

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the year ended June 30, 2009

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Directors
Eastgate Regional Council of Governments
100 E. Federal Street, Suite 1000
Youngstown, Ohio 44503

We have reviewed the *Report of Independent Accountants* of the Eastgate Regional Council of Governments, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Eastgate Regional Council of Governments is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 18, 2010

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EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the Year Ended June 30, 2009

TABLE OF CONTENTS

| <u>Title</u> | <u>Page</u> |
|---|--------------------|
| Report of Independent Accountants | 1-2 |
| Managements' Discussion and Analysis | 3-7 |
| Statement of Net Assets | 8 |
| Statement of Revenues, Expenditures, and Changes in Net Assets | 9 |
| Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 11-17 |
| Schedule of Federal Awards Expenditures | 18 |
| Notes to the Schedule of Federal Awards Expenditures | 19 |
| Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 20-21 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> | 22-23 |
| Schedule of Fringe Benefits and Computation of Fringe Benefit Rates | 24 |
| Schedule of Indirect Costs and Computation of Indirect Cost Rates | 25 |
| Statements of Revenue and Expenses | |
| FHWA/ODOT Grant | 26 |
| FHWA/ODOT – Carryover | 27 |
| ODOT – STP | 28 |
| ODOT - CMAQ Ozone Action Program | 29 |
| ODOT - CMAQ Ozone Carryover | 30 |
| ODOT – CMAQ - Rideshare | 31 |
| FTA Section 5307 - WRTA | 32 |
| U.S. Department of Commerce (EDA) | 33 |
| EPA – Water Quality Planning – 604(B) | 34 |
| U.S. Department of Defense – Procurement Technical Assistance for Business Firms | 35 |
| Schedule of Findings and Questioned Costs | 36-37 |
| Status of Prior Audit's Citations and Recommendations | 38 |

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

**Eastgate Regional Council of Governments
Mahoning County
City Center One Building
100 East Federal Street, Suite 1000
Youngstown, Ohio 44503**

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastgate Regional Council of Governments, Youngstown, Ohio, as of June 30, 2009, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2009, on our consideration of the Eastgate Regional Council of Governments internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements of the Eastgate Regional Council of Governments taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental data on pages 24 through 35 (as listed in the Table of Contents) is presented for additional analysis and are not a required part of the financial statements of the Eastgate Regional Council of Governments. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
November 20, 2009

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of Eastgate Regional Council of Governments (EASTGATE) financial performance provides an overall review of EASTGATE's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at EASTGATE's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements, themselves to enhance their understanding of EASTGATE's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

Overall:

- For business-type activities, net assets increased \$64,446 or 30.4% to \$484,259 from 2008.
- EASTGATE had \$1,483,405 in expenses related to business-type activities and \$367,565 of these expenses were offset by operating revenues and \$1,180,286 by non-operating revenues.
- The business-type activities revenues decreased \$16,096 or 0.01% to \$1,563,947.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Eastgate Regional Council of Governments as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* presents information on all Eastgate'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 Eastgate's financial position.

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how Eastgate's net assets changed during the most recent year. All changes in 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 result in cash flows in future periods.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Reporting EASTGATE as a Whole

Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets

While this document contains the fund used by EASTGATE to provide its program, the view of EASTGATE as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Asset answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report EASTGATE's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for EASTGATE as a whole, the *financial position* of EASTGATE has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the continued availability of grants, at the federal, state and local levels.

In the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets, EASTGATE is presented as one activity, business-type.

- Business-type activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

Reporting EASTGATE's Fund

Fund Financial Statements

Eastgate has only one fund, therefore, additional fund level statements are not presented.

Eastgate as a Whole

Business-type activities

Table 1 shows net assets for fiscal years 2009 and 2008 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 1
6/30/2009

| | Business-Type Activities | |
|---|--------------------------|------------|
| | 2009 | 2008 |
| Assets | | |
| Current and Other Assets | \$ 802,507 | \$ 704,186 |
| Capital Assets | 13,347 | 24,670 |
| Total Assets | \$ 815,854 | \$ 728,856 |
| Liabilities | | |
| Long-term Liabilities | \$ 118,969 | \$ 110,104 |
| Other Liabilities | 212,626 | 198,939 |
| Total Liabilities | \$ 331,595 | \$ 309,043 |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | \$ 13,347 | \$ 24,670 |
| Unrestricted Net Assets | 470,912 | 395,143 |
| Total Net Assets | \$ 484,259 | \$ 419,813 |

Total assets increased 11.9% in fiscal year 2009. This increase occurred mainly in cash, which was due to decreased expenditures.

