

**NORTHERN TIER REGIONAL PLANNING
AND DEVELOPMENT COMMISSION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2016

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, 2016, 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, 2016, 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 28 - 29 and the accompanying Schedule of Expenditures of Federal Awards on pages 30 - 33, 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 6, 2017, 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.

Handwritten signature of J. A. Williams & Co., LLP in cursive script.

March 6, 2017

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2016
(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, 2016 as compared to June 30, 2015. 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 decreased \$30,411 in 2016 and increased \$38,810 in 2015.

The governmental activities net assets decreased \$17,678, 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), Sector Partnership and Rapid Response funds. EARN funding remained consistent after a 50% cut several years ago. Workforce Innovation and Opportunity Act (WIOA) was consistent.

The business-type activities net assets decreased approximately \$12,733 as a result of loan fund activities. The Commission served 189 business clients, with 58 new businesses served. NTRPDC closed 11 loans totaling just under \$650,000, with an additional \$300,000 of public financing and \$1,600,000 in private financing leveraged. Over \$31,000,000 in total international sales by export clients and \$11,500,000 in total government sales by procurement clients were generated for the year. The total impact of business assistance resulted in 92 jobs created and 298 jobs retained for the region.

Over 50 people received training and technical assistance with information technology/energy needs, and 72 people received local transportation related training for the benefit of their municipalities. The award of just under \$500,000 in 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.

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 - 27 of this report.

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2016
(Unaudited)

Condensed Statement of Net Position

	<u>2016</u>	<u>2015</u>	<u>Change From 2015 to 2016</u>
Assets			
Current and other assets	\$ 4,427,033	\$ 3,945,258	\$ 481,775
Capital assets	316,245	337,082	(20,837)
Loans receivable and other assets	<u>1,871,267</u>	<u>1,974,305</u>	<u>(103,038)</u>
TOTAL	<u>\$ 6,614,545</u>	<u>\$ 6,256,645</u>	<u>\$ 357,900</u>
Liabilities and Net Assets			
Current liabilities	\$ 1,140,082	\$ 694,976	\$ 445,106
Debt and other long-term liabilities	<u>433,128</u>	<u>489,923</u>	<u>(56,795)</u>
TOTAL LIABILITIES	<u>1,573,210</u>	<u>1,184,899</u>	<u>388,311</u>
Net position:			
Net investment in capital assets	153,862	155,504	(1,642)
Restricted for loan programs	3,932,477	3,944,444	(11,967)
Unrestricted	<u>954,996</u>	<u>971,798</u>	<u>(16,802)</u>
TOTAL NET POSITION	<u>5,041,335</u>	<u>5,071,746</u>	<u>(30,411)</u>
TOTAL	<u>\$ 6,614,545</u>	<u>\$ 6,256,645</u>	<u>\$ 357,900</u>

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2016
(Unaudited)

Condensed Statement of Activities

	<u>2016</u>	<u>2015</u>	<u>Change From 2015 to 2016</u>	<u>Percentage Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 201,978	\$ 197,288	\$ 4,690	2.38%
Operating grants and contributions	4,462,169	4,402,634	59,535	1.35%
General revenues, investment earnings	<u>673</u>	<u>681</u>	<u>(8)</u>	-1.17%
 TOTAL REVENUES	<u>4,664,820</u>	<u>4,600,603</u>	<u>64,217</u>	1.40%
 Expenses:				
Program Expenses:				
Governmental activities	4,485,920	4,397,098	88,822	2.02%
Business-type activities	<u>209,311</u>	<u>164,695</u>	<u>44,616</u>	27.09%
 TOTAL EXPENSES	<u>4,695,231</u>	<u>4,561,793</u>	<u>133,438</u>	2.93%
 INCREASE (DECREASE) IN NET POSITION	(30,411)	38,810	(69,221)	-178.36%
 NET POSITION - BEGINNING	<u>5,071,746</u>	<u>5,032,936</u>	<u>38,810</u>	0.77%
 NET POSITION - ENDING	<u>\$ 5,041,335</u>	<u>\$ 5,071,746</u>	<u>\$ (30,411)</u>	-0.60%

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2016
(Unaudited)

Financial Analysis of the Fund Statements

Governmental Funds

The following represents a summary of fund revenue and expenses:

	<u>2016</u>	<u>2015</u>
Revenues:		
Federal, state, and local grants and contracts	\$ 4,119,589	\$ 4,092,309
Other income	252,705	227,601
Counties' appropriations	60,000	60,000
In-kind services	35,948	30,676
TOTAL	<u>\$ 4,468,242</u>	<u>\$ 4,410,586</u>
Expenses:		
Contracted services	\$ 2,573,193	\$ 2,442,715
Salaries and wages	855,700	811,714
Other	314,489	460,316
Indirect costs	401,280	367,269
Fringe benefits	290,821	270,831
In-kind services	35,948	30,676
Advertising	7,452	12,524
TOTAL	<u>\$ 4,478,883</u>	<u>\$ 4,396,045</u>

Revenues

The increase in federal and state grants and contracts from 2015 is due to an increase in federal funding received for the Workforce Innovation and Opportunity Act and EARN programs in 2016. This was offset by decreases in the Department of Community and Economic Development funding levels.

Expenses

Expenditures increased 1%, which is primarily due to an increase in contracted services due to funds being available under the Workforce Innovation and Opportunity Act program which offset the decrease in staff from the Community Economic Development funding.

Northern Tier Regional Planning and Development Commission
Management's Discussion and Analysis
June 30, 2016
(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, and continue to trend that way. According to the Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis, as of August 2016, the Northern Tier region's unemployment rate was 6.4 %, which is higher than the statewide 5.7% unemployment rate. By comparison, one year ago in August 2015, the unemployment rate throughout the Northern Tier region was 5.8 %, only slightly higher than the state's 5.4% employment rate.

