

**NORTHERN TIER REGIONAL PLANNING
AND DEVELOPMENT COMMISSION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

Northern Tier Regional Planning and Development Commission
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Independent Auditors' Report

Board of Directors
Northern Tier Regional Planning and Development Commission
Towanda, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Northern Tier Regional Planning and Development Commission (the "Commission") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report
(Cont'd)

Board of Directors
Northern Tier Regional Planning and Development Commission

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Northern Tier Regional Planning and Development Commission as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4a through 4g be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining schedule of revenues and expenses-governmental funds on pages 27 - 28 and the accompanying Schedule of Expenditures of Federal Awards on pages 29 - 32, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of revenues and expenses – governmental funds and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenues and expenditures – governmental funds and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Independent Auditors' Report
(Cont'd)

Board of Directors
Northern Tier Regional Planning and Development Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

J. H. Williams & Co., LLP

March 19, 2018

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Northern Tier Regional Planning and Development Commission (the "Commission") for the year ended June 30, 2017 as compared to June 30, 2016. The Commission's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Commission's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the Commission's financial performance.

Financial Highlights

Overall net assets increased \$81,494 in 2017 and decreased \$30,411 in 2016.

The governmental activities net assets decreased \$6,061 which includes the activities of Workforce Development and Community and Economic Development. The Workforce Development division has secured several competitive grants through other funding sources including Business Education Partnership (BEP), Strategic Innovations Grant, Sector Partnership and Rapid Response funds. EARN funding remained status quo from the previous year. Workforce Innovation and Opportunity Act (WIOA) was consistent.

The business-type activities net assets increased \$87,555 as a result of loan fund activities. The Commission closed 15 new loans totaling \$1,600,000, with \$3,656,000 in private financing leveraged. Much of the increase was due to a number of large agriculturally related projects. The loan program continues to have a positive impact on the economy of our region. Over \$37,000,000 in total international sales by export clients and \$14,000,000 in total government sales by procurement clients were generated for the year. The total impact of business assistance resulted in 245 jobs created and 400 jobs retained for the region.

Just over 50 communities received training and technical assistance with information technology/energy needs, and 173 people received local transportation related training for the benefit of their municipalities. The award of just over \$900,000 in community and economic development related infrastructure was also secured.

As in previous years, our overall business and community development assistance programs continue to have a substantial impact on our rural region. The return on investment in terms of both dollars and jobs continues to be significant. The Commission continues to look for ways to adjust our programs and make improvements to the ways in which we provide services, with the ultimate goal of positively impacting our region.

Overview of the Financial Statements

The Commission's basic financial statements are comprised of governmental activities and business-type activities. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused compensated absences).

The government-wide financial statements can be found on pages 5-6 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting.

The Commission maintains two governmental funds. Information on each is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 7-10 of this report.

Enterprise Funds

The Commission maintains six enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses enterprise funds to account for its four revolving loan programs and the Northern Tier Foundation, a blended component unit.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic enterprise fund financial statements can be found on pages 11-13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-26 of this report.

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

Condensed Statement of Net Assets

	<u>2017</u>	<u>2016</u>	<u>Change from 2016 to 2017</u>
Assets			
Current and other assets	\$ 4,145,030	\$ 4,427,033	\$ (282,003)
Capital assets	287,659	316,245	(28,586)
Loans receivable and other assets	<u>2,244,590</u>	<u>1,871,267</u>	<u>373,323</u>
Total	<u>\$ 6,677,279</u>	<u>\$ 6,614,545</u>	<u>\$ 62,734</u>
Liabilities and Net Assets			
Current liabilities	\$ 1,160,873	\$ 1,140,082	\$ 20,791
Debt and other long-term liabilities	<u>393,577</u>	<u>433,128</u>	<u>(39,551)</u>
Total liabilities	<u>1,554,450</u>	<u>1,573,210</u>	<u>(18,760)</u>
Net assets			
Invested in capital assets, net of related debt	145,227	153,862	(8,635)
Restricted for loan programs	4,012,281	3,932,477	79,804
Unrestricted	<u>965,321</u>	<u>954,996</u>	<u>10,325</u>
Total net assets	<u>5,122,829</u>	<u>5,041,335</u>	<u>81,494</u>
Total	<u>\$ 6,677,279</u>	<u>\$ 6,614,545</u>	<u>\$ 62,734</u>

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

Condensed Statement of Activities

	<u>2017</u>	<u>2016</u>	<u>Change from 2016 To 2017</u>	<u>Percentage Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 226,633	\$ 201,978	\$ 24,655	12.21%
Operating grants and contributions	4,552,254	4,462,169	90,085	2.02%
General revenues, Investment earnings	<u>742</u>	<u>673</u>	<u>69</u>	<u>10.25%</u>
Total revenues	<u>4,779,629</u>	<u>4,664,820</u>	<u>114,809</u>	<u>2.46%</u>
Program Expenses:				
Governmental activities				
Workforce				
Development	3,067,315	3,052,742	14,573	0.48%
Community and Economic Development	<u>1,500,960</u>	<u>1,433,178</u>	<u>67,782</u>	<u>4.52%</u>
Total governmental activities	4,568,275	4,485,920	82,355	1.84%
Business-type activities	<u>129,860</u>	<u>209,311</u>	<u>(79,451)</u>	<u>-37.96%</u>
Total expenses	<u>4,698,135</u>	<u>9,181,151</u>	<u>2,904</u>	<u>0.06%</u>
Decrease/increase in net assets	<u>81,494</u>	<u>(30,411)</u>	<u>111,905</u>	<u>367.98%</u>
Net assets - Beginning	<u>5,041,335</u>	<u>5,071,746</u>	<u>(30,411)</u>	<u>-0.60%</u>
Net assets - Ending	<u>\$ 5,122,829</u>	<u>\$ 9,181,151</u>	<u>\$ 81,494</u>	<u>\$ 1.62%</u>

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

Financial Analysis of the Fund Statements

Governmental Funds

The following represents a summary of fund revenue and expenses.

	<u>2017</u>	<u>2016</u>
Revenues:		
Federal and state grants and contracts	\$ 4,211,724	\$ 4,119,589
Other income	213,173	252,705
Counties' appropriations	60,000	60,000
In-kind services	<u>77,317</u>	<u>35,948</u>
Total	<u>\$ 4,562,214</u>	<u>\$ 4,468,242</u>
	<u>2017</u>	<u>2016</u>
Expenses:		
Contracted services	\$ 2,515,192	\$ 2,573,193
Salaries and wages	839,488	855,700
Other	446,790	314,489
Indirect costs	391,967	401,280
Fringe benefits	269,896	290,821
In-kind services	77,317	35,948
Advertising	<u>2,285</u>	<u>7,452</u>
Total	<u>\$ 4,542,935</u>	<u>\$ 4,478,883</u>

Revenues

The increase in federal and state grants and contracts from 2017 is due new competitive grants secured by the Workforce Development division. Funding through the Workforce Innovation and Opportunity Act (WIOA) remained consistent, as well as EARN funding through the Department of Human Services. Community and Economic Development funding remained status quo.

Expenses

Expenditures increased approximately 1%, which is primarily due to an increase in in-kind services generated from the Business Education Partnership program, as well as the Sector Partnership and Jobs Driven programs for on-the-job training (OJT) and individual training account (ITA) reimbursements.

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2017
(Unaudited)

Economic Condition and Outlook

The economy has diversified over the years becoming less concentrated on agriculture and manufacturing and much more dependent on the services sector. Business and economics are tied to the surrounding economic centers of New York's southern tier, the Scranton/Wilkes-Barre area and Williamsport. A few large employers continue to significantly influence the overall employment and economic environment of the region. Historically, unemployment rates have been above the national and state averages; but recently, unemployment rates have been fairly close to the state and national average.

A priority for the Commission is to focus on expanding regional opportunities to grow the economic base by maintaining a strong and viable agricultural sector, building upon the natural resource industries and growing value added production, leveraging the industrial heritage and capabilities of the region to retain and attract manufacturing, recognizing the demographic opportunities and needs of the region to support an expanding health care sector, and further promoting and taking advantage of the travel and tourism opportunities in the region.

Also continuing to seek opportunities for efficiencies and streamlining of government activities to improve regional economic opportunities and the quality of life for its citizens remains a priority.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 312 Main Street, Towanda, Pennsylvania 18848.