Total liabilities increased 0.1% in fiscal year 2009, due mainly to an increase in accounts payables, deferred revenue and long-term liabilities.

What are EASTGATE's Revenue Sources? EASTGATE receives much of its revenue from operating grants. Sources of these grants are federal, state and local. EASTGATE has multiple functions, with the major being transportation planning, all revenue is used to support its mission.

Table 2 shows the change in net assets for fiscal years 2009 and 2008 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2
6/30/2009

| | Business-Type Activities | |
|---|--------------------------|-------------------|
| | 2009 | 2008 |
| <u>OPERATING REVENUE:</u> | | |
| Membership Dues | \$ 181,774 | \$ 168,936 |
| Charges for Services | 166,022 | 124,538 |
| Miscellaneous | 269 | 8,271 |
| USGS Passthrough | 19,500 | 19,200 |
| TOTAL OPERATING REVENUES | 367,565 | 320,945 |
| <u>OPERATING EXPENSES:</u> | | |
| Salaries and Benefits | 961,098 | 956,359 |
| Other Expenses | 281,296 | 237,312 |
| General Administrative and Fiscal Costs | 104,317 | 119,897 |
| Occupancy | 105,872 | 104,914 |
| Depreciation | 11,322 | 12,279 |
| USGS Passthrough | 19,500 | 19,200 |
| TOTAL OPERATING EXPENSES | 1,483,405 | 1,449,961 |
| Operating Income (Loss) | (1,115,840) | (1,129,016) |
| <u>NON-OPERATING REVENUE:</u> | | |
| Federal | 1,096,648 | 1,158,753 |
| State | 83,524 | 83,640 |
| Interest Income | 114 | 609 |
| TOTAL NON-OPERATING REVENUE | 1,180,286 | 1,243,002 |
| Changes in Net Assets | 64,446 | 113,986 |
| Net Assets (Deficit) Beginning of Year | 419,813 | 305,827 |
| Net Assets (Deficit) End of Year | \$ 484,259 | \$ 419,813 |

In fiscal year 2009, revenues decreased slightly due to decreased funding, while expenditures increased slightly from fiscal year 2008.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Enterprise Fund Budgeting Highlights

Eastgate is not required to establish a budget per Ohio Revised Code.

Capital Assets and Debt Administration

At the end of fiscal year 2009, Eastgate had \$13,347 (net) invested in equipment, furniture and fixtures.

Debt

At June 30, 2009, EASTGATE had long-term debt of \$20,100. Long-term debt is made up of \$20,100 dedicated to the dredging project. Because of the nature of the dredging project debt, no payments have been scheduled.

Current Financial Related Activities

EASTGATE receives its funding from the Federal Highway Administration, the Federal Transit Administration, the Ohio Department of Transportation, the Ohio Public Works Commission, Mahoning, Trumbull and Columbiana Counties, and numerous public entities within the counties. Grants for fiscal years 2009 and 2010 appear certain.

Contacting Eastgate's Financial Management

This financial report is designed to provide our citizen's, taxpayers and grantors with a general overview of EASTGATE's finances and to show EASTGATE's accountability for the money it receives. If you have questions about this report or need additional financial information contact Patti Atwood, Director of Administrative Services at Eastgate Regional Council of Governments, City Center One Building, 100 East Federal Street, Suite 1000, Youngstown, Ohio 44503.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

| | |
|---|---------------|
| Cash | \$ 613,778 |
| Restricted Dredging Project Escrow Cash | 20,100 |
| Accounts Receivable | 166,927 |
| Prepaid Expenses | 69 |
| Deferred Charges | 1,633 |
| Property and Equipment | <u>13,347</u> |

TOTAL ASSETS

\$ 815,854

LIABILITIES

| | |
|---------------------------|---------------|
| Accounts Payable | \$ 24,734 |
| Payroll Withholding | 9,613 |
| Accrued Payroll | 35,509 |
| Fringe Benefits | 9,242 |
| Dredging Project Escrow | 20,100 |
| Payroll Liabilities | 16,122 |
| Deferred Revenue | 97,306 |
| Long-term Liabilities: | |
| Due Within One Year | 67,267 |
| Due in more than One Year | <u>51,702</u> |

