

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
YOUNGSTOWN, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2001

CHARLES E. HARRIS & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Eastgate Regional Council of Governments
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We have reviewed the independent auditor's report of the Eastgate Regional Council of Governments, Mahoning County, prepared by Charles E. Harris & Associates, for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

January 24, 2002

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EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2001

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REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Directors
Eastgate Regional Council of Governments
Youngstown, Ohio**

We have audited the accompanying financial statements of the Eastgate Regional Council of Governments, Youngstown, Ohio as of and for the year ended June 30, 2001, 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 and the standards generally accepted in the United States of America 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, Ohio as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I to the financial statements, the Eastgate Regional Council of Governments, Youngstown, Ohio changed its method of accounting for accounting and reporting for its nonexchange transactions and certain shared nonexchange revenues for the year ended June 30, 2001 as required by Governmental Accounting Standards Board Statements No. 33 and No. 36.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2001 on our consideration of the Eastgate Regional Council of Governments, Youngstown, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Eastgate Regional Council of Governments, Youngstown, Ohio 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 20 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, Ohio. 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.
December 14, 2001

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
JUNE 30, 2001**

ASSETS

Current Assets

Cash	223,912
Accounts Receivable (Net)	310,358
Prepaid Expenses	<u>16,273</u>

Total Assets 550,543

Other Assets

Deferred Charges	<u>765</u>
------------------	------------

Total Other Assets 765

Property and Equipment (Note A):

Furniture and Fixtures	16,832
Equipment	143,129
Leasehold Improvements	18,755
Less: Accumulated Depreciation	<u>(166,582)</u>

Total Property and Equipment 12,134

TOTAL ASSETS **563,442**

LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts Payable	33,365
Payroll Withholding	5,725
Accrued Payroll	18,085
Fringe Benefits (Note D)	113,391
Payroll Taxes	12,360
Deferred Revenue	<u>87,623</u>

Total Current Liabilities 270,549

Total Liabilities 270,549

Retained Earnings 292,893

TOTAL LIABILITIES AND FUND BALANCE **563,442**

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001**

REVENUES

Intergovernmental Revenue	\$ 972,710
Interest Revenue	1,779
Membership Dues	175,571
Charges for Services	<u>79,826</u>

TOTAL REVENUES 1,229,886

EXPENSES

Direct Expenses

Salaries	531,128
Other Direct Expenses	<u>175,536</u>

Total Direct Expenses 706,664

Indirect Expenses

General Administrative and Fiscal Costs	84,619
Computer Updates	3,136
Travel	10,448
Telephone	10,802
Duplicating and Printing	9,962
Machine Rental and Maintenance	4,261
Office Supplies	2,367
Occupancy	60,011
Insurance	1,614
Professional Services	32,764
Postage	646
Miscellaneous	1,284
Depreciation	3,799
Depreciation - Local Assets	<u>5,042</u>

Total Indirect Expenses 230,755

Fringe Benefits

Paid Leave	124,822
Hospitalization	100,758
Payroll Taxes	<u>90,010</u>

Total Fringe Benefits 315,590

TOTAL EXPENSES 1,253,009

Excess of Revenue Over
(Under) Expenditures (23,123)

Retained Earnings - July 1, 2000 316,016

Retained Earnings - June 30, 2001 \$ 292,893

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, 2001**

	<u>June 30, 2001</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Increase (Decrease) in Retained Earnings	\$ (23,123)
Adjustments to reconcile Increase in Retained Earnings to Net Cash Provided by Operating Activities:	
Depreciation	8,841
(Increase) Decrease in Operating Assets:	
Accounts Receivable	151,905
Prepaid Expenses	(5,556)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(110,773)
Accrued Wages and Benefits	8,886
Payroll Withholding	(943)
Payroll Taxes	1,755
Deferred Revenue	<u>(163)</u>
Total Adjustments	53,952
Net Increase (Decrease) in Cash & Cash Equivalents	30,829
Cash & Cash Equivalents, Beginning of Year	<u>193,083</u>
Cash & Cash Equivalents, End of Year	<u><u>\$ 223,912</u></u>

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE A: **SUMMARY OF SIGNIFICANT ACCOUNTING 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 have 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 revenue 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 GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB 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.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001
(CONTINUED)

NOTE A: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 at a provisional rate 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 relate to assessments for subsequent years 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.