Northern Tier Regional Planning and Development Commission
Statement of Net Position
June 30, 2017

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 1,321,799	\$ 1,482,290	\$ 2,804,089
Due from grantors	593,531	-	593,531
Other receivables	58,825	-	58,825
Internal balances	42,150	(42,150)	-
Loans receivable	-	672,304	672,304
Prepaid expenses	15,340	941	16,281
TOTAL CURRENT ASSETS	<u>2,031,645</u>	<u>2,113,385</u>	<u>4,145,030</u>
NONCURRENT ASSETS			
Capital assets, net	1,000	286,659	287,659
Loans receivable, net	-	2,244,590	2,244,590
TOTAL NONCURRENT ASSETS	<u>1,000</u>	<u>2,531,249</u>	<u>2,532,249</u>
TOTAL ASSETS	<u>\$ 2,032,645</u>	<u>\$ 4,644,634</u>	<u>\$ 6,677,279</u>
 <u>LIABILITIES AND NET POSITION</u> 			
CURRENT LIABILITIES			
Loans payable	\$ -	\$ 38,945	\$ 38,945
Note payable	-	20,766	20,766
Accounts payable	671,558	5,212	676,770
Accrued salaries and benefits	49,415	-	49,415
Due to grantors	3,369	-	3,369
Due to subrecipients	191,406	-	191,406
Accrued interest	-	1,045	1,045
Unearned revenue	179,157	-	179,157
TOTAL CURRENT LIABILITIES	<u>1,094,905</u>	<u>65,968</u>	<u>1,160,873</u>
NONCURRENT LIABILITIES			
Loans payable	-	171,178	171,178
Note payable	-	121,666	121,666
Accrued leave and termination benefits	100,733	-	100,733
TOTAL NONCURRENT LIABILITIES	<u>100,733</u>	<u>292,844</u>	<u>393,577</u>
TOTAL LIABILITIES	<u>1,195,638</u>	<u>358,812</u>	<u>1,554,450</u>
NET POSITION			
Net investment in capital assets	1,000	144,227	145,227
Restricted	-	4,012,281	4,012,281
Unrestricted	836,007	129,314	965,321
TOTAL NET POSITION	<u>837,007</u>	<u>4,285,822</u>	<u>5,122,829</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,032,645</u>	<u>\$ 4,644,634</u>	<u>\$ 6,677,279</u>

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Statement of Activities
For the year ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Workforce Development	\$ 3,067,315	\$ -	\$ 3,067,315	\$ -	\$ -	\$ -
Community and Economic Development	<u>1,500,960</u>	<u>9,498</u>	<u>1,484,939</u>	<u>(6,523)</u>	<u>-</u>	<u>(6,523)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>4,568,275</u>	<u>9,498</u>	<u>4,552,254</u>	<u>(6,523)</u>	<u>-</u>	<u>(6,523)</u>
BUSINESS-TYPE ACTIVITIES:						
Foundation	124,243	129,266	-	-	5,023	5,023
NTRPDC, Inc.	3,042	5,625	-	-	2,583	2,583
Economic Development Administration/ Appalachian Regional Commission	-	57,989	-	-	57,989	57,989
Farmers Home Administration Intermediary Relending Program	2,575	8,606	-	-	6,031	6,031
Farmers Home Administration Small Business Loan Program	-	8,479	-	-	8,479	8,479
Farmers Home Administration Rural Business Enterprise Grant Program	<u>-</u>	<u>7,170</u>	<u>-</u>	<u>-</u>	<u>7,170</u>	<u>7,170</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>129,860</u>	<u>217,135</u>	<u>-</u>	<u>-</u>	<u>87,275</u>	<u>87,275</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,698,135</u>	<u>\$ 226,633</u>	<u>\$ 4,552,254</u>	<u>(6,523)</u>	<u>87,275</u>	<u>80,752</u>
GENERAL REVENUES, UNRESTRICTED						
INVESTMENT EARNINGS				<u>462</u>	<u>280</u>	<u>742</u>
CHANGE IN NET POSITION				<u>(6,061)</u>	<u>87,555</u>	<u>81,494</u>
NET POSITION - BEGINNING				<u>843,068</u>	<u>4,198,267</u>	<u>5,041,335</u>
NET POSITION - ENDING				<u>\$ 837,007</u>	<u>\$ 4,285,822</u>	<u>\$ 5,122,829</u>

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Balance Sheet
Governmental Funds
June 30, 2017

<u>ASSETS</u>	<u>Workforce Development</u>	<u>Community and Economic Development</u>	<u>Total</u>
Cash	\$ 467,589	\$ 854,210	\$ 1,321,799
Due from grantors	304,072	289,459	593,531
Due from other funds	-	42,150	42,150
Other receivables	56,620	2,205	58,825
Prepaid expenses	-	15,340	15,340
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 828,281</u>	<u>\$ 1,203,364</u>	<u>\$ 2,031,645</u>
 <u>LIABILITIES AND FUND BALANCES</u> 			
LIABILITIES			
Accounts payable	\$ 439,043	\$ 232,515	\$ 671,558
Accrued salaries and benefits	15,306	34,109	49,415
Due to grantors	3,369	-	3,369
Due to subrecipients	191,406	-	191,406
Unearned revenue	179,157	-	179,157
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	828,281	266,624	1,094,905
 FUND BALANCE			
Nonspendable	-	15,340	15,340
Unassigned	-	921,400	921,400
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 828,281</u>	<u>\$ 1,203,364</u>	<u>\$ 2,031,645</u>

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds \$ 936,740

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,000

Long-term liabilities, consisting of accrued paid time off and termination benefits, are not due and payable in the current period and therefore are not reported in the funds. (100,733)

Total Net Position - Governmental Activities \$ 837,007

Northern Tier Regional Planning and Development Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	<u>Workforce Development</u>	<u>Community and Economic Development</u>	<u>Total</u>
REVENUES			
Federal grants and contracts	\$ 2,909,932	\$ 925,547	\$ 3,835,479
State grants and contracts	-	376,245	376,245
Other income	157,383	55,790	213,173
Counties' appropriations	-	60,000	60,000
In-kind services	-	77,317	77,317
	<u>3,067,315</u>	<u>1,494,899</u>	<u>4,562,214</u>
TOTAL REVENUES			
EXPENDITURES			
Contracted services	2,257,461	257,731	2,515,192
Salaries and wages	298,169	541,319	839,488
Indirect costs	139,113	252,854	391,967
Fringe benefits	95,739	174,157	269,896
Building use allowance	23,375	37,404	60,779
Office supplies and postage	5,790	3,731	9,521
Miscellaneous	16	4,512	4,528
Equipment show expense	-	18,615	18,615
Tuition and seminars	140,675	19,718	160,393
Jobs driven training	98,592	40	98,632
Travel	5,147	35,844	40,991
Dues and subscriptions	435	20,252	20,687
In-kind services	-	77,317	77,317
Vehicle use allowance	2,157	15,217	17,374
Professional fees	-	15,270	15,270
Advertising	646	1,639	2,285
	<u>3,067,315</u>	<u>1,475,620</u>	<u>4,542,935</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	-	19,279	19,279
FUND BALANCE, BEGINNING	<u>-</u>	<u>917,461</u>	<u>917,461</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 936,740</u>	<u>\$ 936,740</u>

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the year ended June 30, 2017

Net Change in Fund Balances - Governmental Funds \$ 19,279

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Paid time off and termination benefit expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (20,106)

Capital outlays to purchase capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the combined Statement of Net Assets and allocated over their estimated useful lives as annual depreciation in the combined Statement of Activities. This is the amount of depreciation expense for the period. (5,234)

Change in Net Position - Governmental Activities \$ (6,061)

Northern Tier Regional Planning and Development Commission
Statement of Net Position
Enterprise Funds
June 30, 2017

