



**EASTGATE REGIONAL COUNCIL OF
GOVERNMENTS
MAHONING COUNTY**

**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2013**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Eastgate Regional Council of Governments, Mahoning County, prepared by Canter & Associates, for the audit period July 1, 2012 through June 30, 2013. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 24, 2014

This page intentionally left blank.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Managements' Discussion and Analysis	4
Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Schedule of Expenditures of Federal Awards	19
Notes to the Schedule of Expenditures of Federal Awards	20
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 <i>Governmental Auditing Standards</i>	21
Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required By <i>OMB Circular A-133</i>	23
Schedule of Fringe Benefits and Computation of Fringe Benefit Rates.....	25
Schedule of Indirect Costs and Computation of Indirect Cost Rates	26
Schedule of Revenue and Expenditures	
FHWA/ODOT Grant	27
ODOT – STP	28
ODOT – CMAQ Ozone.....	29
ODOT – CMAQ Ozone-2012 Carryover	30
ODOT – CMAQ Rideshare	31
U.S. Department of Commerce (EDA).....	32
EPA – Water Quality Planning – 604(B)	33
Appalachian Regional Development	34
Schedule of Findings <i>OMB Circular A-133</i>	35



6400 OLDE STONE CROSSING
POLAND, OHIO 44514
PH: 330.707.9035
FAX: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

INDEPENDENT AUDITOR'S REPORT

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Council's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



CANTER & ASSOCIATES

Poland, Ohio
March 27, 2014

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

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, 2013. 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 fiscal year 2013 are as follows:

Overall:

- For business-type activities, net position increased \$139,387 or 29% to \$621,186 from fiscal year 2012.
- EASTGATE had \$1,672,926 in expenses related to business-type activities and \$344,785 of these expenses were offset by operating revenues and \$1,467,528 by non-operating revenues.
- The business-type activities revenue increased \$194,169 or 12% to \$1,812,313.

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 Position* presents information on all Eastgate's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of EASTGATE's financial position.

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information showing how EASTGATE's net position changed during the most recent year. All changes in net position 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, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Reporting EASTGATE as a Whole

Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position

While this document contains the fund used by EASTGATE to provide its programs, the view of EASTGATE as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position 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 accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report EASTGATE's *net position* and changes in that position. This change in net position 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 Position and the Statement of Revenues, Expenses and Changes in Fund Net position, 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 position for fiscal years 2013 and 2012 for comparison purposes.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Table 1

Business-Type Activities

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 938,378	\$ 832,104
Capital Assets	<u>6,334</u>	<u>10,788</u>
Total Assets	<u>\$ 944,712</u>	<u>\$ 842,892</u>
Liabilities		
Long-term Liabilities	\$ 140,007	\$ 171,998
Other Liabilities	<u>183,519</u>	<u>189,095</u>
Total Liabilities	<u>\$ 323,526</u>	<u>\$ 361,093</u>
Net Position		
Net Investment in Capital Assets	\$ 6,334	\$ 10,788
Unrestricted Net Position	<u>614,852</u>	<u>471,011</u>
Total Net Position	<u>\$ 621,186</u>	<u>\$ 481,799</u>

Total assets increased 12% in fiscal year 2013. This increase occurred mainly in cash on hand.

Total liabilities decreased 10% in fiscal year 2013, due mainly to a decrease in 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.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Table 2 shows the change in net position for fiscal years 2013 and 2012 for comparison purposes.