Total Liabilities

\$ 331,595

NET ASSETS

| | |
|----------------------------|----------------|
| Invested in Capital Assets | \$ 13,347 |
| Unrestricted | <u>470,912</u> |

TOTAL NET ASSETS

\$ 484,259

The notes to the financial statements are an integral part of these statements.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

OPERATING REVENUE:

| | | |
|---------------------------------|----|----------------|
| Membership Dues | \$ | 181,774 |
| Charges for Services | | 166,022 |
| Miscellaneous | | 269 |
| USGS Passthrough | | 19,500 |
| | | 19,500 |
| TOTAL OPERATING REVENUES | | 367,565 |

OPERATING EXPENSES:

| | | |
|---|--|------------------|
| Salaries | | 560,558 |
| Other Expenses | | 213,324 |
| General Administrative and Fiscal Costs | | 104,317 |
| Computer Updates | | 24,545 |
| Travel | | 5,103 |
| Telephone | | 8,269 |
| Duplicating and Printing | | 5,427 |
| Machine Rental and Maintenance | | 2,976 |
| Office Supplies | | 2,140 |
| Occupancy | | 105,872 |
| Professional Services | | 19,512 |
| Postage | | 732 |
| Miscellaneous | | 619 |
| Depreciation | | 11,322 |
| USGS Passthrough | | 19,500 |
| Paid Leave | | 128,399 |
| Hospitalization | | 149,844 |
| Payroll Taxes | | 120,946 |
| | | 120,946 |
| TOTAL OPERATING EXPENSES | | 1,483,405 |

| | | |
|-------------------------|--|-------------|
| Operating Income (Loss) | | (1,115,840) |
|-------------------------|--|-------------|

NON-OPERATING REVENUE:

| | | |
|------------------------------------|--|------------------|
| Federal | | 1,096,648 |
| State | | 83,524 |
| Interest Income | | 114 |
| | | 114 |
| TOTAL NON-OPERATING REVENUE | | 1,180,286 |

| | | |
|--|----|----------------|
| Changes in Net Assets | | 64,446 |
| Net Assets (Deficit) Beginning of Year | | 419,813 |
| | | 419,813 |
| Net Assets (Deficit) End of Year | \$ | 484,259 |

The notes to the financial statements are an integral part of these statements.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

| | |
|---|------------------|
| Cash Received from Customers | \$ 358,653 |
| Cash Payments to Employees for Services | (671,874) |
| Cash Payments for Employee Benefits | (391,621) |
| Cash Payments for Goods and Services | (183,396) |
| Other Cash Payments | <u>(202,675)</u> |

Net Cash Provided by (Used in) Operating Activities (1,090,913)

Cash Flows from Noncapital Financing Activities

| | |
|-----------------|------------------|
| Grants Received | <u>1,180,172</u> |
|-----------------|------------------|

Net Cash Provided by (Used by) Noncapital Financing Activities 1,180,172

Cash Flows from Investing Activities

| | |
|-------------------------|------------|
| Interest on Investments | <u>114</u> |
|-------------------------|------------|

Net Cash Provided by (Used by) Investing Activities 114

Net Increase (Decrease) in Cash and Cash Equivalents 89,373

Cash and Cash Equivalents Beginning of Year 524,405

Cash and Cash Equivalents End of Year \$ 613,778

**Reconciliation of Operating Loss to Net Cash
Provided by (Used in) Operating Activities**

Operating Income (Loss) \$ (1,115,840)

Adjustments:

| | |
|-------------------------------------|---------------|
| Depreciation | 11,322 |
| (Increase) Decrease in Assets: | |
| Accounts receivable | (8,912) |
| Prepaid Expenses | (37) |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | 11,303 |
| Accrued Wages and Benefits | (6,999) |
| Compensated Absences | 8,865 |
| Payroll Withholding | (3,542) |
| Fringe Benefits | (1,297) |
| Payroll Liabilities | 1,386 |
| Deferred Revenue | <u>12,838</u> |

Total Adjustments 24,927

Net Cash Provided by (Used in) Operating Activities \$ (1,090,913)

See accompanying notes to the basic financial statements

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

General

Eastgate Regional Council of Governments (EASTGATE) was established on January 1, 1973. EASTGATE is a government entity created under the provisions of Chapter 167 of the Ohio Revised Code.