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, 2016

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 1,200,359	\$ 1,731,182	\$ 2,931,541
Due from grantors	688,581	-	688,581
Other receivables	61,535	-	61,535
Internal balances	27,631	(27,631)	-
Loans receivable	-	730,499	730,499
Prepaid expenses	13,580	1,297	14,877
TOTAL CURRENT ASSETS	<u>1,991,686</u>	<u>2,435,347</u>	<u>4,427,033</u>
NONCURRENT ASSETS			
Capital assets, net	6,234	310,011	316,245
Loans receivable, net	-	1,871,267	1,871,267
TOTAL NONCURRENT ASSETS	<u>6,234</u>	<u>2,181,278</u>	<u>2,187,512</u>
TOTAL ASSETS	<u>\$ 1,997,920</u>	<u>\$ 4,616,625</u>	<u>\$ 6,614,545</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Loans payable	\$ -	\$ 38,558	\$ 38,558
Note payable	-	20,003	20,003
Accounts payable	562,699	6,251	568,950
Accrued salaries and benefits	58,469	-	58,469
Due to grantors	2,967	-	2,967
Due to subrecipients	232,578	-	232,578
Accrued interest	-	1,045	1,045
Unearned revenue	217,512	-	217,512
TOTAL CURRENT LIABILITIES	<u>1,074,225</u>	<u>65,857</u>	<u>1,140,082</u>
NONCURRENT LIABILITIES			
Loans payable	-	210,121	210,121
Note payable	-	142,380	142,380
Accrued leave and termination benefits	80,627	-	80,627
TOTAL NONCURRENT LIABILITIES	<u>80,627</u>	<u>352,501</u>	<u>433,128</u>
TOTAL LIABILITIES	<u>1,154,852</u>	<u>418,358</u>	<u>1,573,210</u>
NET POSITION			
Net investment in capital assets	6,234	147,628	153,862
Restricted	-	3,932,477	3,932,477
Unrestricted	836,834	118,162	954,996
TOTAL NET POSITION	<u>843,068</u>	<u>4,198,267</u>	<u>5,041,335</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,997,920</u>	<u>\$ 4,616,625</u>	<u>\$ 6,614,545</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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Workforce Development	\$ 3,052,742	\$ -	\$ 3,052,742	\$ -	\$ -	\$ -
Community and Economic Development	<u>1,433,178</u>	<u>5,725</u>	<u>1,409,427</u>	<u>(18,026)</u>	<u>-</u>	<u>(18,026)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>4,485,920</u>	<u>5,725</u>	<u>4,462,169</u>	<u>(18,026)</u>	<u>-</u>	<u>(18,026)</u>
BUSINESS-TYPE ACTIVITIES:						
Foundation	117,631	117,907	-	-	276	276
NTRPDC, Inc.	1,212	132	-	-	(1,080)	(1,080)
Economic Development Administration/ Appalachian Regional Commission	87,511	55,381	-	-	(32,130)	(32,130)
Farmers Home Administration Intermediary Relending Program	2,957	9,502	-	-	6,545	6,545
Farmers Home Administration Small Business Loan Program	-	10,676	-	-	10,676	10,676
Farmers Home Administration Rural Business Enterprise Grant Program	<u>-</u>	<u>2,655</u>	<u>-</u>	<u>-</u>	<u>2,655</u>	<u>2,655</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>209,311</u>	<u>196,253</u>	<u>-</u>	<u>-</u>	<u>(13,058)</u>	<u>(13,058)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,695,231</u>	<u>\$ 201,978</u>	<u>\$ 4,462,169</u>	<u>(18,026)</u>	<u>(13,058)</u>	<u>(31,084)</u>
GENERAL REVENUES, UNRESTRICTED						
INVESTMENT EARNINGS				<u>348</u>	<u>325</u>	<u>673</u>
CHANGE IN NET POSITION				<u>(17,678)</u>	<u>(12,733)</u>	<u>(30,411)</u>
NET POSITION - BEGINNING				<u>860,746</u>	<u>4,211,000</u>	<u>5,071,746</u>
NET POSITION - ENDING				<u>\$ 843,068</u>	<u>\$ 4,198,267</u>	<u>\$ 5,041,335</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, 2016

	Workforce Development	Community and Economic Development	Total
<u>ASSETS</u>			
Cash	\$ 317,110	\$ 883,249	\$ 1,200,359
Due from grantors	321,127	367,454	688,581
Due from other funds	-	27,631	27,631
Other receivables	60,774	761	61,535
Prepaid expenses	-	13,580	13,580
TOTAL ASSETS	<u>\$ 699,011</u>	<u>\$ 1,292,675</u>	<u>\$ 1,991,686</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 289,521	\$ 273,178	\$ 562,699
Accrued salaries and benefits	16,190	42,279	58,469
Due to grantors	2,967	-	2,967
Due to subrecipients	232,578	-	232,578
Unearned revenue	157,755	59,757	217,512
TOTAL LIABILITIES	699,011	375,214	1,074,225
FUND BALANCE			
Unassigned	-	917,461	917,461
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 699,011</u>	<u>\$ 1,292,675</u>	<u>\$ 1,991,686</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, 2016

Total Fund Balances - Governmental Funds **\$ 917,461**

**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 6,234

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 (80,627)