	<u>Foundation</u>	<u>NTRPDC, Inc.</u>	<u>EDA/ARC</u>	<u>FMHA-IRP</u>	<u>FMHA-SBLP</u>	<u>FMHA-RBEG</u>	<u>Total (Memorandum Only)</u>
ASSETS							
CURRENT ASSETS							
Cash	\$ 35,257	\$ 141,523	\$ 436,831	\$ 188,109	\$ 338,917	\$ 341,653	\$ 1,482,290
Prepaid expense	941	-	-	-	-	-	941
Loans receivable, current	-	-	443,970	95,345	75,560	57,429	672,304
TOTAL CURRENT ASSETS	<u>36,198</u>	<u>141,523</u>	<u>880,801</u>	<u>283,454</u>	<u>414,477</u>	<u>399,082</u>	<u>2,155,535</u>
NONCURRENT ASSETS							
Capital assets, net	286,659	-	-	-	-	-	286,659
Loans receivable, net	-	-	1,578,386	174,663	286,688	204,853	2,244,590
TOTAL NONCURRENT ASSETS	<u>286,659</u>	<u>-</u>	<u>1,578,386</u>	<u>174,663</u>	<u>286,688</u>	<u>204,853</u>	<u>2,531,249</u>
TOTAL ASSETS	<u>\$ 322,857</u>	<u>\$ 141,523</u>	<u>\$ 2,459,187</u>	<u>\$ 458,117</u>	<u>\$ 701,165</u>	<u>\$ 603,935</u>	<u>\$ 4,686,784</u>
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Loans payable, current	-	-	-	38,945	-	-	38,945
Note payable, current	20,766	-	-	-	-	-	20,766
Accounts payable	5,212	-	-	-	-	-	5,212
Due to other funds	42,150	-	-	-	-	-	42,150
Accrued interest	1,045	-	-	-	-	-	1,045
TOTAL CURRENT LIABILITIES	<u>69,173</u>	<u>-</u>	<u>-</u>	<u>38,945</u>	<u>-</u>	<u>-</u>	<u>108,118</u>
NONCURRENT LIABILITIES							
Loans payable	-	-	-	171,178	-	-	171,178
Note payable	121,666	-	-	-	-	-	121,666
TOTAL NONCURRENT LIABILITIES	<u>121,666</u>	<u>-</u>	<u>-</u>	<u>171,178</u>	<u>-</u>	<u>-</u>	<u>292,844</u>
TOTAL LIABILITIES	<u>190,839</u>	<u>-</u>	<u>-</u>	<u>210,123</u>	<u>-</u>	<u>-</u>	<u>400,962</u>
NET POSITION							
Net investment in capital assets	144,227	-	-	-	-	-	144,227
Restricted	-	-	2,459,187	247,994	701,165	603,935	4,012,281
Unrestricted	(12,209)	141,523	-	-	-	-	129,314
TOTAL NET POSITION	<u>132,018</u>	<u>141,523</u>	<u>2,459,187</u>	<u>247,994</u>	<u>701,165</u>	<u>603,935</u>	<u>4,285,822</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 322,857</u>	<u>\$ 141,523</u>	<u>\$ 2,459,187</u>	<u>\$ 458,117</u>	<u>\$ 701,165</u>	<u>\$ 603,935</u>	<u>\$ 4,686,784</u>

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the year ended June 30, 2017

	Foundation	NTRPDC, Inc.	EDA/ARC	FMHA-IRP	FMHA-SBLP	FMHA-RBEG	Total (Memorandum Only)
OPERATING REVENUES							
Loan fund interest	\$ -	\$ -	\$ 57,989	\$ 8,606	\$ 8,479	\$ 7,170	\$ 82,244
Rental income	129,266	-	-	-	-	-	129,266
Miscellaneous income	-	5,625	-	-	-	-	5,625
TOTAL OPERATING REVENUES	129,266	5,625	57,989	8,606	8,479	7,170	217,135
OPERATING EXPENSES							
Janitorial	26,494	-	-	-	-	-	26,494
Depreciation and amortization	23,352	-	-	-	-	-	23,352
Utilities	38,271	-	-	-	-	-	38,271
Maintenance and supplies	9,608	-	-	-	-	-	9,608
Contracted services	9,473	389	-	-	-	-	9,862
Professional fees	8,758	2,153	-	-	-	-	10,911
Miscellaneous	2,500	500	-	-	-	-	3,000
TOTAL OPERATING EXPENSES	118,456	3,042	-	-	-	-	121,498
OPERATING INCOME	10,810	2,583	57,989	8,606	8,479	7,170	95,637
NONOPERATING REVENUE (EXPENSE)							
Interest income	51	94	45	20	41	29	280
Interest expense	(5,787)	-	-	(2,575)	-	-	(8,362)
NONOPERATING REVENUE (EXPENSE), NET	(5,736)	94	45	(2,555)	41	29	(8,082)
NET INCOME	5,074	2,677	58,034	6,051	8,520	7,199	87,555
NET POSITION, BEGINNING OF YEAR	126,944	138,846	2,401,153	241,943	692,645	596,736	4,198,267
NET POSITION, END OF YEAR	\$ 132,018	\$ 141,523	\$ 2,459,187	\$ 247,994	\$ 701,165	\$ 603,935	\$ 4,285,822

The accompanying notes are an integral part of these financial statements.

Northern Tier Regional Planning and Development Commission
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2017

	Foundation	NTRPDC, Inc.	EDA/ARC	FMHA-IRP	FMHA-SBLP	FMHA-RBEG	Total (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES							
Rental income received	\$ 129,266	-	-	-	-	-	\$ 129,266
Miscellaneous income received	-	5,625	-	-	-	-	5,625
Loan payments received (disbursed)	-	-	(195,108)	(20,455)	(45,452)	28,131	(232,884)
Payments to suppliers	(42,285)	(3,754)	-	-	-	-	(46,039)
Payments to utilities	(38,271)	-	-	-	-	-	(38,271)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>48,710</u>	<u>1,871</u>	<u>(195,108)</u>	<u>(20,455)</u>	<u>(45,452)</u>	<u>28,131</u>	<u>(182,303)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	51	94	45	20	41	29	280
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>51</u>	<u>94</u>	<u>45</u>	<u>20</u>	<u>41</u>	<u>29</u>	<u>280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Repayment of amounts due to FMHA-IRP	-	-	-	(38,556)	-	-	(38,556)
Repayment of note payable	(19,951)	-	-	-	-	-	(19,951)
Interest paid	(5,787)	-	-	(2,575)	-	-	(8,362)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(25,738)</u>	<u>-</u>	<u>-</u>	<u>(41,131)</u>	<u>-</u>	<u>-</u>	<u>(66,869)</u>
NET INCREASE (DECREASE) IN CASH	<u>23,023</u>	<u>1,965</u>	<u>(195,063)</u>	<u>(61,566)</u>	<u>(45,411)</u>	<u>28,160</u>	<u>(248,892)</u>
CASH, BEGINNING OF YEAR	12,234	139,558	631,894	249,675	384,328	313,493	1,731,182
CASH, END OF YEAR	<u>\$ 35,257</u>	<u>\$ 141,523</u>	<u>\$ 436,831</u>	<u>\$ 188,109</u>	<u>\$ 338,917</u>	<u>\$ 341,653</u>	<u>\$ 1,482,290</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income	\$ 10,810	\$ 2,583	\$ 57,989	\$ 8,606	\$ 8,479	\$ 7,170	\$ 95,637
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization	23,352	-	-	-	-	-	23,352
Changes in assets and liabilities:							
Prepaid expenses	(144)	500	-	-	-	-	356
Loans receivable	-	-	(253,097)	(29,061)	(53,931)	20,961	(315,128)
Accounts payable	(1,039)	-	-	-	-	-	(1,039)
Due to other funds	15,731	(1,212)	-	-	-	-	14,519
TOTAL ADJUSTMENTS	<u>37,900</u>	<u>(712)</u>	<u>(253,097)</u>	<u>(29,061)</u>	<u>(53,931)</u>	<u>20,961</u>	<u>(277,940)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 48,710</u>	<u>\$ 1,871</u>	<u>\$ (195,108)</u>	<u>\$ (20,455)</u>	<u>\$ (45,452)</u>	<u>\$ 28,131</u>	<u>\$ (182,303)</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Northern Tier Regional Planning and Development Commission (the “Commission”) is a regional planning and development organization located in Towanda, Pennsylvania serving the northern Pennsylvania counties of Bradford, Sullivan, Susquehanna, Tioga and Wyoming (the “Counties”). Programs and services include workforce investment training and assistance to eligible adults and youth leading to unsubsidized employment, low interest loans to small businesses, and improvement of the economic and environmental climate in rural communities.

The Commission is a political subdivision of the Commonwealth of Pennsylvania and is not considered a component unit of any of the Counties. The Commission is not subject to federal or state income tax.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Commission (the primary government) and its component units, Northern Tier Foundation (“Foundation”) and Northern Tier Regional Planning and Development Commission, Inc. (“NTRPDC, Inc.”).

The Foundation, a nonprofit corporation, is governed by a five-member board appointed by the Commission. The Foundation's purpose is to provide rental office space to the Commission.

NTRPDC, Inc. was formed for the purpose of administering programs that will promote the continued social and economic development of Bradford, Sullivan, Susquehanna, Tioga, and Wyoming counties.

Based on the significance of their operational and financial relationships with the Commission, the financial statements of the Foundation and NTRPDC, Inc. are included in the financial reporting entity as blended component units, as part of the Commission's business-type activities.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the activities of the primary government and its blended component units. Governmental activities, which are supported by intergovernmental revenues that are legally or administratively restricted to expenditures for specified purposes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Commission reports two major governmental funds composed of the following special revenue funds:

COMMUNITY AND ECONOMIC DEVELOPMENT - is used to account for various grants and the administration of loan funds for the purposes of economic, export, transportation planning, and community development.

WORKFORCE DEVELOPMENT - is used to account for the activities of the Workforce Innovation and Opportunity Act ("WIOA") and Welfare program revenues and expenditures.