EASTGATE is organized as a voluntary organization of local government subdivisions in Ashtabula, Columbiana, Mahoning, and Trumbull counties. Its purpose is to foster a cooperative effort in regional planning, programming, and the implementation of regional plans and programs. It is a forum for the discussion and study of common problems of a regional nature and for the development of policy and action recommendations relating thereto. EASTGATE is considered a jointly governed organization since each of the participating counties has equal representation and the counties have no financial responsibility.

EASTGATE derives its funds to support its operations from Federal and State grants, dues from local government bodies desiring membership in EASTGATE, and contractual agreements between local government bodies and EASTGATE for the performance of specific studies and surveys. Because EASTGATE derives a majority of its revenues from dues and charges for services, these statements are shown as proprietary activities.

With respect to proprietary activities, EASTGATE has adopted GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*. EASTGATE has elected to apply all applicable FASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or after November 30, 1989, unless those pronouncements conflict with or contradict FASB pronouncements.

EASTGATE is governed by a General Policy Board which utilizes an administrative staff headed by a director for daily operations.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of EASTGATE are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from EASTGATE.

Component units are legally separate organizations for which EASTGATE is financially accountable. EASTGATE is financially accountable for an organization if they appoint a voting majority of the organization's governing board and 1) they are able to significantly influence the programs or services performed or provided by the organization; or 2) they are legally entitled to or can otherwise access the organization's resources; they are legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or they are obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent of EASTGATE in that they approve the budget, the issuance of debt, or the levying of taxes.

Based on the above description, there are no component units within EASTGATE.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

Method of Accounting

EASTGATE's funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned from grant agencies when the related expenses are recognized. Direct costs are billed to grantor agencies at actual cost; indirect costs are billed at a fixed rate with a carry forward and an adjustment is made annually for differences between amount billed and indirect costs incurred. Local revenue funds are recognized as revenue in the period in which they are assessed. The recognition of local revenue funds received which related to assessments for subsequent events is deferred.

Cash and Cash Equivalents

For purposes of the cash flows statement and for presentation on the balance sheet, EASTGATE considers all liquid debt instruments purchased with temporary cash that have an original maturity of three months or less to be cash equivalents.

Vacation and Sick Leave

EASTGATE employees generally earn vacation ranging 10 to 25 days per year based on the length of service. The amount accrued for vacation leave was \$72,174. The amount accrued for sick leave was \$46,795, using the vesting method. These two numbers are included in the long term liabilities of \$118,969.

Property and Equipment

Property and equipment are stated at cost. EASTGATE's policy as to depreciation is to amortize the cost of depreciable assets over their estimated useful lives of three to ten years computed using the straight-line method. Furniture and equipment are purchased principally with local funds. EASTGATE maintains a capitalization threshold of \$1,000.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes classify monies held by EASTGATE into three categories.

Active Monies – Those monies required to be kept in a “cash” or “near-cash” status for immediate use by Eastgate. Such monies must be maintained either as cash in EASTGATE's Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five year period of designation of depositories. Inactive deposits may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit account including, but not limited to, passbook accounts.

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Deposits - Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of EASTGATE cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of EASTGATE's deposits was \$633,878, and the bank balance was \$640,956. Of the bank balance, \$495,357 was insured by FDIC and \$145,599 was uninsured. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject EASTGATE to a successful claim by the FDIC.

Investments - EASTGATE had no investments at June 30, 2009.

3. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Defined Benefit Pension Obligation

All employees of EASTGATE participate in the OPERS, a cost-sharing multiple employer defined benefit pension plan. OPERS administers three separate pension plans. The Traditional Plan is a cost sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost sharing, multiple employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 10.0%. The 2008 employer rate (the latest information available) for local government employer units was 14.00% of covered payroll, 7% is used to fund health care. The contribution requirements of plan members and EASTGATE are established and may be amended by the Public Employees Retirement Board. EASTGATE's contributions to the OPERS for the years ending June 30, 2009, 2008, and 2007, were \$109,138, \$110,370, and \$105,869, respectively, which represents 100 percent contributions for all three years.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

Other Postemployment Benefits

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pensions plan; the Member Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan.

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 (the latest information available) local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care for 2008.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,076. Actual employer contributions for 2008 which were used to fund postemployment benefits were \$54,569. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

4. ACCUMULATED FRINGE BENEFITS

Accumulated fringe benefits includes accrued employee hospitalization of \$721 and accrued employee share of OPERS of \$8,521 for a total of \$9,242.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

5. LEASE

EASTGATE leases its office facility under an operating lease which began December 1, 2006 and is for a five years and one month term expiring December 31, 2011.