Total Net Position - Governmental Activities **\$ 843,068**

Northern Tier Regional Planning and Development Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	<u>Workforce Development</u>	<u>Community and Economic Development</u>	<u>Total</u>
REVENUES			
Federal grants and contracts	\$ 2,842,573	\$ 889,059	\$ 3,731,632
State grants and contracts	-	387,957	387,957
Other income	210,169	42,536	252,705
Counties' appropriations	-	60,000	60,000
In-kind services	-	35,948	35,948
TOTAL REVENUES	<u>3,052,742</u>	<u>1,415,500</u>	<u>4,468,242</u>
EXPENDITURES			
Contracted services	2,309,383	267,036	2,576,419
Salaries and wages	338,424	517,276	855,700
Indirect costs	157,343	243,937	401,280
Fringe benefits	106,742	184,079	290,821
Building use allowance	18,897	34,397	53,294
Office supplies and postage	4,752	3,695	8,447
Miscellaneous	-	14,830	14,830
Equipment show expense	-	17,452	17,452
Tuition and seminars	51,429	16,180	67,609
Jobs driven training	45,798	-	45,798
Travel	16,451	33,327	49,778
Dues and subscriptions	244	20,101	20,345
In-kind services	-	35,948	35,948
Vehicle use allowance	2,224	15,266	17,490
Professional fees	-	19,446	19,446
Advertising	1,055	3,171	4,226
TOTAL EXPENDITURES	<u>3,052,742</u>	<u>1,426,141</u>	<u>4,478,883</u>
NET CHANGE IN FUND BALANCES	-	(10,641)	(10,641)
FUND BALANCE, BEGINNING	<u>-</u>	<u>928,102</u>	<u>928,102</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 917,461</u>	<u>\$ 917,461</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, 2016

Net Change in Fund Balances - Governmental Funds \$ (10,641)

**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. (1,691)

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. (5,346)

Change in Net Position - Governmental Activities \$ (17,678)

Northern Tier Regional Planning and Development Commission
Statement of Net Position
Enterprise Funds
June 30, 2016

	Foundation	NTRPDC, Inc.	EDA/ARC	FMHA-IRP	FMHA-SBLP	FMHA-RBEG	Total (Memorandum Only)
<u>ASSETS</u>							
CURRENT ASSETS							
Cash	\$ 12,234	\$ 139,558	\$ 631,894	\$ 249,675	\$ 384,328	\$ 313,493	\$ 1,731,182
Prepaid expense	797	500	-	-	-	-	1,297
Loans receivable, current	-	-	408,087	87,003	121,943	113,466	730,499
TOTAL CURRENT ASSETS	13,031	140,058	1,039,981	336,678	506,271	426,959	2,462,978
NONCURRENT ASSETS							
Capital assets, net	310,011	-	-	-	-	-	310,011
Loans receivable, net	-	-	1,361,172	153,944	186,374	169,777	1,871,267
TOTAL NONCURRENT ASSETS	310,011	-	1,361,172	153,944	186,374	169,777	2,181,278
TOTAL ASSETS	\$ 323,042	\$ 140,058	\$ 2,401,153	\$ 490,622	\$ 692,645	\$ 596,736	\$ 4,644,256
<u>LIABILITIES AND NET POSITION</u>							
CURRENT LIABILITIES							
Loans payable, current	\$ -	\$ -	\$ -	38,558	\$ -	\$ -	\$ 38,558
Note payable, current	20,003	-	-	-	-	-	20,003
Accounts payable	6,251	-	-	-	-	-	6,251
Due to other funds	26,419	1,212	-	-	-	-	27,631
Accrued interest	1,045	-	-	-	-	-	1,045
TOTAL CURRENT LIABILITIES	53,718	1,212	-	38,558	-	-	93,488
NONCURRENT LIABILITIES							
Loans payable	-	-	-	210,121	-	-	210,121
Note payable	142,380	-	-	-	-	-	142,380
TOTAL NONCURRENT LIABILITIES	142,380	-	-	210,121	-	-	352,501
TOTAL LIABILITIES	196,098	1,212	-	248,679	-	-	445,989
NET POSITION							
Net investment in capital assets	147,628	-	-	-	-	-	147,628
Restricted	-	-	2,401,153	241,943	692,645	596,736	3,932,477
Unrestricted	(20,684)	138,846	-	-	-	-	118,162
TOTAL NET POSITION	126,944	138,846	2,401,153	241,943	692,645	596,736	4,198,267
TOTAL LIABILITIES AND NET POSITION	\$ 323,042	\$ 140,058	\$ 2,401,153	\$ 490,622	\$ 692,645	\$ 596,736	\$ 4,644,256

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, 2016

	Foundation	NTRPDC, Inc.	EDA/ARC	FMHA-IRP	FMHA-SBLP	FMHA-RBEG	Total (Memorandum Only)
OPERATING REVENUES							
Loan fund interest	\$ -	7	\$ 55,381	\$ 9,502	\$ 10,676	\$ 2,654	\$ 78,220
Rental income	117,891	-	-	-	-	-	117,891
Miscellaneous income	16	125	-	-	-	-	141
TOTAL OPERATING REVENUES	117,907	132	55,381	9,502	10,676	2,654	196,252
OPERATING EXPENSES							
Provision for loan losses	-	-	87,511	-	-	-	87,511
Janitorial	25,994	-	-	-	-	-	25,994
Depreciation and amortization	23,065	-	-	-	-	-	23,065
Utilities	37,408	-	-	-	-	-	37,408
Maintenance and supplies	8,375	-	-	-	-	-	8,375
Contracted services	5,201	389	-	-	-	-	5,590
Professional fees	8,546	823	-	-	-	-	9,369
Miscellaneous	2,500	-	-	-	-	-	2,500
TOTAL OPERATING EXPENSES	111,089	1,212	87,511	-	-	-	199,812
OPERATING INCOME (LOSS)	6,818	(1,080)	(32,130)	9,502	10,676	2,654	(3,560)
NONOPERATING REVENUE (EXPENSE)							
Interest income	-	38	91	57	92	48	326
Interest expense	(6,542)	-	-	(2,957)	-	-	(9,499)
NONOPERATING REVENUE (EXPENSE), NET	(6,542)	38	91	(2,900)	92	48	(9,173)
NET INCOME (LOSS)	276	(1,042)	(32,039)	6,602	10,768	2,702	(12,733)
NET POSITION, BEGINNING OF YEAR	126,668	139,888	2,433,192	235,341	681,877	594,034	4,211,000
NET POSITION, END OF YEAR	\$ 126,944	\$ 138,846	\$ 2,401,153	\$ 241,943	\$ 692,645	\$ 596,736	\$ 4,198,267