The Commission reports six major enterprise funds:

FOUNDATION - is used to account for the activities of the Northern Tier Foundation (a blended component unit), which provides rental space for activities of the Commission and flexibility to receive funding from various resources. Northern Tier Foundation is a 501(c)(3) corporation.

Northern Tier Regional Planning and Development Commission

Notes to Financial Statements

June 30, 2017

NTRPDC INC. - is used to account for the activities of the Northern Tier Regional Planning and Development Commission, Inc. (a blended component unit), which is to promote effective partnerships and collaboration and administer programs that will provide a nonpartisan organizational framework to promote the continued social and economic development of Bradford, Sullivan, Susquehanna, Tioga, and Wyoming counties through the retention and expansion of industrial, commercial, financial, research, educational, technology, and other allied businesses and development activities, as well as to improve the region's environment, recreation facilities, and quality of life.

EDA/ARC - is used to account for all activity in the Economic Development Administration/Appalachian Regional Commission revolving loan fund and is operated in a manner similar to a private business enterprise.

FMHA-IRP - is used to account for all activity in the Farmers Home Administration Intermediary Relending Program and is operated in a manner similar to a private business enterprise.

FMHA-SBLP - is used to account for all activity in the Farmers Home Administration Small Business Loan Program and is operated in a manner similar to a private business enterprise.

FMHA-RBEG - is used to account for all activity in the Farmers Home Administration Rural Business Enterprise Grant Program and is operated in a manner similar to a private business enterprise.

Enterprise funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues for the enterprise funds are interest collected on outstanding loans and rental income. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The Commission maintains a capitalization threshold of \$5,000 for all capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20-30
Equipment	5-15

Unearned Revenue

Unearned revenue represents amounts which have met asset recognition criteria, but for which revenue recognition criteria have not been met.

Governmental Fund Balance Classifications/Policies and Procedures

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Commission classifies its governmental fund balances as follows, as applicable:

- *Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Commission's "highest level of decision making authority" which do not lapse at year-end
 - The Board of Directors is its highest level of decision-making authority and commits funds through a formal board motion
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Commission
- *Unassigned* - includes positive fund balance within the Community and Economic Development Fund which has not be classified within the above-mentioned categories and negative fund balances in other governmental funds

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the Commission's policy is generally to first apply the expenditure toward restricted fund balance and then to unrestricted resources. When an expenditure is incurred that can be paid using either committed, assigned, or unassigned amounts, the Commission's policy is to use committed resources, then assigned resources, then unassigned resources.

In-Kind Services

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal funding on various grants. Contributed services are therefore reflected as revenue and expenditures in accordance with legal requirements of the individual grants. Contributed services are recorded as an expenditure with an equivalent amount recorded as revenue. The amounts of such services are recorded in the accompanying financial statements at their estimated fair values at date of receipt.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – Cash

The carrying amount of the Commission's deposits was \$2,804,089 as of June 30, 2017. The bank balance totaled \$3,221,627 as of June 30, 2017. The difference represents outstanding checks and normal reconciling items.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971, as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

The balance of the Commission's cash deposits is categorized as follows to give an indication of the level of risk assumed by the Commission at year-end.

	<u>2017 Bank Balance</u>
Insured	\$ 1,015,019
Uninsured:	
Collateral held by pledging banks' trust department not in the Commission's name	2,206,608
TOTAL	<u>\$ 3,221,627</u>

NOTE 3 – Capital Assets

Activity in capital assets for the year ended June 30, 2017 is as follows:

	July 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	June 30, <u>2017</u>
GOVERNMENTAL ACTIVITIES				
Office furniture and equipment	\$ 48,279	\$ -	\$ -	\$ 48,279
Accumulated depreciation	(42,045)	(5,234)	-	(47,279)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6,234</u>	<u>\$ (5,234)</u>	<u>\$ -</u>	<u>\$ 1,000</u>
BUSINESS-TYPE ACTIVITIES (FOUNDATION)				
Land	\$ 13,724	\$ -	\$ -	\$ 13,724
Capital assets being depreciated:				
Building and improvements	551,719	-	-	551,719
Office furniture and equipment	43,991	-	-	43,991
TOTAL	609,434	-	-	609,434
Accumulated depreciation				
Building and improvements	(264,204)	(20,637)	-	(284,841)
Office furniture and equipment	(35,219)	(2,715)	-	(37,934)
TOTAL	<u>(299,423)</u>	<u>(23,352)</u>	<u>-</u>	<u>(322,775)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 310,011</u>	<u>\$ (23,352)</u>	<u>\$ -</u>	<u>\$ 286,659</u>

Depreciation expense of \$5,234 is allocated to the Community and Economic Development expense category of governmental activities in the statement of activities.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

NOTE 4 – Due to Subrecipients, Net

The amounts due to subrecipients in the Commission's governmental activities are as follows at June 30, 2017:

Due to Bradford County Action	\$	(32,866)
Due to Trehab Center		<u>(158,540)</u>
DUE TO SUBRECIPIENTS	\$	<u>(191,406)</u>

NOTE 5 – Revolving Loan Programs

The Commission participates in six revolving loan programs. The purpose of these loan programs is to provide low interest loans to small businesses in an effort to create jobs and other economic development in rural areas. In connection with these programs, the Commission made new loans of approximately \$1,272,655 in 2017 and collected principal and interest repayments of approximately \$1,129,000 in 2017. The programs are summarized below:

Pennsylvania Small Business First Program (SBFP)
[Formerly Pennsylvania Capital Loan Fund (PCLF)]

The Commission has an agreement with the Commonwealth of Pennsylvania, Department of Community and Economic Development (“DCED”) to participate in the SBFP. The SBFP replaced the PCLF with substantially all regulations and program guidelines remaining intact. The loan review committee established by the Commission is responsible for reviewing all loan applications and recommending loan applications for approval by the Commission’s board of directors. Once approved, the Commission must submit the applications to the DCED for its review and approval.

Northern Tier Regional Planning and Development Commission

Notes to Financial Statements

June 30, 2017

DCED is responsible for establishing loan interest rates, issuing loan checks and receiving loan payments from the borrower. As a result, the accompanying financial statements do not include the operations of the SBFP. The Commission is entitled to retain service fees charged on the loans to cover costs of making and servicing its loan program, which are included in the accompanying financial statements. The Commission is the guarantor on the outstanding loan balances under the SBFP that total \$609,056 at June 30, 2017.

First Industries Fund (FIF)

The Commission has entered into an agreement with DCED to participate in the FIF. The loan review committee established by the Commission is responsible for reviewing all loan applications and recommending loan applications for approval by the Commission's board of directors. Once approved, the Commission must submit the applications to DCED for its review and approval. As a result, the accompanying financial statements do not include the operations of the FIF. The Commission is entitled to retain service fees charged on the loans to cover costs of making and servicing the loan program, which are included in the accompanying financial statements. The Commission is the guarantor on the outstanding loan balances under the FIF that total \$665,000 at June 30, 2017. Under the terms of the agreement with FIF, there is a contingent liability in the event of a default by the business enterprise on its loans.

Economic Development Administration/Appalachian Regional Commission (EDA/ARC)

The Commission has entered into an agreement with SEDA-Council of Governments (SEDA-COG) to participate in the U.S. Department of Commerce, Economic Development Administration (EDA) revolving loan fund. EDA awarded SEDA-COG a grant of \$1,500,000 requiring a local match of \$500,000 for the purpose of establishing a small business revolving loan program. SEDA-COG subcontracted one-third of the program to the Commission.

In addition, the Commission has entered into an agreement with the Appalachian Regional Commission to participate in a revolving loan fund.

An allowance of approximately \$41,000 has been established for the loans outstanding under these programs.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

**Farmers Home Administration-Intermediary
Relending Program (FMHA-IRP)**

The Commission has entered into an agreement with FMHA-IRP for a \$500,000 low interest loan from FMHA to be used for a relending program (Note 6). The Commission requests drawdowns on the loan after FMHA approves the loan application between the Commission and the borrower. As of June 30, 2017, the loan had a balance outstanding of \$151,172. The Commission has entered into a second agreement with FMHA-IRP for a \$500,000 low interest loan from FMHA to be used for a relending program (Note 6). The Commission requests drawdowns on the loan after FMHA approves the loan application between the Commission and the borrower. As of June 30, 2017, the loan had a balance outstanding of \$58,951.

**Farmers Home Administration-Small Business
Loan Program (FMHA-SBLP)**

The Commission has entered into the FMHA-SBLP with the approval of \$200,000 and \$110,000 grants from FMHA to be used for a revolving loan program. The Commission requests drawdowns on the grant after FMHA approves the loan application between the Commission and the borrower.

NTRPDC, Inc. has entered into the FMHA-SBLP with the approval of a \$98,000 grant from FMHA to be used for a revolving loan program. NTRPDC, Inc. requests drawdowns on the grant after FMHA approves the loan application between the Commission and the borrower.