Table 2
Business-Type Activities

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE		
Membership Dues	\$ 182,570	\$ 188,591
Charges for Services	141,415	80,102
USGS Pass-through	20,800	20,800
Total Assets	<u>344,785</u>	<u>289,493</u>
OPERATING EXPENSES		
Salaries & Benefits	1,171,827	1,227,932
Other Expenses	254,694	241,826
General Administrative & Fiscal Costs	108,829	112,183
Occupancy	112,322	109,852
Depreciation	4,454	4,166
USGS Pass-through	20,800	20,800
Total Operating Expenses	<u>1,672,926</u>	<u>1,716,759</u>
Operating Income (Loss)	<u>(1,328,141)</u>	<u>(1,427,266)</u>
NON-OPERATING REVENUE		
Federal	1,375,001	1,234,950
State	92,300	92,945
Interest Income	227	306
Total Non-Operating Revenue	<u>1,467,528</u>	<u>1,328,201</u>
Changes in Net Position	139,387	(99,065)
Net Position Beginning of Year	<u>481,799</u>	<u>580,864</u>
Net Position End of Year	<u>\$ 621,186</u>	<u>\$ 481,799</u>

In fiscal year 2013, revenues increased due to increases in federal, state and local grant revenues and increased for charges for services. Expenditures decreased from fiscal year 2012, due mostly to salary and benefits decreases.

Enterprise Fund Budgeting Highlights

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Capital Assets and Debt Administration

At the end of the fiscal year 2013, EASTGATE had \$6,334 (net) invested in equipment, furniture and fixtures.

Debt

At June 30, 2013, 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 2014 and 2015 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 monies 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 POSITION
JUNE 30, 2013**

	2013
<u>ASSETS</u>	
Cash	\$ 566,900
Restricted Dredging Project Escrow Cash	20,100
Accounts Receivable	347,336
Prepaid Expenses	2,715
Security Deposits	1,327
Property and Equipment (net)	6,334
 Total Assets	 \$ 944,712
<u>LIABILITIES</u>	
Accounts Payable	\$ 8,490
Payroll Withholding	9,055
Accrued Payroll	20,289
Fringe Benefits	15,143
Dredging Project Escrow	20,100
Payroll Liabilities	19,157
Unearned Revenue	91,285
Long-term Liabilities:	
Due Within One Year	93,680
Due in more than One Year	46,327
 Total Liabilities	 \$ 323,526
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 6,334
Unrestricted	614,852
 Total Net Position	 \$ 621,186

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

OPERATING REVENUE	
Membership Due	\$ 182,570
Charges for Services	141,415
USGS Pass-through	20,800
	344,785
Total Operating Revenue	344,785
OPERATING EXPENSES	
Salaries	668,542
Other Expenses	207,258
General Administrative and Fiscal Costs	108,829
Computer Updates	4,267
Travel	5,586
Telephone	7,446
Duplicating and Printing	5,853
Machine Rental and Maintenance	1,735
Office Supplies	1,301
Occupancy	112,322
Professional Services	20,845
Postage	403
Depreciation	4,454
USGS Pass-through	20,800
Paid Leave	152,992
Hospitalization	204,127
Payroll Taxes	146,166
	1,672,926
Operating Expenses	1,672,926
Operating Income (Loss)	(1,328,141)
NON-OPERATING REVENUE	
Federal	1,375,001
State	92,300
Interest Income	227
	1,467,528
Total Non-Operating Revenue	1,467,528
Change in Net Position	\$ 139,387
Net Position Beginning of Year	481,799
Net Position End of Year	\$ 621,186

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, 2013**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$ 344,785
Cash Payments to Employees for Services	(824,568)
Cash Payments to Employee Benefits	(461,474)
Cash Payments for Good and Services	(133,167)
Other Cash Payments	<u>(208,305)</u>

Net Cash Provided by (Used in) Operating Activities (1,282,729)

Cash Flows from Noncapital Financing Activities

Grants Received	<u>1,395,415</u>
-----------------	------------------

Cash Flows from Investing Activities

Interest on Investments	<u>227</u>
-------------------------	------------

Net Increase (Decrease) in Cash and Cash Equivalents 112,913

Cash and Cash Equivalents Beginning of Year 453,987

Cash and Cash Equivalents End of Year \$ 566,900

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

Operating Income (Loss) \$ (1,328,141)