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, 2016

	Foundation	NTRPDC, Inc.	EDA/ARC	FMHA-IRP	FMHA-SBLP	FMHA-RBEG	Total (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES							
Rental income received	\$ 117,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,891
Miscellaneous income received	16	125	-	-	-	-	141
Loan payments received (disbursed)	-	1,340	47,985	82,289	81,834	(69,447)	144,001
Payments to suppliers	(45,116)	(500)	-	-	-	-	(45,616)
Payments to utilities	(37,408)	-	-	-	-	-	(37,408)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	35,383	965	47,985	82,289	81,834	(69,447)	179,009
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of capital assets	(7,574)	-	-	-	-	-	(7,574)
Interest received	-	38	91	57	92	48	326
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,574)	38	91	57	92	48	(7,248)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Repayment of amounts due to FMHA-IRP	-	-	-	(38,174)	-	-	(38,174)
Repayment of note payable	(19,195)	-	-	-	-	-	(19,195)
Interest paid	(6,542)	-	-	(2,957)	-	-	(9,499)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(25,737)	-	-	(41,131)	-	-	(66,868)
NET INCREASE (DECREASE) IN CASH	2,072	1,003	48,076	41,215	81,926	(69,399)	104,893
CASH, BEGINNING OF YEAR	10,162	138,555	583,818	208,460	302,402	382,892	1,626,289
CASH, END OF YEAR	12,234	139,558	631,894	249,675	384,328	313,493	1,731,182
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 6,818	\$ (1,080)	\$ (32,130)	\$ 9,502	\$ 10,676	\$ 2,654	\$ (3,560)
Operating income							
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization	23,065	-	-	-	-	-	23,065
Provision for loan losses	-	-	87,511	-	-	-	87,511
Changes in assets and liabilities:							
Prepaid expenses	(406)	(500)	-	-	-	-	(906)
Loans receivable	-	1,333	(7,396)	72,787	71,158	(72,101)	65,781
Accounts payable	4,067	-	-	-	-	-	4,067
Due to other funds	1,839	1,212	-	-	-	-	3,051
TOTAL ADJUSTMENTS	28,565	2,045	80,115	72,787	71,158	(72,101)	182,569
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 35,383	\$ 965	\$ 47,985	\$ 82,289	\$ 81,834	\$ (69,447)	\$ 179,009

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.

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.

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, 2016

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, 2016

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 \$2,931,541 as of June 30, 2016. The bank balance totaled \$2,950,905 as of June 30, 2016. 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, 2016

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.

	2016 Bank Balance
Insured	\$ 994,311
Uninsured:	
Collateral held by pledging banks' trust department not in the Commission's name	1,956,594
TOTAL	<u>\$ 2,950,905</u>

NOTE 3 – Capital Assets

Activity in capital assets for the year ended June 30, 2016 is as follows:

	July 1, 2015	Additions	Disposals	June 30, 2016
GOVERNMENTAL ACTIVITIES				
Office furniture and equipment	\$ 48,279	\$ -	\$ -	\$ 48,279
Accumulated depreciation	<u>(36,699)</u>	<u>(5,346)</u>	<u>-</u>	<u>(42,045)</u>
GOVERNMENTAL ACTIVITIES CAPITAL				
ASSETS, NET	<u>\$ 11,580</u>	<u>\$ (5,346)</u>	<u>\$ -</u>	<u>\$ 6,234</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	<u>36,417</u>	<u>7,574</u>	<u>-</u>	<u>43,991</u>
TOTAL	601,860	7,574	-	609,434
Accumulated depreciation	<u>(276,358)</u>	<u>(23,065)</u>	<u>-</u>	<u>(299,423)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL				
ASSETS, NET	<u>\$ 325,502</u>	<u>\$ (15,491)</u>	<u>\$ -</u>	<u>\$ 310,011</u>

Depreciation expense of \$5,346 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, 2016

NOTE 4 – Due to Subrecipients, Net

The amounts due to subrecipients in the Commission's governmental activities are as follows at June 30, 2016:

Due to Bradford County Action	\$	(50,388)
Due to Trehab Center		<u>(182,190)</u>
DUE TO SUBRECIPIENTS	\$	<u><u>(232,578)</u></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 \$647,500 in 2016 and collected principal and interest repayments of approximately \$792,000 in 2016. 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, 2016

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 \$464,559 at June 30, 2016.

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 \$878,531 at June 30, 2016. 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 \$130,000 has been established for the loans outstanding under these programs.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2016

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, 2016, the loan had a balance outstanding of \$169,965. 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, 2016, the loan had a balance outstanding of \$78,714.

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, 2016

NOTE 6 – Long-Term Liabilities

At June 30, 2016, the Commission's business-type activities long-term debt consisted of the following:

	Balance at July 1, <u>2015</u>	<u>Additions</u>	<u>Payments</u>	Balance at June 30, <u>2016</u>	Current <u>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.	\$ 181,580	\$ -	\$ (19,197)	\$ 162,383	\$ 20,003
1% loan payable to FMHA, in annual installments of \$20,565, including interest through 2022.	98,282	-	(19,568)	78,714	19,764
1% loan payable to FMHA, in annual installments of \$20,565, including interest through 2024.	<u>188,571</u>	<u>-</u>	<u>(18,606)</u>	<u>169,965</u>	<u>18,794</u>
TOTAL	\$ 468,433	\$ -	\$ (57,371)	\$ 411,062	\$ 58,561

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2016

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:			
2017	\$ 58,561	\$ 8,309	\$ 66,870
2018	59,708	7,160	66,868
2019	79,719	5,976	85,695
2020	41,746	4,557	46,303
2021	42,793	3,509	46,302
2022-2024	<u>128,535</u>	<u>3,503</u>	<u>132,038</u>
 TOTAL	 <u>\$ 411,062</u>	 <u>\$ 33,014</u>	 <u>\$ 444,076</u>

Interest expense on the above obligations totaled \$9,499 in 2016.