An allowance of approximately \$18,000 has been established for the loans outstanding under these programs.

**Farmers Home Administration-Rural Business
Enterprise Grant Program (FMHA-RBEG)**

The Commission has entered into the FMHA-RBEG with the approval of a \$1,000,000 grant from the FMHA to be used for a \$500,000 revolving loan program and \$500,000 pass-through grant for Envirocycle, Inc.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

NOTE 6 – Long-Term Liabilities

At June 30, 2017, the Commission's business-type activities long-term debt consisted of the following:

	Balance at July 1, <u>2016</u>	<u>Additions</u>	<u>Payments</u>	Balance at June 30, <u>2017</u>	<u>Current Portion</u>
3.75% note payable to Bradford County Industrial Development Authority, in monthly installments of \$2,145, including interest through 2023; collateralized by property and equipment.	\$ 162,383	\$ -	\$ (19,951)	\$ 142,432	\$ 20,766
1% loan payable to FMHA, in annual installments of \$20,565, including interest through 2022; collateralized by the assets of the Revolving Loan Fund.	78,714	-	(19,763)	58,951	19,962
1% loan payable to FMHA, in annual installments of \$20,565, including interest through 2024; collateralized by the assets of the Revolving Loan Fund.	<u>169,965</u>	<u>-</u>	<u>(18,793)</u>	<u>151,172</u>	<u>18,983</u>
TOTAL	<u>\$ 411,062</u>	<u>\$ -</u>	<u>\$ (58,507)</u>	<u>\$ 352,555</u>	<u>\$ 59,711</u>

Scheduled principal and interest payments on the note and loans payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2018	\$ 59,711	\$ 7,160	\$ 66,871
2019	79,719	5,976	85,695
2020	41,746	4,557	46,303
2021	42,793	3,509	46,302
2022	43,877	2,426	46,303
2023-2024	84,709	1,077	85,786
TOTAL	<u>\$ 352,555</u>	<u>\$ 24,705</u>	<u>\$ 377,260</u>

Interest expense on the above obligations totaled \$8,362 in 2017.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

The Commission has obtained a \$500,000 line of credit. The interest on any draw is variable, resetting annually (2.75% at June 30, 2017). At June 30, 2017, there were no draws against the line of credit. The line of credit expires December 31, 2017.

NOTE 7 – Liability for Compensated Absences

An employee, upon termination of employment from the Commission, is paid for accrued leave up to a maximum of 50 days. The accrued leave liability has been recorded in the noncurrent liabilities section of the governmental activities.

Accrued leave liability, July 1, 2016	\$	67,127
Additions		118,125
Payouts		<u>(98,019)</u>
Accrued leave liability, June 30, 2017	\$	<u>87,233</u>

NOTE 8 – Termination Benefits Policy

The Commission implemented an early termination benefit policy effective June 1, 2016. The benefit is allowable for employees hired as full-time before July 1, 2015. The benefit will reimburse up to \$33,000 of employee health care premiums until the age of 65 for employees who reach 30 years of service by age 59.5. It will reimburse up to \$13,500 until the age of 65 for employees who reach 25 years of service by age 62. As of June 30, 2017, one employee was eligible and accepted the early termination benefit. The Commission assumed that the full benefit amount of \$13,500 will be claimed by the employee. The funds that will be used to pay this benefit are in a non-interest-bearing account, and therefore no discount rate was used in determining the cost of the benefit. The total cost of \$13,500 has been recorded in the noncurrent liabilities section of the governmental activities as part of "accrued leave and termination benefits."

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

NOTE 9 – Deferred Compensation Plan

The Commission has a deferred compensation plan in which all full-time employees are eligible for participation.

Employees are given the option of paid health insurance coverage or the deferred compensation plan. For those employees selecting the deferred compensation plan, the Commission contributes an amount up to \$650 per month.

Compensation under the plan is deferred from federal income tax only. All other payroll related taxes are paid currently. The Commission's contribution to the deferred compensation plan was \$59,183 in 2017.

NOTE 10 – Contingencies

Grant Programs

The Commission participates in numerous state and federal grant and loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant and loan programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grant and loan programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of Commission management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant and loan programs; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Commission services various outstanding loans of private businesses in relation to the SBFP and FIF loan programs. At June 30, 2017, the balance of outstanding loans serviced by the Commission total \$609,056 and \$665,000 for the SBFP and FIF loan programs, respectively.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2017

NOTE 11 – Indirect Cost Rate

During the year ended June 30, 2017, indirect costs were allocated to individual programs as a percentage of direct salaries and related fringe benefit expense. The allocation of indirect costs for all programs was computed as follows:

Total direct salaries	\$	839,488
Total related fringe benefits		<u>269,896</u>
TOTAL DIRECT SALARIES AND BENEFITS	\$	<u>1,109,384</u>
Indirect costs:		
Salaries and wages	\$	201,783
Fringe benefits		70,028
Contracted services		58,701
Audit		13,991
Building use allowance		13,967
Meeting expense		7,322
Program supplies		5,785
Insurance		5,150
Miscellaneous		3,281
Equipment		3,023
Telephone and internet		2,887
Professional fees		2,058
Postage		1,000
Periodicals and books		887
Advertising		706
Outside printing costs		533
Travel		485
Tuition and training		<u>380</u>
TOTAL	\$	<u>391,967</u>

Indirect cost rate calculation:

$$\text{Indirect cost rate} = \frac{\text{Total indirect costs}}{\text{Total direct salaries and benefits}}$$

$$\text{Indirect cost rate} = \frac{\$ 391,967}{\$1,109,384} = 35.33\%$$

Northern Tier Regional Planning and Development Commission

Combining Schedule of Revenues and Expenditures - Governmental Funds

For the year ended June 30, 2017

Revenues	Unrestricted	ARC PREP 17	PA DOT SPEC	PA DOT EMTA	ARCLDD 16	ARCLDD 17	BEP	OIBD 17	PREP
Federal grants and contracts	-	285,000	30,000	50,000	37,087	55,975	90,160	-	-
State grants and contracts	-	-	-	-	-	-	-	31,825	323,579
Other income	39,721	-	-	-	2,061	-	-	-	3,833
Counties' appropriations	60,000	-	-	-	-	-	-	-	-
In-kind services	15,948	-	-	-	-	-	45,732	-	-
TOTAL REVENUES	115,669	285,000	30,000	50,000	39,148	55,975	135,892	31,825	327,412
Expenditures									
Contracted services	5,219	1,385	-	50,000	750	-	-	100	101,073
Salaries and wages	12,639	141,410	15,031	-	18,724	27,891	46,986	14,971	111,920
Indirect costs	5,763	66,606	7,080	-	8,850	13,137	20,180	7,052	52,712
Fringe benefits	1,805	49,184	5,228	-	5,601	9,701	6,489	5,207	38,870
Miscellaneous	4,485	-	-	-	-	-	27	-	-
Equipment show expense	18,615	-	-	-	-	-	-	-	-
In-kind services	15,948	-	-	-	-	-	45,732	-	-
Building use allowance	398	9,257	1,242	-	1,888	1,939	501	1,166	8,352
Travel	1,218	4,862	197	-	286	275	11,612	1,746	5,085
Office supplies and postage	207	305	-	-	69	53	1,747	-	256
Tuition and seminars	4,825	3,531	1,084	-	449	437	2,479	525	3,770
Jobs driven training	-	-	-	-	-	-	40	-	-
Dues and subscriptions	15,807	325	-	-	-	-	-	-	933
Vehicle use allowance	761	3,279	138	-	2,531	2,542	99	1,058	1,946
Professional fees	8,014	4,856	-	-	-	-	-	-	2,400
Advertising	686	-	-	-	-	-	-	-	95
TOTAL EXPENDITURES	96,390	285,000	30,000	50,000	39,148	55,975	135,892	31,825	327,412
REVENUES IN EXCESS OF EXPENDITURES	\$ 19,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<p>ARC PREP - Appalachian Regional Commission Partnerships for Regional Economic Performance</p> <p>ARCLDD - Appalachian Regional Commission Local Development District</p> <p>BEP - Business Education Partnership</p> <p>DOD - Department of Defense Procurement</p> <p>EARN - Employment Advancement and Retention Network</p> <p>EDA - Economic Development Administration</p> <p>EMTA - Endless Mountains Transportation Authority</p>	<p>MIIA - Make It In America</p> <p>OIBD - Office of International Business Development</p> <p>PA DOT - Pennsylvania Department of Transportation</p> <p>PREP - Partnerships for Regional Economic Performance</p> <p>USGS - United States Geological Survey</p> <p>WIOA - Workforce Innovation and Opportunity Act</p>
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Northern Tier Regional Planning and Development Commission
Combining Schedule of Revenues and Expenditures - Governmental Funds (Cont'd)
For the year ended June 30, 2017