Adjustments:

Depreciation	4,454
(Increase) Decrease in Assets:	
*Accounts Receivable	80,102
Prepaid Expenses	(1,577)
Increase (Decrease) in Liabilities:	
Accounts Payable	860
Accrued Wages and Benefits	(2,427)
Compensated Absences	(31,991)
Payroll Withholding	(1,268)
Fringe Benefits	(1,084)
Payroll Liabilities	<u>(1,657)</u>

Total Adjustments 45,412

Net Cash Provided by (Used in) Operating Activities \$ (1,282,729)

Footnote:

* Accounts Receivable overall decrease of \$8,216 had two components: operating and non-operating. The cash flows reconciliation only provides a comparison for operating activities, therefore non-operating revenues are not considered in the reconciliation. A decrease of \$80,102 was accounted for in the operating revenues, while the remaining decrease of \$71,886 was from federal and state grants and was accounted for under non-capital financing activities.

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 Government Units That Use Proprietary Fund Accounting*.

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.

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 using the provisional rate method, which is calculated based on the most recently audited fiscal year with adjustments for projected changes. At the end of the fiscal year, an actual rate is calculated and the difference between the estimated and actual cost for the period covered by the rate is identified to specific contracts. Variances are either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust the future rates for the variance.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 statement of net position, 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 \$93,680. The amount accrued for sick leave was \$46,327, using the vesting method. These two numbers are included in the long term liabilities of \$140,007.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. EASTGATE reports no restricted net position for the fiscal year.

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, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of 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 \$566,900, and the bank balance was \$583,354. Of the bank balance, \$500,000 was insured by FDIC and \$83,354 was uninsured.

Investments-EASTGATE had no investments at June 30, 2013.

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 to 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)222-5601 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 2012 employer rate for local government employer units was 14.00% of covered payroll, of which 4.0% and 6.05% was used to fund health care coverage for retirees in the traditional plan and the combined plan, respectively. Effective January 1, 2013, the portion of employer contributions allocated to health care for members in the Traditional and Combined Plan was 1%. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. 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, 2013, 2012, and 2011, were \$130,229, \$138,489, and \$110,523, respectively, which represent 100 percent contributions for all three years.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No.27, and is effective for employer fiscal years beginning after June 15, 2014. The impact on the Council, if any, is not readily determinable at this time.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Other Postemployment Benefits

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277, East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, Eastgate contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2012, the employer contribution allocated for health care to the traditional plan was 4.0 percent of covered payroll, and 6.05% for the combined plan. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Eastgate contributions for the year ended June 30, 2013, which were used to fund postemployment benefits was \$37,206.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

4. ACCUMULATED FRINGE BENEFITS

Accumulated fringe benefits include accrued employee hospitalization of \$2,904 and accrued employee share of OPERS of \$12,239 for a total of \$15,143.

5. LEASE

EASTGATE leases its office under an operating lease which began January 1, 2012 and is for a five years term expiring December 31, 2016.

Minimum future rental commitments under a non-cancelable operating lease having a remaining term of 42 months are as follows:

July 1, 2013-June 30, 2014	88,044
July 1, 2014-June 30, 2015	88,044
July 1, 2015-June 30, 2016	88,044
July 1, 2016-December 31, 2016	44,026
Total Minimum Payments Required	<u>\$ 308,158</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.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
Equipment, Furniture and Fixtures	\$ 253,240	\$ -	\$ -	\$ 253,240
Accumulated Depreciation	(242,452)	(4,454)	-	(246,906)
Net Capital Assets	\$ 10,788	\$ (4,454)	\$ -	\$ 6,334

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
Fire and Medical Limit	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 2013 were as follows:

	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013	Amounts Due Within One Year
Compensated Absences	\$ 171,998	\$ 123,610	\$ 155,235	\$ 140,373	\$ 93,680

In accordance with the provisions of GASB Statement No.16, "Accounting for Compensated Absences", vacations 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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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.