The Commission has obtained a \$500,000 line of credit. The interest on any draw is variable, resetting annually (2.75% at June 30, 2016). At June 30, 2016, there were no draws against the line of credit. The line of credit expires December 31, 2016.

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, 2015	\$ 78,936
Additions	102,581
Payouts	<u>(114,390)</u>
Accrued leave liability, June 30, 2016	<u>\$ 67,127</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, 2016, 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."

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 \$64,006 in 2016.

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, 2016 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.

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2016

The Commission services various outstanding loans of private businesses in relation to the SBFP and FIF loan programs. At June 30, 2016, the balance of outstanding loans serviced by the Commission total \$464,559 and \$878,531 for the SBFP and FIF loan programs, respectively.

NOTE 11 – Indirect Cost Rate

During the year ended June 30, 2016, 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	\$	855,700
Total related fringe benefits		<u>290,821</u>
TOTAL DIRECT SALARIES AND BENEFITS	\$	<u>1,146,521</u>
Indirect costs:		
Salaries and wages	\$	183,228
Contracted services		78,630
Fringe benefits		65,593
Program supplies		17,090
Audit		13,991
Building use allowance		13,073
Miscellaneous		5,837
Insurance		5,504
Telephone and internet		3,075
Equipment		3,021
Meeting expense		2,328
Outside printing costs		2,301
Postage		2,211
Tuition and training		1,996
Travel		1,330
Advertising		944
Periodicals and books		803
Professional fees		<u>325</u>
TOTAL	\$	<u>401,280</u>

Northern Tier Regional Planning and Development Commission
Notes to Financial Statements
June 30, 2016

Indirect cost rate calculation:

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

$$\text{Indirect cost rate} = \frac{\$ 401,280}{\$1,146,521} = 35.00\%$$

Northern Tier Regional Planning and Development Commission

Combining Schedule of Revenues and Expenditures - Governmental Funds

For the year ended June 30, 2016

	Unrestricted	ARC PREP 16	PA DOT SPEC	PA DOT EMTA	ARCLDD 15	ARCLDD 16	MAP	OIBD 16	PREP
Revenues									
Federal grants and contracts	\$ -	\$ 285,000	\$ 30,000	\$ 50,000	\$ 47,948	\$ 65,913	\$ -	\$ -	\$ -
State grants and contracts	-	-	-	-	-	-	9,818	31,825	323,044
Other income	10,493	1,876	125	-	893	-	6,687	709	1,688
Counties' appropriations	60,000	-	-	-	-	-	-	-	-
In-kind services	23,948	-	-	-	-	-	-	-	-
TOTAL REVENUES	94,441	286,876	30,125	50,000	48,841	65,913	16,505	32,534	324,732
Expenditures									
Contracted services	-	1,250	-	50,000	-	1,000	16,505	100	101,485
Salaries and wages	7,523	143,432	15,294	-	23,457	32,693	-	15,547	106,248
Indirect costs	3,551	67,554	7,219	-	11,339	15,167	-	7,339	50,148
Fringe benefits	2,704	50,373	5,498	-	8,086	12,101	-	5,589	38,156
Miscellaneous	14,830	-	-	-	-	-	-	-	-
Equipment show expense	17,452	-	-	-	-	-	-	-	-
In-kind services	23,948	-	-	-	-	-	-	-	-
Building use allowance	449	-	-	-	-	-	-	-	-
Travel	1,560	8,205	1,340	-	1,712	2,450	-	981	6,705
Office supplies and postage	220	5,081	257	-	412	374	-	2,069	8,088
Tuition and seminars	2,189	164	-	-	12	-	-	-	286
Jobs driven training	-	4,589	395	-	140	296	-	600	4,215
Dues and subscriptions	16,793	-	-	-	-	-	-	-	-
Vehicle use allowance	1,008	200	-	-	-	-	-	-	925
Professional fees	10,547	2,939	122	-	3,683	1,832	-	309	2,809
Advertising	2,308	3,089	-	-	-	-	-	-	5,667
TOTAL EXPENDITURES	105,082	286,876	30,125	50,000	48,841	65,913	16,505	32,534	324,732
REVENUES IN EXCESS OF EXPENDITURES	\$ (10,641)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<p>ARC PREP - Appalachian Regional Commission Partnerships for Regional Economic Performance</p> <p>ARCLDD - Appalachian Regional Commission Local Development District</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>MAP - Municipal Assistance Program</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>SPEC - Special Projects</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, 2016

	PA DOT 16	EDA 15	EDA 16	DOD 15	DOD 16	USGS Water Study	MIIA	EARN	WIOA	TOTAL
Revenues										
Federal grants and contracts	\$ 186,158	\$ 32,421	\$ 45,256	\$ 24,527	\$ 31,361	\$ 74,519	\$ 15,956	\$ 976,804	\$ 1,865,769	\$ 3,731,632
State grants and contracts	23,270	-	-	-	-	-	-	-	-	387,957
Other income	356	-	-	3,528	-	16,181	-	-	210,169	252,705
Counties' appropriations	-	-	-	-	-	-	-	-	-	60,000
In-kind services	-	12,000	-	-	-	-	-	-	-	35,948
TOTAL REVENUES	209,784	44,421	45,256	28,055	31,361	90,700	15,956	976,804	2,075,938	4,468,242
Expenditures										
Contracted services	-	500	2,308	-	3,188	90,700	-	822,580	1,486,803	2,576,419
Salaries and wages	104,207	14,761	20,521	13,401	14,490	-	5,702	80,750	257,674	855,700
Indirect costs	49,144	7,119	9,499	6,478	6,688	-	2,692	37,915	119,428	401,280
Fringe benefits	37,102	4,938	7,456	4,619	5,407	-	2,050	27,980	78,762	290,821
Miscellaneous	-	-	-	-	-	-	-	-	-	14,830
Equipment show expense	-	-	-	-	-	-	-	-	-	17,452
In-kind services	-	12,000	-	-	-	-	-	-	-	35,948
Building use allowance	8,339	943	1,158	888	893	-	334	5,289	13,608	53,294
Travel	6,132	2,296	1,293	1,054	209	-	4,502	680	15,771	49,778
Office supplies and postage	2,465	350	159	-	-	-	39	354	4,398	8,447
Tuition and seminars	917	968	648	1,045	83	-	95	912	50,517	67,609
Jobs driven training	-	-	-	-	-	-	-	-	45,798	45,798
Dues and subscriptions	-	-	1,933	-	250	-	-	-	244	20,345
Vehicle use allowance	615	403	281	570	153	-	542	344	1,880	17,490
Professional fees	-	143	-	-	-	-	-	-	-	19,446
Advertising	863	-	-	-	-	-	-	-	1,055	4,226
TOTAL EXPENDITURES	209,784	44,421	45,256	28,055	31,361	90,700	15,956	976,804	2,075,938	4,478,883
REVENUES IN EXCESS OF EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,641)