	PA DOT 17	EDA 16	EDA 17	DOD 16	DOD 17	USGS Water Study	MIIA	EARN	WIOA	TOTAL
Revenues										
Federal grants and contracts	\$ 166,725	\$ 24,744	\$ 36,263	\$ 26,639	\$ 32,575	\$ 88,814	\$ 1,565	\$ 704,356	\$ 2,205,576	\$ 3,835,479
State grants and contracts	20,841	-	-	-	-	-	-	-	-	376,245
Other income	1,500	-	-	1,606	-	7,069	-	1,279	156,104	213,173
Counties' appropriations	-	-	-	-	-	-	-	-	-	60,000
In-kind services	3,637	12,000	-	-	-	-	-	-	-	77,317
TOTAL REVENUES	192,703	36,744	36,263	28,245	32,575	95,883	1,565	705,635	2,361,680	4,562,214
Expenditures										
Contracted services	-	-	-	-	3,321	95,883	-	565,452	1,692,009	2,515,192
Salaries and wages	93,031	11,579	17,300	14,334	14,707	-	796	73,073	225,096	839,488
Indirect costs	43,767	6,111	7,491	7,565	6,114	-	426	34,048	105,065	391,967
Fringe benefits	31,641	3,885	6,159	4,810	5,291	-	286	23,547	72,192	269,896
Miscellaneous	-	-	-	-	-	-	-	-	16	4,528
Equipment show expense	-	-	-	-	-	-	-	-	-	18,615
In-kind services	3,637	12,000	-	-	-	-	-	-	-	77,317
Building use allowance	8,514	841	1,118	1,069	1,062	-	57	7,249	16,126	60,779
Travel	7,481	521	1,210	264	1,087	-	-	629	4,518	40,991
Office supplies and postage	930	74	19	71	-	-	-	1,277	4,513	9,521
Tuition and seminars	856	418	838	18	488	-	-	185	140,490	160,393
Jobs driven training	-	-	-	-	-	-	-	-	98,592	98,632
Dues and subscriptions	927	585	1,475	-	200	-	-	-	435	20,687
Vehicle use allowance	1,061	730	653	114	305	-	-	175	1,982	17,374
Professional fees	-	-	-	-	-	-	-	-	-	15,270
Advertising	858	-	-	-	-	-	-	-	646	2,285
TOTAL EXPENDITURES	192,703	36,744	36,263	28,245	32,575	95,883	1,565	705,635	2,361,680	4,542,935
REVENUES IN EXCESS OF EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,279

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Funding Source Code	Federal CFDA Number	Pass-Through Entity's Number	Award Amount	Cash Receipts	Accrued or (Unearned) Revenue at July 1, 2016	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2017	Expenditures Passed Through to Subrecipients
Appalachian Regional Commission										
Local Development District Administrative Grant	D	23.009	PA-708-C-044-16	\$ 103,000	\$ 51,500	\$ 14,413	\$ 37,087	\$ 37,087	\$ -	-
Local Development District Administrative Grant	D	23.009	PA-708-C-045-17	102,000	51,000	-	55,975	55,975	4,975	-
Total CFDA #23.009				205,000	102,500	14,413	93,062	93,062	4,975	-
Appalachian Regional Commission PREP	D	23.001	PA-8305-C34-15	285,000	28,500	28,500	-	-	-	-
Appalachian Regional Commission PREP	D	23.001	PA-8305-C35-16	285,000	256,500	-	285,000	285,000	28,500	-
Appalachian Regional Commission Bradford County Baseline Groundwater Quality Study	D	23.001	PA-18167-15	173,250	28,718	(62,688)	88,814	88,814	7,408	-
Appalachian Regional Commissions Business Education Partnership	D	23.001	PA-18646-16	100,000	90,000	-	90,160	90,160	160	-
Total CFDA #23.001				843,250	403,718	(24,188)	463,974	463,974	36,068	88,814
TOTAL APPALACHIAN REGIONAL COMMISSION										
				1,048,250	506,218	(9,775)	557,036	557,036	41,043	88,814
U.S. Department of Commerce										
Economic Development Administration	D	11.302	ED16PHI3020010	140,000	68,711	28,441	61,007	61,007	20,737	-
Total CFDA #11.302				140,000	68,711	28,441	61,007	61,007	20,737	-
Passed-through Economic Development Administration, Passed-through SEDA-Council of Governments, Economic Development Cluster	I	11.307	01-69-14381	37,700	3,109	1,544	1,565	1,565	-	-
Make it in America	I	11.307	01-69-14381	12,659	-	-	-	-	-	-
Total CFDA #11.307				50,359	3,109	1,544	1,565	1,565	-	-
Total Economic Development Cluster										
				50,359	3,109	1,544	1,565	1,565	-	-
TOTAL U.S. DEPARTMENT OF COMMERCE										
				190,359	71,820	29,985	62,572	62,572	20,737	-
U.S. Department of Health and Human Services										
Passed-through Pennsylvania Department of Public Welfare TANF Cluster	I	93.558	FY16: 70121	294,621	47,307	-	47,307	47,307	-	-
EARN - TANF - Federal (New Directions - Performance Based)	I	93.558	FY17: 70121	294,621	116,300	-	116,300	116,300	-	-
EARN - TANF - Federal (New Directions)	I	93.558	FY16: 70121	547,153	18,113	18,113	-	-	-	-
EARN - TANF - Federal (New Directions)	I	93.558	FY17: 70121	538,441	540,749	-	540,749	540,749	2,308	-
WIOA Youth - TANF	I	93.558	130153361	70,239	7,835	7,835	-	-	-	-
WIOA Youth - TANF	I	93.558	130153361	73,010	64,012	-	73,010	73,010	6,998	-
WIOA Summer Youth - TANF	I	93.558	130153362	47,040	47,040	15,757	31,283	31,283	-	-
WIOA Summer Youth - TANF	I	93.558	130163362	52,900	4,622	-	17,072	17,072	12,450	-
Total CFDA #93.558				1,926,737	843,670	41,705	825,721	825,721	23,756	671,340
Total TANF Cluster										
				1,926,737	843,670	41,705	825,721	825,721	23,756	671,340
Total U.S. Department of Health and Human Services										
				1,926,737	843,670	41,705	825,721	825,721	23,756	671,340

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards (Cont'd)

For the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Funding Source Code	Federal CFDA Number	Pass-Through Entity's Number	Award Amount	Cash Receipts	Accrued or (Unearned) Revenue at July 1, 2016	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2017	Expenditures Passed Through to Subrecipients
U.S. Department of Labor										
Passed-through Pennsylvania Department of Labor and Industry										
WIOA Cluster										
Adult	17,258	17,258	130153011	355,343	99,714	68,638	31,076	31,076	-	-
Adult	17,258	17,258	130163001	41,897	41,897	-	41,897	41,897	-	-
Adult	17,258	17,258	130163011	287,110	281,806	-	264,212	264,212	(17,594)	-
Adult - Regional Planning	17,258	17,258	130163132	20,000	8,000	-	8,000	8,000	-	-
Total CFDA #17.258				704,350	431,417	68,638	345,185	345,185	(17,594)	272,241
Youth	17,259	17,259	130153301	406,159	128,081	46,956	81,125	81,125	-	-
Youth	17,259	17,259	130163301	345,672	275,530	-	302,455	302,455	26,925	-
Youth - BEP	17,259	17,259	130153342	112,027	-	-	29,927	29,927	29,927	-
Total CFDA #17.259				863,858	403,611	46,956	413,507	413,507	56,852	271,400
Dislocated Worker	17,278	17,278	130154001	98,520	-	(9,852)	9,852	9,852	-	-
Dislocated Worker	17,278	17,278	130154011	483,001	242,640	136,087	106,553	106,553	-	-
Dislocated Worker	17,278	17,278	130164001	105,536	105,536	-	105,536	105,536	-	-
Dislocated Worker	17,278	17,278	130164011	424,317	356,978	-	406,632	406,632	49,654	-
Dislocated Worker - transferred to Adult	17,278	17,278	130153013	60,000	60,000	-	60,000	60,000	-	-
Dislocated Worker - transferred to Adult	17,278	17,278	130163013	136,000	23,519	-	106,923	106,923	63,404	-
Dislocated Worker - IP	17,278	17,278	130144133	84,184	77,121	-	84,184	84,184	7,063	-
Dislocated Worker - Rapid Response	17,278	17,278	130144155	58,561	39,098	10,067	29,031	29,031	-	-
Dislocated Worker - Rapid Response	17,278	17,278	130154152	36,979	36,979	-	36,979	36,979	-	-
Dislocated Worker - Rapid Response	17,278	17,278	130154052	25,000	25,000	-	25,000	25,000	-	-
Dislocated Worker - Rapid Response	17,278	17,278	130164151	80,327	79,912	-	80,327	80,327	415	-
Dislocated Worker - Rapid Response	17,278	17,278	130164051	128,000	35,543	-	121,098	121,098	85,555	-
Dislocated Worker - Rapid Response	17,278	17,278	130164134	139,000	145	-	3,751	3,751	3,606	-
Fit 4 Work	17,278	17,278	130164133	3,700	-	-	931	931	-	-
SLIP	17,278	17,278	130164133	22,433	1,541	1,541	-	-	-	-
WIOA Transition	17,278	17,278	130144152	-	-	-	-	-	-	-
Total CFDA #17.278				1,687,558	1,084,012	137,843	1,176,797	1,176,797	230,628	648,663
Total WIOA Cluster				3,455,766	1,919,040	253,437	1,935,489	1,935,489	269,866	1,392,324
Disaster Grant (Job Driven NEG)	17,277	17,277	130147200	150,000	64,675	22,397	42,278	42,278	-	-
Disaster Grant (Sector Partnership NEG)	17,277	17,277	130155100	109,000	85,256	-	92,099	92,099	6,843	-
Disaster Grant (RSAB Sector Partnership NEG)	17,277	17,277	130155103	28,690	14,345	3,586	14,345	14,345	3,586	-
Total Disaster Grants (CFDA #17.277)				278,690	164,276	25,983	148,722	148,722	10,429	5,019
Total U.S. Department of Labor				3,734,456	2,083,316	279,420	2,084,211	2,084,211	280,315	1,397,343