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 established 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.

12. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the Council has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Council.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, most notably, the fiscal dependency criterion. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Council.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Council.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. This change was incorporated in the Council's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). This statement had no impact on the Council's financial statements.



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

INDEPENDENT AUDITOR'S 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, OH 44503

To the Board of Directors:

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 business-type activities of the Eastgate Regional Council of Governments (Council), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Council'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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.



CANTER & ASSOCIATES

Poland, Ohio

March 27, 2014



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited Eastgate Regional Council of Government's (the Council) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council'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 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 Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Council 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 Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CANTER & ASSOCIATES

Poland, Ohio

March 27, 2014

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Federal Highway Administration:			
Highway Research	9230	20.205	\$ 707,743
STP	9230	20.205	100,000
Air Quality Program	8617	20.205	138,495
Rideshare Program	9230	20.205	<u>64,014</u>
Total U.S. Department of Transportation			<u>1,010,252</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Water Quality Planning (EPA)	604(b)	66.454	<u>176,772</u> 176,772
APPALACHIAN REGIONAL COMMISSION			
Appalachian Regional Development	N/A	23.009	<u>28,314</u> 28,314
U.S. DEPARTMENT OF COMMERCE			
Planning Program	06-83-05222	11.302	<u>65,602</u> 65,602
Total			<u>\$1,280,940</u>

The accompanying notes are an integral part of this schedule.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports Eastgate's federal award program's expenditures. The Schedule has been prepared on an accrual basis of accounting.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS AND
COMPUTATION OF FRINGE BENEFIT RATES
For the Fiscal Year Ended June 30, 2013**

	<u>Actual Rates</u>	<u>ODOT Approved Provisional Rate</u>
Fringe Benefits		
Sick, Vacation and Holiday Pay	\$ 152,992	\$ 168,970
Hospitalization and Life Insurance	204,127	202,500
OPERS	131,904	136,324
Worker's Compensation, Unemployment & Medicare	14,262	14,840
Total Fringe Benefit Costs (A)	<u>503,285</u>	<u>522,634</u>
Direct and Administrative Salaries		
Direct Salaries	\$ 668,542	\$ 699,609
Indirect Salaries - Administrative	108,303	105,164
Total Direct & Administrative Salaries (B)	<u>776,845</u>	<u>804,773</u>
Fringe Benefits Rate (A/B)	64.79%	64.94%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 SCHEDULE OF INDIRECT COSTS AND
 COMPUTATION OF INDIRECT COST RATES
 For the Fiscal Year Ended June 30, 2013**

	<u>Actual Rates</u>	<u>ODOT Approved Provisional Rate</u>
INDIRECT COSTS		
Administrative and Fiscal Management	\$ 108,303	\$ 105,164
Fringe Benefits for Indirect Salaries	70,165	68,295
Postage	403	1,500
Travel	5,586	6,500
Telephone	7,446	7,500
Machine Rental and Maintenance	1,735	3,000
Duplication and Printing	5,853	7,500
Office Supplies	1,301	2,500
Depreciation	4,454	10,000
Office Rent, Utilities & Insurance	112,322	110,000
Legal/Audit/Bookkeeping	20,845	22,000
Computer Supplies/Equipment	4,267	8,000
Miscellaneous	487	500
Subscriptions	39	100
TOTAL INDIRECT COSTS (A)	<u>343,206</u>	<u>352,559</u>
DIRECT SALARIES (B)	<u>668,542</u>	<u>699,609</u>
INDIRECT COST RATE (A/B)	51.34%	50.39%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 699,005
ODOT Grant Funds	87,376
Local Match	87,376
Total Revenue	873,757
Expenditures:	
Direct Salaries	394,143
Direct Expenditures	25,048
Fringe Benefits	255,957
Indirect Costs	198,609
Total Expenditures	873,757
Revenue Over/Under Expenditures	-
Grant Funds Received	786,381
90% of Total Expenditures	707,743
Amount in Excess of 90%	\$ 78,638