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

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, 2015	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2016	Expenditures Passed Through to Subrecipients
Appalachian Regional Commission											
Local Development District Administrative Grant		D	23.009	PA-0708C-C43-15	\$ 102,055	\$ 51,027	\$ 3,079	\$ 47,948	\$ 47,948	\$ -	-
Local Development District Administrative Grant		D	23.009	PA-708-C-C44-16	103,000	51,500	-	65,913	65,913	14,413	-
Total CFDA #23.009					205,055	102,527	3,079	113,861	113,861	14,413	-
Appalachian Regional Commission PREP		D	23.001	PA-8305-C33-14	285,000	28,500	28,500	-	-	-	-
Appalachian Regional Commission PREP		D	23.001	PA-8305-C34-15	285,000	256,500	-	285,000	285,000	28,500	-
Appalachian Regional Commission Bradford County Baseline		D	23.001	PA-18167-15	173,250	127,207	-	74,519	74,519	(52,688)	-
Groundwater Quality Study					743,250	412,207	28,500	359,519	359,519	(24,188)	90,700
Total CFDA #23.001					948,305	514,734	31,579	473,380	473,380	(9,775)	90,700
TOTAL APPALACHIAN REGIONAL COMMISSION											
U.S. Department of Commerce											
Economic Development Administration		D	11.302	01-83-14244-02	70,000	52,500	20,079	32,421	32,421	-	-
Economic Development Administration		D	11.302	ED16PHI3020010	70,000	16,815	-	45,256	45,256	28,441	-
Total CFDA #11.302					140,000	69,315	20,079	77,677	77,677	28,441	-
Passed-through Economic Development Administration, Passed-through SEDAC-Council of Governments, Make it in America		I	11.307	01-69-14381	37,700	15,609	5,638	11,515	11,515	1,544	-
Passed-through Economic Development Administration, Passed-through SEDAC-Council of Governments, Make it in America (Travel)		I	11.307	01-69-14381	8,218	6,930	2,488	4,442	4,442	-	-
Total CFDA #11.307					45,918	22,539	8,126	15,957	15,957	1,544	-
TOTAL U.S. DEPARTMENT OF COMMERCE											
U.S. Department of Health and Human Services					185,918	91,854	28,205	93,634	93,634	29,985	-
Passed-through Pennsylvania Department of Public Welfare		I	93.558	FY13: 70121	272,201	6,138	-	6,138	6,138	-	-
EARN - TANF - Federal (New Directions - Performance Based)		I	93.558	FY14: 70121	272,201	17,837	-	17,837	17,837	-	-
EARN - TANF - Federal (New Directions - Performance Based)		I	93.558	FY15: 70121	294,621	165,197	-	165,197	165,197	-	-
EARN - TANF - Federal (New Directions - Performance Based)		I	93.558	FY16: 70121	247,314	247,314	-	247,314	247,314	-	-
EARN - TANF - Federal (New Directions)		I	93.558	FY15: 70121	547,153	29,057	29,057	-	-	-	-
EARN - TANF - Federal (New Directions)		I	93.558	FY16: 70121	547,153	522,205	-	540,318	540,318	18,113	-
WIOA Youth - TANF		I	93.558	130143361	70,387	10,753	10,753	-	-	-	-
WIOA Youth - TANF		I	93.558	130153361	70,239	62,404	-	70,239	70,239	7,835	-
WIOA Summer Youth - TANF		I	93.558	130143362	20,101	20,101	-	20,101	20,101	-	-
WIOA Summer Youth - TANF		I	93.558	130153362	47,040	-	-	15,757	15,757	15,757	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CFDA #93.558)					2,435,717	1,081,006	39,810	1,082,901	1,082,901	41,705	919,466

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards (Cont'd)

