	-
Inter-authority payable to state and other (RCAP)	-	94,715
Grants payable (RCAP)	1,325,596	1,698,381
Total liabilities not covered by budgetary resources	1,419,252	1,996,017
Liabilities covered by budgetary resources		
Accounts payable	399,162	35,697
Payroll and leave liability	11,528	32,176
Intragovernmental payable	234,948	239,966
Total liabilities covered by budgetary resources	645,638	307,839
Total liabilities	2,064,890	2,303,856
Elimination of inter-authority payable	-	(94,715)
	$ 2,064,890	$ 2,209,141

NOTE 6 – GRANTS AND OTHER PAYABLES

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

	2011	2010
Federal		
Accrued funded payroll and leave - current	11,528	$ 32,176
Accrued unfunded leave - noncurrent	30,700	22,433
Total federal	42,228	54,609
State and Other		
Accrued leave	40,667	43,792
Deferred revenue	-	70,000
Total state and other	40,667	113,792
Rural Community Assistance Program		
Inter-authority payable to state and other	-	94,715
Deferred revenue	22,289	-
Grants payable	1,325,596	1,698,381
Total Rural Community Assistance Program	1,347,885	1,793,096
	1,430,780	1,961,497
Elimination	-	(94,715)
	$ 1,430,780	$ 1,866,782

NOTE 7 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

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

	2011	2010
Direct - category A	$ 2,146,895	$ 1,244,260
Reimbursable - category A	-	19,631
Direct - category B	18,233,375	22,450,673
Total obligations	$ 20,380,270	$ 23,714,564

NOTE 8 – EXPLANATION OF THE RELATIONSHIP BETWEEN LIABILITIES NOT COVERED BY BUDGETARY RESOURCES ON THE BALANCE SHEETS AND THE CHANGE IN COMPONENTS REQUIRING OR GENERATING RESOURCES IN THE FUTURE PERIODS

Liabilities not covered by budgetary resources totaled $1,419,252, and the increase in components requiring resources in future periods totaled $7,921 at September 30, 2011. Liabilities not covered by budgetary resources totaled $1,996,017, and the increase in components requiring resources in future periods totaled $8,377 at September 30, 2010. 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 9 – 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 the State Services Organization, Inc. under a three-year operating lease arrangement.

Future minimum lease payments at September 30, 2011, were:

2012	183,231
2013	185,528
2014	100,664
2015	57,848
2016	57,848
After 5 years	28,924
Total	$ 614,043

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 $149,280 and $101,024 for the years ended September 30, 2011 and 2010, respectively.

NOTE 10 – PENSION PLANS

Plan Description

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

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

Funding Policy

Since February 1, 2011, contribution rates for the Authority for the defined contribution 401k plan expressed as a percentage of covered payroll was 11.7% for the year ended September 30, 2011. Contributions made by the Authority amounted to $52,979 for the year ended September 30, 2011.

Prior to February 1, 2011, employees participating in PERS were required to contribute 7.25% of their annual covered salary through June 30, 2010 and 9.00% of their annual covered salary through January 31, 2011. The Authority was required to contribute at an actuarially determined rate which was 12.00% of annual covered payroll through January 31, 2011. The Authority's contributions to PERS for the years ended September 30, 2011, 2010 and 2009 were

$14,941, $71,519 and $84,492, respectively, which equaled the required contributions for each year.

FERS covered employees are required to contribute 0.80% of their annual covered salary, and the Authority was required to contribute 11.2% of annual covered payroll through September 30, 2010. The Authority's contributions to FERS for the years ended September 30, 2011, 2010 and 2009 were $68,214, $47,730 and $52,576, respectively, which equaled the required contributions for each year.

NOTE 11 – 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 12 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

	2011	2010
RESOURCES USED TO FINANCE ACTIVITIES		
BUDGETARY RESOURCES OBLIGATED		
Obligations incurred	$ 20,380,270	$ 23,714,564
Plus prior year undelivered orders paid becoming current year obligations	408	-
Less spending authority from offsetting collections and recoveries	296,150	1,228,980
Net obligations	20,084,528	22,485,584
OTHER RESOURCES		
Imputed financing from costs absorbed by others	37,658	20,001
Cost of operations absorbed by member states and others	693,896	775,941
Cost of operations absorbed by RCAP	1,491,521	2,997,152
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	22,307,603	26,278,678
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	7,806,745	12,089,355
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	14,500,858	14,189,323
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS		
Increase in annual leave liability	7,921	8,377
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 14,508,779	$ 14,197,700

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 2010, no material differences exist between the amounts on the statement of budgetary resources and the amounts in the FY 2012 President's budget which are rounded to the nearest million. As the FY 2013 President's budget is not yet available, comparison between the statement of budgetary resources and the actual FY 2011 data in the FY 2013 budget cannot be performed.