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 100,000
Expenditures:	
Direct Salaries	44,713
Direct Expenditures	3,788
Fringe Benefits	29,037
Indirect Costs	22,462
Total Expenditures	100,000
Revenue Over/Under Expenditures	-
Grant Funds Received	100,000
100% of Total Expenditures	100,000
Amount in Excess of 100%	\$ -

Note: Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 106,374
Expenditures:	
Direct Salaries	5,111
Direct Expenditures	95,368
Fringe Benefits	3,319
Indirect Costs	2,576
Total Expenditures	106,374
Revenue Over/Under Expenditures	0
Grant Funds Received	106,374
100% of Total Expenditures	106,374
Amount in Excess of 100%	\$ 0

Note: Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE 2012 CARRYOVER
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 38,495
Expenditures:	
Direct Salaries	2,930
Direct Expenditures	32,189
Fringe Benefits	1,902
Indirect Costs	1,474
Total Expenditures	38,495
Revenue Over/Under Expenditures	-
Grant Funds Received	38,495
100% of Total Expenditures	38,495
Amount in Excess of 100%	\$ -

Note: Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT CMAQ - RIDESHARE
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 57,640
Expenditures:	
Direct Salaries	20,422
Direct Expenditures	13,665
Fringe Benefits	13,262
Indirect Costs	10,291
Total Expenditures	57,640
Revenue Over/Under Expenditures	-
Grant Funds Received	57,640
100% of Total Expenditures	57,640
Amount in Excess of 100%	\$ -

Note:

Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF COMMERCE (EDA)
SCHEDULE OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 47,243
Local Match	47,243
	<u>94,486</u>
Total Revenue	<u>94,486</u>
Expenditures:	
Direct Salaries	60,932
Direct Expenditures	-
Fringe Benefits	39,569
Indirect Costs	30,703
	<u>131,204</u>
Total Expenditures	<u>131,204</u>
Revenue Over/Under Expenditures	<u>(36,718)</u>
Grant Funds Received	47,243
50% of Total Expenditures	<u>65,602</u>
Amount in Excess of 50 %	<u>\$ (18,359)</u>

Note:

Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
EPA - WATER QUALITY PLANNING - 604(B)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 176,741
Total Revenue	176,741
Expenditures:	
Element #1200.01	
Direct Salaries	21,232
Direct Expenditures	44
Fringe Benefits	13,788
Indirect Costs	10,698
Total Expenditures Element #1200.01	45,762
Element #1200.02	
Direct Salaries	60,789
Direct Expenditures	163
Fringe Benefits	39,476
Indirect Costs	30,582
Total Expenditures Element #1200.02	131,010
Total Expenditures	176,772
Revenue Over/Under Expenditures	(31)
Grant Funds Received	176,741
100% of Total Expenditures	176,772
Amount in Excess of 100%	\$ (31)

Note:

Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 APPALACHIAN REGIONAL DEVELOPMENT
 SCHEDULE OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
Revenue:	
Grant Funds	\$ 25,000
Local Match	30,000
Total Revenue	55,000
Expenditures:	
Direct Salaries	26,298
Direct Expenditures	-
Fringe Benefits	17,078
Indirect Costs	13,252
Total Expenditures	56,628
Revenue Over/Under Expenditures	(1,628)
Grant Funds Received	25,000
50% of Total Expenditures	28,314
Amount in Excess of 100%	\$ (3,314)

Note: Effective Fiscal Year 2009, Eastgate adopted the PROVISIONAL RATE METHOD of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.94% for Fringe Benefits and 50.39% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 64.79% for Fringe Benefits and 51.34% for Indirect Costs.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
YEAR ENDED JUNE 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

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

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE



Dave Yost • 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
MAY 8, 2014**