Minimum future rental commitments under a non-cancelable operating lease having a remaining term of 61 months are as follows:

| | |
|-------------------------------------|-----------------------|
| July 1, 2009 to June 30, 2010 | \$ 88,044 |
| July 1, 2010 to June 30, 2011 | 88,040 |
| July 1, 2011 to December 31, 2011 | <u>44,026</u> |
| Total Minimum Payments Required | <u>\$ 220,110</u> |

6. COST ALLOCATION METHOD

EASTGATE annually has a Cost Allocation Plan agreement with the Ohio Department of Transportation (ODOT). This agreement establishes a preliminary fringe benefit rate and an indirect cost rate in advance of the beginning of the agreement year so that a budget can be prepared. However, the approved rates are based on estimates and will be revised by ODOT as an adjustment in future cost allocation plan agreements. Periodic billings are prepared based on the preliminary approved rates.

Costs were distributed to the projects and activities pursuant to a cost allocation plan and/or a method of allocation, as applicable, as required by Office Management and Budget Circular A-87 and Handbook 6042.1 Rev.

7. CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

| | Balance 7/1/2008 | Additions | Deletions | Balance 6/30/2009 |
|--------------------------------------|---------------------|--------------------|-----------|----------------------|
| Equipment, Furniture and Fixtures | \$ 239,400 | \$ - | - | \$ 239,400 |
| Accumulated Depreciation | <u>(214,730)</u> | <u>(11,323)</u> | <u>-</u> | <u>(226,053)</u> |
| Net Capital Assets | <u>\$ 24,670</u> | <u>\$ (11,323)</u> | <u>-</u> | <u>\$ 13,347</u> |

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

9. RISK MANAGEMENT

EASTGATE is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. In order to minimize these components of risk, EASTGATE has obtained insurance coverage for risk of loss as follows:

| | |
|----------------------------------|---------------------|
| Liability Aggregate Limit | \$ 2,000,000 |
| Each Occurrence | 1,000,000 |
| Fire Legal Liability | 250,000 |
| Medical Expenses | 5,000 |
| Business Property | 150,000 |
| Contractor's Equipment | 8,970 |
| Automobile | 1,000,000 |
| Tenants Liability | 250,000 |
| Deductible | 250 |

Settled claims have not exceeded commercial coverage in any of the past three years. Also, EASTGATE did not reduce the limits of liability significantly in the current year.

10. LONG TERM OBLIGATIONS

The change in long-term obligations of EASTGATE during fiscal year 2008 were as follows:

| | <u>Balance 7/1/2008</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 6/30/2009</u> | <u>Amounts Due Within One Year</u> |
|----------------------|-----------------------------|------------------|------------------|------------------------------|--|
| Compensated absences | \$ 110,104 | \$ 99,529 | \$ 90,664 | \$ 118,969 | \$ 67,267 |

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that EASTGATE will compensate the employees for the benefits through paid time off or some other means. EASTGATE records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those EASTGATE has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits in EASTGATE's termination policy. The EASTGATE reports a liability for accumulated unused sick leave for employees who will be eligible to retire at the end of the fiscal year.

The entire compensated absence liability is reported on the financial statements.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2009**

11. DREDGING PROJECT ESCROW

The Dredging project consists of amounts held in escrow by EASTGATE. The Ohio Water Resource Restoration Sponsor Program as administered by the Ohio Environmental Protection Agency has establish these funds for the purpose of a feasibility study on the Mahoning River. EASTGATE does not have access to these funds, the amounts are simply held in escrow for the US Army Corp of Engineers to be used in the aforementioned study.