SUPPLEMENTARY INFORMATION

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011

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

DELTA REGIONAL AUTHORITY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2010

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
ASSETS					
Intragovernmental					
Fund balance with Treasury	$ 35,943,804	$ -	$ -	$ -	$ 35,943,804
Cash	-	402,247	887,274	-	1,289,521
Advances and prepayments	408	-	-	-	408
Receivables	-	94,715	928,234	(94,715)	928,234
TOTAL ASSETS	$ 35,944,212	$ 496,962	$ 1,815,508	$ (94,715)	$ 38,161,967
LIABILITIES					
Intragovernmental payable	$ 239,966	$ -	$ -	$ -	$ 239,966
Accounts payable	35,697	66,696	-	-	102,393
Grants and other payables	54,609	113,792	1,793,096	(94,715)	1,866,782
TOTAL LIABILITIES	330,272	180,488	1,793,096	(94,715)	2,209,141
NET POSITION					
Unexpended appropriations/state funds	35,636,372	316,474	22,412	-	35,975,258
Cumulative results of operations	(22,432)	-	-	-	(22,432)
TOTAL NET POSITION	35,613,940	316,474	22,412	-	35,952,826
TOTAL LIABILITIES AND NET POSITION	$ 35,944,212	$ 496,962	$ 1,815,508	$ (94,715)	$ 38,161,967

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

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

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF NET COST
YEAR ENDED SEPTEMBER 30, 2010

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
PROGRAM COSTS					
Economic Development					
Intragovernmental gross costs	$ 86,684	$ -	$ -	$ -	$ 86,684
Less intragovernmental earned revenue	-	-	-	-	-
Intragovernmental net costs	86,684	-	-	-	86,684
Gross costs with the public	10,358,254	870,656	2,997,152	(94,715)	14,131,347
Less earned revenues from the public	20,331	-	-	-	20,331
Net costs with the public	10,337,923	870,656	2,997,152	(94,715)	14,111,016
TOTAL NET PROGRAM COSTS	10,424,607	870,656	2,997,152	(94,715)	14,197,700
NET COST OF OPERATIONS	$ 10,424,607	$ 870,656	$ 2,997,152	$ (94,715)	$ 14,197,700

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

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

DELTA REGIONAL AUTHORITY
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2010

	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	$ (14,058)	$ 33,032,604	$ -	$ 304,709	$ -	$ 22,412	$ -	$ -	$ (14,058)	$ 33,359,725
BUDGETARY FINANCING SOURCES										
Appropriations received	-	13,000,000	-	-	-	-	-	-	-	13,000,000
Appropriations used	10,396,232	(10,396,232)	-	-	-	-	-	-	10,396,232	(10,396,232)
OTHER FINANCING SOURCES										
Cost of operations absorbed by member states and others	-	-	-	882,421	-	-	-	(94,715)	-	787,706
Cost of operations absorbed by RCAP	-	-	-	-	-	2,997,152	-	-	-	2,997,152
Imputed financing from costs absorbed by others	20,001	-	-	-	-	-	-	-	20,001	-
Disbursements of RCAP funds	-	-	-	-	2,997,152	(2,997,152)	(94,715)	94,715	2,902,437	(2,902,437)
Disbursements of funds provided by member states and others	-	-	870,656	(870,656)	-	-	-	-	870,656	(870,656)
TOTAL FINANCING SOURCES	10,416,233	2,603,768	870,656	11,765	2,997,152	-	(94,715)	-	14,189,326	2,615,533
NET COST OF OPERATIONS	10,424,607	-	870,656	-	2,997,152	-	(94,715)	-	14,197,700	-
NET CHANGE	(8,374)	2,603,768	-	11,765	-	-	-	-	(8,374)	2,615,533
NET POSITION, ENDING BALANCE	$ (22,432)	$ 35,636,372	$ -	$ 316,474	$ -	$ 22,412	$ -	$ -	$ (22,432)	$ 35,975,258

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

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

DELTA REGIONAL AUTHORITY

COMBINING RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET
YEAR ENDED SEPTEMBER 30, 2010

	Federal	State and Other	Rural Community Assistance Program	Eliminations	Combined
RESOURCES USED TO FINANCE ACTIVITIES					
BUDGETARY RESOURCES OBLIGATED					
Obligations incurred	$ 23,714,564	$ -	$ -	$ -	$ 23,714,564
Less spending authority from offsetting collections and recoveries	1,228,980	-	-	-	1,228,980
Net obligations	22,485,584	-	-	-	22,485,584
OTHER RESOURCES					
Imputed financing from costs absorbed by others	20,001	-	-	-	20,001
Cost of operations absorbed by member states	-	870,656	-	(94,715)	775,941
Cost of operations absorbed by others	-	-	2,997,152	-	2,997,152
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	22,505,585	870,656	2,997,152	(94,715)	26,278,678
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	12,089,355	-	-	-	12,089,355
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	10,416,230	870,656	2,997,152	(94,715)	14,189,323
COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS					
Decrease in annual leave liability	8,377	-	-	-	8,377
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	$ 10,424,607	$ 870,656	$ 2,997,152	$ (94,715)	$ 14,197,700