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards (Cont'd)

For the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Funding Source Code	Federal CFDA Number	Pass-Through Entity's Number	Award Amount	Cash Receipts	Accrued or (Unearned) Revenue at July 1, 2016	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2017	Expenditures Passed Through to Subrecipients
U.S. Department of Transportation										
Passed-through the Pennsylvania Department of Transportation, Center for Program Development and Management Highway Planning and Construction Cluster										
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913 -6-A	27,500	1,916	1,916	-	-	-	-
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913 -6-B	417,500	36,578	36,578	-	-	-	-
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913 -6-C	27,500	2,799	2,799	-	-	-	-
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913 -6-D	27,500	8,592	8,592	-	-	-	-
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913 -6-E	60,000	7,672	7,672	-	-	-	-
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913 -6-A-EMTA	12,000	6,000	6,000	-	-	-	-
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913 -6-B-EMTA	60,000	30,000	30,000	-	-	-	-
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913 -6-C-EMTA	14,000	7,000	7,000	-	-	-	-
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913 -6-D-EMTA	10,000	5,000	5,000	-	-	-	-
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913 -6-F-EMTA	4,000	2,000	2,000	-	-	-	-
				1,335,000	254,683	107,557	246,725	246,725	99,599	50,000
Total CFDA #20.205										
Total Highway Planning and Construction Cluster										
				1,335,000	254,683	107,557	246,725	246,725	99,599	50,000
Total U.S. Department of Transportation										
				1,335,000	254,683	107,557	246,725	246,725	99,599	50,000
U.S. Department of Defense										
Passed through the Southern Alleghenies Planning and Development Commission										
Procurement Grant	I	12.002	SP4800-15-2-1679	58,000	42,656	16,017	26,639	26,639	-	-
Procurement Grant	I	12.002	SP4800-16-2-1779	62,500	-	-	32,575	32,575	32,575	32,575
				120,500	42,656	16,017	59,214	59,214	32,575	-
Total U.S. Department of Defense (CFDA #12.002)										
				8,355,302	3,602,363	464,909	3,835,479	3,835,479	498,025	2,207,497
TOTAL EXPENDITURES OF FEDERAL AWARDS										

Northern Tier Regional Planning and Development Commission
Schedule of Expenditures of Federal Awards (Cont'd)
For the year ended June 30, 2017

	Federal CFDA Number	Loan Period Beginning/ Ending Date	Program Amount	Loan Balance July 1, 2016	Drawdowns	Payments	Loan Balance June 30, 2017
U.S. Department of Agriculture							
Farmers Home Administration Intermediary Relending Program	10.767	7/92-7/28	\$ 500,000	\$ 78,714	\$ -	\$ 19,763	\$ 58,951
Farmers Home Administration Intermediary Relending Program	10.767	6/96-6/32	500,000	169,965	-	18,793	151,172
Total U.S. Department of Agriculture				\$ 248,679	\$ -	\$ 38,556	\$ 210,123

Northern Tier Regional Planning and Development Commission
Notes to Schedule of Expenditures of Federal Awards
June 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northern Tier Regional Planning and Development Commission (the "Commission") under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Commission.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Revolving Loan Programs

The Commission administers a Revolving Loan Fund Program funded by the U.S. Department of Commerce, Economic Development Administration and matching funds from the Appalachian Regional Commission (FMHA-IRP) Governments. Loans outstanding at June 30, 2017 were \$270,008.

The Commission administers a Revolving Loan Fund Program funded by the U.S. Department of Agriculture and passed through the Farmers Home Administration Small Business Loan Program (FMHA-SBLP). Loans outstanding at June 30, 2017 were \$362,248.

The Commission administers a Revolving Loan Fund Program funded by the U.S. Department of Agriculture and passed through the Farmers Home Administration Rural Business Enterprise Grant Program (FMHA-RBEG). Loans outstanding at June 30, 2017 were \$262,282.

The Commission administers a Revolving Loan Fund Program funded by the Appalachian Regional Commission. Loans outstanding at June 30, 2017 were \$2,022,356.

4. Indirect Cost

The Commission has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Instead, an indirect cost rate of up to 35.33% was used, limited by funder requirements. The Commission's indirect rates are submitted to the U.S. Department of Commerce for approval.



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

Board of Directors
Northern Tier Regional Planning and Development Commission
Towanda, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Northern Tier Regional Planning and Development Commission (the "Commission") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards
(Cont'd)

Board of Directors
Northern Tier Regional Planning and Development Commission

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

J. H. Williams & Co., LLP

March 19, 2018



Independent Auditors' Report on Compliance for the Major
Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance

Board of Directors
Northern Tier Regional Planning and Development Commission
Towanda, Pennsylvania

Report on Compliance for the Major Federal Program

We have audited Northern Tier Regional Planning and Development Commission's (the "Commission") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on the Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Independent Auditors' Report on Compliance for the Major
Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance
(Cont'd)

Board of Directors
Northern Tier Regional Planning and Development Commission

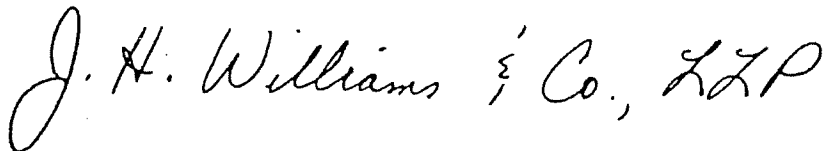
Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



March 19, 2018

Northern Tier Regional Planning and Development Commission
Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
17.258 17.259 17.278	Workforce Innovation and Opportunity Act Cluster (WIOA)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV – Summary of Prior Year Findings

None.



Independent Accountants' Report on
Applying Agreed-Upon Procedures on the
Schedule of WIOA Expenditures by
Program Identifiers and Cost Categories

Board of Directors
Northern Tier Regional Planning and Development Commission
Towanda, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Northern Tier Regional Planning and Development Commission (the "Commission") and the Commonwealth of Pennsylvania, Department of Labor and Industry, to the accompanying financial schedules of the Commission for the fiscal year ended June 30, 2017, solely to assist you in complying with the requirements of the Pennsylvania Department of Labor and Industry. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Directors of the Commission and the Commonwealth of Pennsylvania Department of Labor and Industry. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and findings are as follows:

- (a) We verified the clerical accuracy of the Commission's summarization of amounts reported on the monthly Financial Status Report (FSR) submitted to the Commonwealth of Pennsylvania, Department of Labor and Industry during the fiscal year ended June 30, 2017 and the report of the summarized, fiscal year totals on the respective formats as presented in the WIOA Policies and Procedures Manual. This procedure was performed for the WIOA expenditures by program identifier and cost category included on pages 41 through 44 administered by the Commission which were funded in whole, or in part, by the Commonwealth of Pennsylvania, Department of Labor and Industry. No findings were noted.
- (b) We inquired of management regarding any adjustment to reported revenues or expenditures which were not reflected on reports submitted to the Commonwealth of Pennsylvania Department of Labor and Industry. No findings were noted.