For the year ended June 30, 2016

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, 2015	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2016	Expenditures Passed Through to Subrecipients
U.S. Department of Labor										
Passed-through Pennsylvania Department of Labor and Industry										
WIOA Cluster										
Adult	I	17.258	130143011	401,671	18,098	(3,872)	21,970	21,970	-	-
Adult	I	17.258	130153001	32,417	32,417	-	32,417	32,417	-	-
Adult	I	17.258	130153011	355,343	255,629	-	324,267	324,267	68,638	-
Adult - BEP	I	17.258	130143132	100,000	100,000	-	100,000	100,000	-	-
Total CFDA #17.258				889,431	405,144	(3,872)	478,654	478,654	68,638	308,511
Youth	I	17.259	130143301	450,271	87	(33,399)	33,486	33,486	-	-
Youth	I	17.259	130153301	405,159	278,078	22,661	302,373	302,373	46,956	-
Total CFDA #17.259				855,430	278,165	(10,738)	335,859	335,859	46,956	224,504
Dislocated Worker	I	17.278	130144011	766,933	187,741	(46,310)	234,051	234,051	-	-
Dislocated Worker	I	17.278	130154001	98,520	98,520	-	88,668	88,668	(9,852)	-
Dislocated Worker	I	17.278	130154011	543,001	240,361	-	376,448	376,448	136,087	-
Dislocated Worker - Rapid Response	I	17.278	130134154	30,727	-	(5,403)	5,403	5,403	-	-
Dislocated Worker - Rapid Response	I	17.278	130134051	36,354	36,354	-	36,354	36,354	-	-
Dislocated Worker - Rapid Response	I	17.278	130144155	58,561	19,463	-	29,530	29,530	10,067	-
Dislocated Worker - Rapid Response	I	17.278	130134161	9,358	9,358	-	9,358	9,358	-	-
Dislocated Worker - transferred to Adult	I	17.278	130143013	39,000	-	(37,240)	37,240	37,240	-	-
WIOA Transition	I	17.278	130144152	22,433	20,892	2,949	19,484	19,484	1,541	-
Total CFDA #17.278				1,604,887	612,689	(86,004)	836,536	836,536	137,843	687,364
TOTAL WIOA CLUSTER				3,350,748	1,296,998	(100,614)	1,651,049	1,651,049	253,437	1,220,479
Disaster Grant (NEG)	I	17.277	130126200	150,000	2,575	2,575	-	-	-	-
Disaster Grant (Job Driven NEG)	I	17.277	130147200	150,000	81,265	2,212	101,450	101,450	22,397	-
Disaster Grant (RSAB Sector Partnership NEG)	I	17.277	130155103	28,690	3,586	-	7,172	7,172	3,586	-
TOTAL DISASTER GRANTS (CFDA #17.277)				328,690	87,426	4,787	108,622	108,622	25,983	-
TOTAL U.S. DEPARTMENT OF LABOR				3,679,438	1,384,424	(95,827)	1,759,671	1,759,671	279,420	1,220,479

Northern Tier Regional Planning and Development Commission

Schedule of Expenditures of Federal Awards (Cont'd)

For the year ended June 30, 2016

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, 2015	Revenues Recognized	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2016	Expenditures Passed Through to Subrecipients
U.S. Department of Transportation										
Passed-through the Pennsylvania Department of Transportation, Center for Program Development and Management										
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913-6-A	27,500	13,513	4,079	11,350	11,350	1,916	
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913-6-B	417,500	153,383	37,481	152,490	152,480	36,578	
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913-6-C	27,500	8,651	371	11,079	11,079	2,799	
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913-6-D	27,500	7,682	5,025	11,249	11,249	8,592	
Rural Transportation Planning Grant	I	20.205	FY15-16: 520913-6-E	60,000	26,749	4,421	30,000	30,000	7,672	
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913-6-A-EMTA	12,000	6,000	6,000	6,000	6,000	6,000	
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913-6-B-EMTA	60,000	30,000	30,000	30,000	30,000	30,000	
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913-6-C-EMTA	14,000	7,000	7,000	7,000	7,000	7,000	
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913-6-D-EMTA	10,000	5,000	5,000	5,000	5,000	5,000	
Rural Transportation Planning Grant (EMTA)	I	20.205	FY15-16: 520913-6-F-EMTA	4,000	2,000	2,000	2,000	2,000	2,000	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION (CFDA #20.205)				660,000	259,978	101,377	266,158	266,158	107,557	50,000
U.S. Department of Defense										
Passed through the Southern Alleghenies Planning and Development Commission										
Procurement Grant	I	12.002	SP4800-15-2-1579	58,000	38,899	14,372	24,527	24,527	-	
Procurement Grant	I	12.002	SP4800-15-2-1679	58,000	15,344	-	31,361	31,361	16,017	
TOTAL U.S. DEPARTMENT OF DEFENSE (CFDA #12.002)				116,000	54,243	14,372	55,888	55,888	16,017	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 8,025,378	\$ 3,386,239	\$ 119,516	\$ 3,731,632	\$ 3,731,632	\$ 464,909	\$ 2,280,645

Northern Tier Regional Planning and Development Commission
Schedule of Expenditures of Federal Awards (Cont'd)
For the year ended June 30, 2016

	Federal CFDA Number	Loan Period Beginning/ Ending Date	Program Amount	Loan Balance July 1, 2015	Drawdowns	Payments	Loan Balance June 30, 2016
U.S. Department of Agriculture							
Farmers Home Administration Intermediary Relending Program	10.767	7/92-7/28	\$ 500,000	\$ 98,282	\$ -	\$ 19,568	\$ 78,714
Farmers Home Administration Intermediary Relending Program	10.767	6/96-6/32	500,000	188,571	-	18,606	169,965
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 286,853	\$ -	\$ 38,174	\$ 248,679

Northern Tier Regional Planning and Development Commission
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

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, 2016. 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, 2016 were \$240,947.

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, 2016 were \$308,317.

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, 2016 were \$283,242.

The Commission administers a Revolving Loan Fund Program funded by the Appalachian Regional Commission. Loans outstanding at June 30, 2016 were \$1,769,259.

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% 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, 2016, 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 6, 2017.

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 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.



March 6, 2017



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 program for the year ended June 30, 2016. 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.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 its major federal programs for the year ended June 30, 2016.

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 to determine the 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.

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

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.