Eastgate Regional Council of Governments

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2009

| <u>Federal Grantor/Pass Through Grantor Program Title</u> | <u>Grant Number</u> | <u>CFDA Number</u> | <u>Receipts Recognized</u> | <u>Program Expenditures</u> |
|---|-------------------------|------------------------|--------------------------------|---------------------------------|
| <u>U.S. Department of Transportation</u> | | | | |
| Passed Through the Ohio Department of Transportation: | | | | |
| Federal Highway Administration: | | | | |
| Highway Research | 9230 | 20.205 | \$ 528,756 | \$ 649,874 |
| Highway Research Carryover | 9230 | 20.205 | 139,430 | 128,783 |
| STP | 9230 | 20.205 | 124,103 | 124,280 |
| Air Quality Program | 8617 | 20.205 | 111,269 | 111,259 |
| Air Quality Program Carryover | 8617 | 20.205 | 21,852 | 21,909 |
| Rideshare Program | 9230 | 20.205 | <u>39,375</u> | <u>42,645</u> |
| Total U.S. Department of Transportation | | | 964,785 | 1,078,750 |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Water Quality Planning (EPA) | 604(b) | 66.458 | 30,118 | 54,123 |
| <u>U.S. Department of Defense</u> | | | | |
| Passed Through the Mahoning Valley Economic Development Corporation: | | | | |
| 2008 Procurement Program | SCAP03-3 | 12.002 | 52,837 | 58,412 |
| <u>U.S. Department of Commerce</u> | | | | |
| Economic Development Administration as the Funding Agency Planning Program | 06-83-05222 | 11.302 | <u>48,855</u> | <u>53,404</u> |
| Total Federal Financial Assistance | | | <u>\$ 1,096,595</u> | <u>\$ 1,244,689</u> |

See accompanying Notes to the Schedule of Federal Awards Expenditures

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2009

1. **General**

The accompanying schedule of federal awards expenditures is a summary of the activity of EASTGATE's federal awards programs. The schedule has been prepared on the cash basis of accounting.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

**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**

Eastgate Regional Council of Governments
Mahoning County
City Center One Building
100 East Federal Street, Suite 1000
Youngstown, Ohio 44503

To the Board of Directors:

We have audited the financial statements of the Eastgate Regional Council of Governments, Mahoning County (Council) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. 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.

Internal Controls Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the audit committee, the Board of Directors and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

November 20, 2009

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Eastgate Regional Council of Governments
Mahoning County
City Center One Building
100 East Federal Street, Suite 1000
Youngstown, Ohio 44503

To Board of Directors:

Compliance

We have audited the compliance of the Eastgate Regional Council of Governments (Eastgate), Mahoning County, Youngstown, Ohio with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Eastgate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Eastgate's management. Our responsibility is to express an opinion on Eastgate's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Eastgate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Eastgate's compliance with those requirements.

In our opinion, Eastgate complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Eastgate is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Eastgate's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Eastgate's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastgate's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Eastgate's ability to administer a federal program such that there is more than a remote likelihood that Eastgate's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that Eastgate's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, the audit committee, the Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
November 20, 2009

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS AND
COMPUTATION OF FRINGE BENEFIT RATES
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Actual Rates</u> | <u>ODOT Approved Fixed Rate</u> |
|--|---------------------|---|
| Fringe Benefits | | |
| Sick, Vacation, and Holiday Pay | \$ 128,399 | \$ 125,488 |
| Hospitalization and Life Insurance | 149,844 | 143,000 |
| OPERS | 107,489 | 105,506 |
| Worker's Compensation, Unemployment & Medicare | 13,457 | 13,253 |
| Prior Year Carry Forward Adjustment (for Budget Purposes Only) | | <u>(6,089)</u> |
| TOTAL FRINGE BENEFIT COSTS (A) | <u>399,189</u> | <u>381,158</u> |
| Direct and Administrative Salaries | | |
| Direct Salaries | \$ 560,558 | \$ 532,070 |
| Indirect Salaries - Administrative | <u>104,317</u> | <u>96,055</u> |
| TOTAL DIRECT AND ADMINISTRATIVE SALARIES (B) | <u>664,875</u> | <u>628,125</u> |
| FRINGE BENEFIT RATE (A/B) | 60.04% | 60.68% |

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND
COMPUTATION OF INDIRECT COST RATES
FOR THE YEAR ENDED JUNE 30, 2009**

| | Actual Rates | ODOT Approved Fixed Rate |
|--|--------------|--------------------------------|
| Indirect Costs | | |
| Administrative and Fiscal Management | \$ 104,317 | \$ 96,055 |
| Fringe Benefits for Indirect Salaries- \$114,205 x 60.04%=62,632 | 62,632 | 58,288 |
| Postage | 732 | 2,000 |
| Travel | 5,103 | 6,000 |
| Telephone | 8,269 | 8,000 |
| Machine Rental and Maintenance | 2,976 | 3,000 |
| Duplication and Printing | 5,427 | 8,000 |
| Office Supplies | 2,140 | 2,500 |
| Depreciation | 11,322 | 8,000 |
| Office Rent, Utilities & Insurance | 105,872 | 101,000 |
| Legal/Audit/Bookkeeping | 19,512 | 24,000 |
| Computers | 24,545 | 3,000 |
| Miscellaneous | 619 | 1,100 |
| Prior Year Carry Forward Adjustment (for Budget Purposes Only) | | 42,701 |
| | 353,466 | 363,644 |
| TOTAL INDIRECT COSTS (A) | | |
| | 560,558 | 532,070 |
| DIRECT SALARIES (B) | | |
| | 63.06% | 68.35% |
| INDIRECT COST RATE (A/B) | | |