Independent Accountants' Report on
Applying Agreed-Upon Procedures on the
Schedule of WIOA Expenditures by
Program Identifiers and Cost Categories
(Cont'd)

Board of Directors
Northern Tier Regional Planning and Development Commission

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the financial schedules referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Northern Tier Regional Planning and Development Commission and the Commonwealth of Pennsylvania, Department of Labor and Industry and is not intended to be and should not be used by anyone other than these specified parties.

J. H. Williams & Co., LLP

March 19, 2018

Northern Tier Regional Planning and Development Commission
Schedule of WIOA Expenditures by Program Identifiers and Cost Categories
For the year ended June 30, 2017

<u>Title</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Cost Category</u>	<u>Authorized Budget</u>	<u>Cumulative Claimed</u>	<u>Actual Budget</u>	<u>(Over) Under</u>
Adult Program - 2015 Second Increment	130153011	10/01/15-06/30/17	Administration Direct Training	\$ 35,534 319,809	\$ 35,534 319,809	\$ 35,534 319,809	\$ - -
			CONTRACT TOTAL	355,343	355,343	355,343	-
DW Transfer to Adult Program - 2015 Third Increment (DW Transfer)	130153013	10/01/15-06/30/17	Administration Direct Training	6,000 54,000	6,000 54,000	6,000 54,000	- -
			CONTRACT TOTAL	60,000	60,000	60,000	-
Adult Program - 2016 First Increment	130163001	07/01/16-06/30/17	Administration Direct Training	4,190 37,707	4,190 37,707	4,190 37,707	- -
			CONTRACT TOTAL	41,897	41,897	41,897	-
Adult Program - 2016 Second Increment	130163011	10/01/16-06/30/18	Administration Direct Training	28,711 258,399	5,813 258,399	28,711 258,399	22,898 -
			CONTRACT TOTAL	287,110	264,212	287,110	22,898
DW Transfer to Adult Program - 2016 Third Increment (DW Transfer)	130163013	10/01/16-06/30/18	Administration Direct Training	13,800 124,200	- 106,923	13,800 124,200	13,800 17,277
			CONTRACT TOTAL	138,000	106,923	138,000	31,077
Regional Planning (Adult)	130163132	10/01/16-06/30/18	Administration Direct Training	- 20,000	- 8,000	- 20,000	- 12,000
			CONTRACT TOTAL	20,000	8,000	20,000	12,000
Youth Program - 2015	130153301	04/01/15-06/30/17	Administration In School Youth Out of School	40,616 75,666 289,877	40,616 75,666 289,877	40,616 75,666 289,877	- - -
			CONTRACT TOTAL	406,159	406,159	406,159	-

Northern Tier Regional Planning and Development Commission
Schedule of WIOA Expenditures by Program Identifiers and Cost Categories (Cont'd)
For the year ended June 30, 2017

<u>Title</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Cost Category</u>	<u>Authorized Budget</u>	<u>Cumulative Claimed</u>	<u>Actual Budget</u>	<u>(Over) Under</u>
Youth Program - 2016	130163301	04/01/16-06/30/18	Administration In School Youth Out of School	34,567 35,662 275,443	- 35,612 266,843	34,567 35,662 275,443	34,567 50 8,600
			CONTRACT TOTAL	345,672	302,455	345,672	43,217
Dislocated Worker Program - 2015 First Increment	130154001	07/01/15-06/30/17	Administration Direct Training	9,852 88,668	9,852 88,668	9,852 88,668	- -
			CONTRACT TOTAL	98,520	98,520	98,520	-
Dislocated Worker Program - 2015 Second Increment	130154011	10/01/15-06/30/17	Administration Direct Training	48,299 434,702	48,299 434,702	48,299 434,702	- -
			CONTRACT TOTAL	483,001	483,001	483,001	-
Dislocated Worker Program - 2016 First Increment	130164001	07/01/16-06/30/17	Administration Direct Training	10,554 94,982	10,554 94,982	10,554 94,982	- -
			CONTRACT TOTAL	105,536	105,536	105,536	-
Dislocated Worker Program - 2016 Second Increment	130164011	10/01/16-06/30/18	Administration Direct Training	42,432 381,885	- 406,632	42,432 381,885	42,432 (24,747)
			CONTRACT TOTAL	424,317	406,632	424,317	17,685
15 DW RR Additional Assistance	130144155	07/01/14-06/30/17	Administration Direct Training	- 58,561	- 58,561	- 58,561	- -
			CONTRACT TOTAL	58,561	58,561	58,561	-
16 DW RR Additional Assistance	130154052	07/01/15-06/30/18	Administration Direct Training	- 25,000	- 25,000	- 25,000	- -
			CONTRACT TOTAL	25,000	25,000	25,000	-

Northern Tier Regional Planning and Development Commission
Schedule of WIOA Expenditures by Program Identifiers and Cost Categories (Cont'd)
For the year ended June 30, 2017

<u>Title</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Cost Category</u>	<u>Authorized Budget</u>	<u>Cumulative Claimed</u>	<u>Actual Budget</u>	<u>(Over) Under</u>
16 DW RR Additional Assistance - Second Increment	130154152	10/01/15-06/30/18	Administration Direct Training	- 36,979	- 36,979	- 36,979	- -
			CONTRACT TOTAL	36,979	36,979	36,979	-
17 DW RR Additional Assistance	130164051	07/01/16-06/30/18	Administration Direct Training	- 128,000	- 121,098	- 128,000	- 6,902
			CONTRACT TOTAL	128,000	121,098	128,000	6,902
17 DW RR Additional Assistance - Second Increment	130164151	01/01/17-06/30/18	Administration Direct Training	- 80,327	- 80,327	- 80,327	- -
			CONTRACT TOTAL	80,327	80,327	80,327	-
16 IP (Dislocated Worker)	130144133	07/01/14-06/30/17	Administration Direct Training	- 84,184	- 84,184	- 84,184	- -
			CONTRACT TOTAL	84,184	84,184	84,184	-
WIOA Youth - TANF	130163361	07/01/16-06/30/18	Administration Direct Training	10,951 62,059	10,951 62,059	10,951 62,059	- -
			CONTRACT TOTAL	73,010	73,010	73,010	-
15 Summer Youth - TANF	130153362	04/01/15-09/30/16	Administration Direct Training	4,704 42,336	4,527 42,513	4,704 42,336	177 (177)
			CONTRACT TOTAL	47,040	47,040	47,040	-
16 Summer Youth - TANF	130163362	04/01/17-06/30/18	Administration Direct Training	7,935 44,965	- 17,072	7,935 44,965	7,935 27,893
			CONTRACT TOTAL	52,900	17,072	52,900	35,828

Northern Tier Regional Planning and Development Commission
Schedule of WIOA Expenditures by Program Identifiers and Cost Categories (Cont'd)
For the year ended June 30, 2017

	Contract Number	Contract Period	Cost Category	Authorized Budget	Cumulative Claimed	Actual Budget	(Over) Under
14 Job Drive NEG Funding	130147200	07/01/14-09/30/16	Administration Direct Training	13,125 136,875	13,125 136,875	13,125 136,875	- -
			CONTRACT TOTAL	150,000	150,000	150,000	-
15 BEP	130153342	03/01/17-06/30/18	Administration Direct Training	- 112,027	- 29,927	- 112,027	- 82,100
			CONTRACT TOTAL	112,027	29,927	112,027	82,100
RSAB Sector Partnership DW NEG Funding	130155103	07/01/15-06/30/18	Administration Direct Training	- 28,690	- 21,518	- 28,690	- 7,172
			CONTRACT TOTAL	28,690	21,518	28,690	7,172
Sector Partnership DW NEG Funding	130155100	11/01/15-06/30/18	Administration Direct Training	10,000 90,000	4,700 87,399	10,000 90,000	5,300 2,601
			CONTRACT TOTAL	100,000	92,099	100,000	7,901
Fit 4 Work	130164134	05/01/17-06/30/18	Administration Direct Training	- 139,000	- 3,751	- 139,000	- 135,249
			CONTRACT TOTAL	139,000	3,751	139,000	135,249
SLIP	130164133	03/01/17-12/31/17	Administration Direct Training	- 3,700	- 931	- 3,700	- 2,769
			CONTRACT TOTAL	3,700	931	3,700	2,769
15 TANF - Federal (New Directions - Performance Based)	70121	07/01/15-06/30/17	Direct Training	294,621	294,621	294,621	-
			CONTRACT TOTAL	294,621	294,621	294,621	-
16 TANF - Federal (New Directions)	70121	07/01/16-06/30/17	Administration Direct Training	84,177 462,976	84,177 456,572	84,177 462,976	- 6,404
			CONTRACT TOTAL	547,153	540,749	547,153	6,404
16 TANF - Federal (New Directions - Performance Based)	70121	07/01/16-06/30/17	Direct Training	294,621	116,300	294,621	178,321
			CONTRACT TOTAL	294,621	116,300	294,621	178,321