J. H. Williams & Co., LLP

March 6, 2017

Northern Tier Regional Planning and Development Commission
Schedule of Findings and Questioned Costs
For the year ended June 30, 2016

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 the Uniform Guidance? _____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families (Economic Advancement and Retention Network)

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

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

Northern Tier Regional Planning and Development Commission
Schedule of Findings and Questioned Costs (Cont'd)
For the year ended June 30, 2016

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, 2016, 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, 2016 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 44 through 47 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 6, 2017

Northern Tier Regional Planning and Development Commission
Schedule of WIOA Expenditures by Program Identifiers and Cost Categories
For the year ended June 30, 2016

<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 - 2014 Second Increment	130143011	10/01/14-06/30/17	Administration Direct Training	\$ 40,167 361,504	\$ 40,167 361,504	\$ 40,167 361,504	\$ - -
			CONTRACT TOTAL	401,671	401,671	401,671	-
DW Transfer to Adult Program - 2014 Third Increment (DW Transfer)	130143013	07/01/14-06/30/17	Administration Direct Training	3,900 35,100	3,900 35,100	3,900 35,100	- -
			CONTRACT TOTAL	39,000	39,000	39,000	-
Adult Program - 2015 First Increment	130153001	07/01/15-06/30/18	Administration Direct Training	3,242 29,175	3,242 29,175	3,242 29,175	- -
			CONTRACT TOTAL	32,417	32,417	32,417	-
Adult Program - 2015 Second Increment	130153011	10/01/15-06/30/18	Administration Direct Training	35,534 319,809	15,175 309,092	35,534 319,809	20,359 10,717
			CONTRACT TOTAL	355,343	324,267	355,343	31,076
Youth Program - 2014	130143301	04/01/14-06/30/17	Administration In School Youth Out of School	45,027 173,189 232,055	45,027 173,189 232,055	45,027 173,189 232,055	- - -
			CONTRACT TOTAL	450,271	450,271	450,271	-
Youth Program - 2015	130153301	04/01/15-06/30/18	Administration In School Youth Out of School	40,616 91,386 274,157	- 64,766 260,268	40,616 91,386 274,157	40,616 26,620 13,889
			CONTRACT TOTAL	406,159	325,034	406,159	81,125

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, 2016

<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>
Dislocated Worker Program - 2014 Second Increment	130144011	07/01/14-06/30/17	Administration Direct Training	76,693 690,240	50,598 716,335	76,693 690,240	26,095 (26,095)
			CONTRACT TOTAL	766,933	766,933	766,933	-
Dislocated Worker Program - 2015 First Increment	130154001	07/01/15-06/30/18	Administration Direct Training	9,852 88,668	- 88,668	9,852 88,668	9,852 -
			CONTRACT TOTAL	98,520	88,668	98,520	9,852
Dislocated Worker Program - 2015 Second Increment	130154011	10/01/15-06/30/18	Administration Direct Training	54,299 488,702	- 376,448	54,299 488,702	54,299 112,254
			CONTRACT TOTAL	543,001	376,448	543,001	166,553
13 DW RR Additional Assistance	130134154	10/01/13-06/30/16	Administration Direct Training	- 30,727	- 30,727	- 30,727	- -
			CONTRACT TOTAL	30,727	30,727	30,727	-
13 DW RR Additional Assistance Second Increment	130134161	10/01/13-06/30/16	Administration Direct Training	- 9,358	- 9,358	- 9,358	- -
			CONTRACT TOTAL	9,358	9,358	9,358	-
DW RR Program - 2013 First Increment	130134051	07/01/13-06/30/16	Administration Direct Training	- 36,354	- 36,354	- 36,354	- -
			CONTRACT TOTAL	36,354	36,354	36,354	-
15 DW RR Additional Assistance	130144155	07/01/14-06/30/17	Administration Direct Training	- 58,561	- 29,530	- 58,561	- 29,031
			CONTRACT TOTAL	58,561	29,530	58,561	29,031

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, 2016

<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>
WIOA Youth - TANF	130153361	04/01/15-06/30/17	Administration Direct Training	7,024 63,215	7,024 63,215	7,024 63,215	- -
			CONTRACT TOTAL	70,239	70,239	70,239	-
14 Summer Youth - TANF	130143362	04/01/14-06/30/16	Administration Direct Training	2,010 18,091	2,010 18,091	2,010 18,091	- -
			CONTRACT TOTAL	20,101	20,101	20,101	-
15 Summer Youth - TANF	130153362	04/01/15-06/30/16	Administration Direct Training	4,704 42,336	- 15,757	4,704 42,336	4,704 26,579
			CONTRACT TOTAL	47,040	15,757	47,040	31,283
14 Job Driven NEG Funding	130147200	07/01/14-09/30/16	Administration Direct Training	13,125 136,875	8,950 98,772	13,125 136,875	4,175 38,103
			CONTRACT TOTAL	150,000	107,722	150,000	42,278
14 BEP	130143132	10/01/14-06/30/17	Administration Direct Training	- 100,000	- 100,000	- 100,000	- -
			CONTRACT TOTAL	100,000	100,000	100,000	-
WIOA Transition	130144152	10/01/14-06/30/17	Administration Direct Training	- 22,433	- 22,433	- 22,433	- -
			CONTRACT TOTAL	22,433	22,433	22,433	-
RSAB Sector Partnership DW NEG Funding	130155103	07/01/15-06/30/17	Administration Direct Training	- 28,690	- 7,173	- 28,690	- 21,517
			CONTRACT TOTAL	28,690	7,173	28,690	21,517

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, 2016

<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>
12 TANF - Federal (New Directions - Performance Based)	70121	07/01/12-06/30/17	Direct Training	272,201	171,814	272,201	100,387
			CONTRACT TOTAL	272,201	171,814	272,201	100,387
13 TANF - Federal (New Directions - Performance Based)	70121	07/01/13-06/30/17	Direct Training	272,201	164,043	272,201	108,158
			CONTRACT TOTAL	272,201	164,043	272,201	108,158
14 TANF - Federal (New Directions - Performance Based)	70121	07/01/14-06/30/17	Direct Training	294,621	188,957	294,621	105,664
			CONTRACT TOTAL	294,621	188,957	294,621	105,664
15 TANF - Federal (New Directions)	70121	07/01/15-06/30/16	Administration	84,177	84,177	84,177	-
			Direct Training	462,976	456,141	462,976	6,835
			CONTRACT TOTAL	547,153	540,318	547,153	6,835
15 TANF - Federal (New Directions - Performance Based)	70121	07/01/15-06/30/17	Direct Training	294,621	247,314	294,621	47,307
			CONTRACT TOTAL	294,621	247,314	294,621	47,307