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|---------------------------------|--------------------|
| Revenue: | |
| FHWA Grant Funds | \$ 528,756 |
| ODOT Grant Funds | 66,095 |
| Local Match | 66,095 |
| Total Revenue | <u>660,946</u> |
| Expenditures: | |
| Direct Salaries | 299,982 |
| Direct Expenditures | 35,033 |
| Fringe Benefits | 182,029 |
| Indirect Costs | 205,038 |
| Total Expenditures | <u>722,082</u> |
| Revenue Over/Under Expenditures | <u>(61,136)</u> |
| Grant Funds Received | 594,851 |
| 90% of Total Expenditures | <u>649,874</u> |
| Amount in Excess of 90% | <u>\$ (55,022)</u> |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | ACTUAL |
|---------------------------------|------------|
| Revenue: | |
| FHWA Grant Funds | \$ 139,430 |
| ODOT Grant Funds | 17,429 |
| Local Match | 17,429 |
| Total Revenue | 174,288 |
| Expenditures: | |
| Direct Salaries | 56,372 |
| Direct Expenditures | 13,983 |
| Fringe Benefits | 34,207 |
| Indirect Costs | 38,530 |
| Total Expenditures | 143,092 |
| Revenue Over/Under Expenditures | 31,196 |
| Grant Funds Received | 156,859 |
| 90% of Total Expenditures | 128,783 |
| Amount in Excess of 90% | \$ 28,076 |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | ACTUAL |
|---------------------------------|-----------|
| Revenue: | |
| Grant Funds | \$ 81,382 |
| Expenditures: | |
| Direct Salaries | 34,558 |
| Direct Expenditures | 2,234 |
| Fringe Benefits | 20,970 |
| Indirect Costs | 23,620 |
| Total Expenditures | 81,382 |
| Revenue Over/Under Expenditures | - |
| Grant Funds Received | 81,382 |
| 100% of Total Expenditures | 81,382 |
| Amount in Excess of 100% | \$ - |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP - CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|---------------------------------|---------------|
| Revenue: | |
| Grant Funds | \$ 42,775 |
| Expenditures: | |
| Direct Salaries | 18,472 |
| Direct Expenditures | 645 |
| Fringe Benefits | 11,209 |
| Indirect Costs | 12,626 |
| Total Expenditures | 42,952 |
| Revenue Over/Under Expenditures | (177) |
| Grant Funds Received | 42,775 |
| 100% of Total Expenditures | 42,952 |
| Amount in Excess of 100% | \$ (177) |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|---------------------------------|---------------|
| Revenue: | |
| Grant Funds | \$ 111,269 |
| Expenditures: | |
| Direct Salaries | 5,765 |
| Direct Expenditures | 98,056 |
| Fringe Benefits | 3,498 |
| Indirect Costs | 3,940 |
| Total Expenditures | 111,259 |
| Revenue Over/Under Expenditures | 10 |
| Grant Funds Received | 111,269 |
| 100% of Total Expenditures | 111,259 |
| Amount in Excess of 100% | \$ 10 |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|---------------------------------|---------------|
| Revenue: | |
| Grant Funds | \$ 21,852 |
| Expenditures: | |
| Direct Salaries | 1,545 |
| Direct Expenditures | 18,370 |
| Fringe Benefits | 938 |
| Indirect Costs | 1,056 |
| Total Expenditures | 21,909 |
| Revenue Over/Under Expenditures | (57) |
| Grant Funds Received | 21,852 |
| 100% of Total Expenditures | 21,909 |
| Amount in Excess of 100% | \$ (57) |