DELTA REGIONAL AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2011

	Paid From			
Description	Federal Funds	State and Other Funds	Rural Community Assistance Program	Total All Funds
Grants, subsidies and contributions	$ 9,240,128	$ -	1,468,321	$ 10,708,449
Consulting and other services	437,057	-	-	437,057
Employee benefits	319,339	159,576	-	478,915
Personnel services	898,929	298,048	23,262	1,220,239
Seminars and meetings	-	17,748	-	17,748
Travel and transportation of persons	263,701	10,002	-	273,703
Communications	-	88,787	-	88,787
Rent, communications and utilities	164,305	-	-	164,305
Supplies and materials	19,479	-	-	19,479
Printing and reproduction	35,292	-	-	35,292
Office expense	2,545	119,735	(62)	122,218
	$ 11,380,775	$ 693,896	$ 1,491,521	$ 13,566,192

NOTE TO SCHEDULE

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

DELTA REGIONAL AUTHORITY

SCHEDULES OF GRANTS MADE

YEARS ENDED SEPTEMBER 30, 2011, 2010 AND 2009

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

		2011			2010			2009		
		DRA Obligated	Total Project Funds	DRA%	DRA Obligated	Total Project Funds	DRA%	DRA Obligated	Total Project Funds	DRA%
A.	Basic Public Infrastructure	$ 2,812,540	$ 12,471,751	22.6%	$ 7,395,838	$ 23,661,446	31.3%	$ 6,718,570	$ 23,661,446	28.4%
B.	Transportation Infrastructure	5,115,282	186,371,579	2.7%	2,417,717	13,855,778	17.4%	2,219,787	13,855,448	16.0%
C.	Business Development	3,823,860	23,076,044	16.6%	100,000	6,643,670	1.5%	314,000	6,643,670	4.7%
D.	Work Development	1,214,738	6,450,956	18.8%	70,000	697,000	10.0%	509,500	697,000	73.1%
E.	Other	26,900	26,900	100.0%	253,536	20,530,332	1.2%	786,287	20,182,868	-
		$ 12,993,320	$ 228,397,230	5.7%	$ 10,237,091	$ 65,388,226	15.7%	$ 10,548,144	$ 65,040,432	16.2%

	2011			2010			2009		
	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %	DRA Obligated	State Allocation	State %
State Allocations:									
Alabama	$ 1,087,053	$ 1,087,053	8.4%	$ 1,231,684	$ 1,135,667	10.8%	$ 1,083,187	$ 1,083,187	10.3%
Arkansas	1,554,213	1,554,213	12.0%	1,715,414	1,618,483	15.4%	1,457,000	1,538,714	14.7%
Illinois	978,509	978,509	7.5%	423,050	907,904	8.6%	852,728	886,912	8.5%
Kentucky	928,253	928,253	7.1%	558,754	960,384	9.1%	1,052,231	917,350	8.7%
Louisiana	1,779,648	1,779,648	13.7%	1,933,363	1,933,363	18.4%	2,515,798	2,365,798	22.5%
Mississippi	1,482,253	1,482,253	11.4%	1,499,361	1,537,664	14.6%	1,393,979	1,419,059	13.5%
Missouri	1,434,745	1,434,745	11.9%	1,548,607	1,241,886	11.9%	1,248,433	1,175,552	11.2%
Tennessee	3,748,646	3,748,646	11.2%	1,326,858	1,160,858	11.2%	944,788	1,109,427	10.6%
	$ 12,993,320	$ 12,993,320	100.0%	$ 10,237,091	$ 10,496,209	100.0%	$ 10,548,144	$ 10,495,999	100.0%

SECTION 4 - OTHER ACCOMPANYING INFORMATION

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

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

We have audited the financial statements of Delta Regional Authority (DRA or the Authority) as of and for the year ended September 30, 2011, and have issued our report thereon dated November 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DRA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DRA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DRA's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

We also noted certain matters that we reported to the Authority's management in a separate letter dated November 14, 2011.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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

BKD, LLP

November 14, 2011

DELTA REGIONAL AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED SEPTEMBER 30, 2011

Reference Number	Finding
2011-01	**Design Deficiency – Monitoring (Significant Deficiency)**

Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition **–** The Authority does not have procedures in place to provide for review and approval of financial adjustments.

Effect **–** The financial statements might be significantly misstated, and the errors would not be detected by management.

Cause **–** The maintenance of the accounting records is the sole responsibility of the Director of Finance and Administration. There are no procedures in place such as the review of financial adjustments which would mitigate the risk of potential errors or misappropriations not being detected timely by employees in the normal course of performing their duties.

Recommendation **–** The Authority should implement procedures to ensure all adjusting journal entries are reviewed by someone without recording responsibility.

Views of Responsible Officials and Planned Corrective Actions **–** DRA acknowledges the necessity for maintaining effective internal control over financial adjustments. Management has taken the appropriate steps to hire additional accounting personnel. However, during the interim period, the Senior Finance Administrative Assistant will review adjustments prepared by the Chief Administrative Officer. If no acceptable candidate can be identified to fill the position long term, DRA will acquire the contractual services of an accounting firm to periodically review and provide any necessary suggestions on the financial adjustments entered by the Authority staff. DRA has always, and will continue to comply with all financial requirements placed upon the Authority.