Note: Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 68.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT CMAQ - RIDESHARE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|---------------------------------|-----------------|
| Revenue: | |
| Grant Funds | \$ 39,375 |
| Expenditures: | |
| Direct Salaries | 9,084 |
| Direct Expenditures | 19,298 |
| Fringe Benefits | 5,512 |
| Indirect Costs | 6,209 |
| Total Expenditures | <u>40,103</u> |
| Revenue Over/Under Expenditures | <u>(728)</u> |
| Grant Funds Received | 39,375 |
| 100% of Total Expenditures | <u>40,103</u> |
| Amount in Excess of 100% | <u>\$ (728)</u> |

Note:

Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 65.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF COMMERCE (EDA)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

| | ACTUAL |
|---------------------------------|------------|
| Revenue: | |
| Grant Funds | \$ 48,855 |
| Local Match | 48,855 |
| Total Revenue | 97,710 |
| Expenditures: | |
| Direct Salaries | 42,643 |
| Direct Expenditures | 9,054 |
| Fringe Benefits | 25,876 |
| Indirect Costs | 29,146 |
| Total Expenditures | 106,719 |
| Revenue Over/Under Expenditures | (9,009) |
| Grant Funds Received | 48,855 |
| 50% of Total Expenditures | 53,360 |
| Amount in Excess of 50 % | \$ (4,505) |

Note:

Eastgate invoiced using a fixed rate of 60.68% for Fringe Benefits and 65.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
EPA - WATER QUALITY PLANNING - 604(B)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>ACTUAL</u> |
|-------------------------------------|--------------------|
| Revenue: | |
| Grant Funds | \$ 30,118 |
| Local Match | 12,908 |
| | <u>43,026</u> |
| Total Revenue | |
| Expenditures: | |
| Element #1200.01 | |
| Direct Salaries | 1,454 |
| Direct Expenditures | 69 |
| Fringe Benefits | 882 |
| Indirect Costs | 994 |
| | <u>3,399</u> |
| Total Expenditures Element #1200.01 | |
| Element #1200.02 | |
| Direct Salaries | 18,777 |
| Direct Expenditures | 1,781 |
| Fringe Benefits | 11,394 |
| Indirect Costs | 12,834 |
| | <u>44,786</u> |
| Total Expenditures Element #1200.02 | |
| Element #1200.03 | |
| Direct Salaries | 2,502 |
| Direct Expenditures | 208 |
| Fringe Benefits | 1,518 |
| Indirect Costs | 1,710 |
| | <u>5,938</u> |
| Total Expenditures Element #1200.03 | |
| Total Expenditures | <u>54,123</u> |
| Revenue Over/Under Expenditures | <u>(11,097)</u> |
| Grant Funds Received | 43,026 |
| 100% of Total Expenditures | <u>54,123</u> |
| Amount in Excess of 100% | <u>\$ (11,097)</u> |

Note:

Eastgate invoiced using a fixed rate of 61.18% for Fringe Benefits and 65.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 60.04% for Fringe Benefits and 63.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 U.S. DEPARTMENT OF DEFENSE - PROCUREMENT PROGRAM
 PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2009

| | Actual |
|---------------------------------|-----------|
| Revenue: | |
| Grant Funds | \$ 52,837 |
| Local Match | 17,820 |
| Total Revenue | 70,657 |
| Expenditures: | |
| Direct Salaries | 25,413 |
| Direct Expenditures | 1,592 |
| Fringe Benefits | 14,770 |
| Indirect Costs | 16,637 |
| Total Expenditures | 58,412 |
| Revenue Over/Under Expenditures | \$ 12,245 |

Note: Eastgate invoiced using actual cost for Fringe Benefits and for Indirect Costs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
June 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|---|---|
| (d)(1)(i) | <i>Type of Financial Statement Opinion</i> | Unqualified |
| (d)(1)(ii) | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(ii) | <i>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iii) | <i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iv) | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| (d)(1)(iv) | <i>Were there any other significant deficiencies reported for major federal programs?</i> | No |
| (d)(1)(v) | <i>Type of Major Programs' Compliance Opinion</i> | Unqualified |
| (d)(1)(vi) | <i>Are there any reportable findings under Section .510</i> | No |
| (d)(1)(vii) | <i>Major Programs:</i> | Highway Research Planning and Construction - CFDA# 20.205 |
| (d)(1)(viii) | <i>Dollar Threshold: Type A\B Programs</i> | Type A: > \$300,000 Type B: all others |
| (d)(1)(ix) | <i>Low Risk Auditee?</i> | Yes |

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
June 30, 2009

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
For the Year Ended June 30, 2009**

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2008, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2010**