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 computed by the straight-line method. Furniture and equipment are purchased principally with local funds.

NOTE B: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

State statutes classify monies held by EASTGATE into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in EASTGATE, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that EASTGATE has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit account including, but not limited to, passbook accounts.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001
(CONTINUED)

NOTE B: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (Continued)

Interim deposits are deposits of interim monies. Interim monies are 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. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Legislation now permits interim monies to be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to daily, and that the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001
(CONTINUED)

NOTE B: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purchase of arbitrage, the use of leverage, and short selling are prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of EASTGATE and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of EASTGATE's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classified deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments, and Repurchase Agreements*.

Deposits

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

- Category 1* - Insured or collateralized with securities held by EASTGATE or its agent in EASTGATE's name.
- Category 2* - Collateralize with securities held by the pledging financial institution's trust department or agent in EASTGATE's name.
- Category 3* - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in EASTGATE's name.)

All deposits are carried at cost. At year end, the carrying amount of EASTGATE's cash and deposits was \$223,912, and the bank balance was \$251,288. Of the bank balance, \$150,655 was insured by FDIC and \$100,633 was classified as Risk Category 3.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001
(CONTINUED)

NOTE B: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (Continued)

Investments

The Governmental Accounting Standards Board has established risk categories for investments as follows:

Category 1 - Investments that are insured or registered or for which the securities are held by EASTGATE or its agent in EASTGATE' s name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in EASTGATE's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in EASTGATE's name.

EASTGATE had no investments at June 30, 2001.

NOTE C: **PUBLIC EMPLOYEES RETIREMENT SYSTEM (the PERS OF OHIO)**

1. **Pension Benefit Obligation**

All employees of EASTGATE participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 8.5%. The 2000 employer rate (the latest information available) for local government employer units was 13.55% of covered payroll, 9.25% to fund the pension benefit obligation and 4.3% 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 PERS of Ohio for the years ending June 30, 2001, 2000, and 1999, were \$81,823, \$94,049, and \$83,394, respectively, which represents 100 percent contributions for all three years.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001
(CONTINUED)

NOTE C: **PUBLIC EMPLOYEES RETIREMENT SYSTEM (the PERS OF OHIO)**
(Continued)

2. **Other Postemployment Benefits**

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postemployment health care through their contribution rate (identified above). The portion that was used to fund health care for the year 2001 was 4.3%, which amounted to \$25,966 of covered payroll.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely

As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE D: **ACCUMULATED UNPAID EMPLOYEE BENEFITS**

EASTGATE employees generally earn vacation leave ranging 10 to 25 days per year based on length of service. The amount accrued for vacation leave was \$75,365. The amount accrued for sick leave was \$38,026 for a total liability for fringe benefits of \$113,391.

NOTE E: **LEASE**

EASTGATE originally leased its office facility under an operating lease which began October 1, 1989 and was for a five year term expiring September 30, 1994. The lease had been amended three times, for additional space and to extend the lease period through November 30, 1996. A fourth amendment was agreed upon December 11, 1996. The lease was renewed for an annual rent of \$52,718.28 or \$4,393.19 per month for the term of five years beginning December 1, 1996 and ending November 30, 2001.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2001
 (CONTINUED)

NOTE E: **LEASE** (Continued)

Additional space was leased about January 1, 2000 and the monthly rent increased to \$4,862.82 or \$58,354 per year.

Minimum future rental commitments under a non-cancelable operating lease having an initial or remaining term of five months as of June 30, 2001, are as follows:

July 1, 2001 to November 30, 2001	24,314
Total Minimum Payments Required	<u>\$ 24,314</u> <u>=====</u>

NOTE F: **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.

NOTE G: **DEFERRED COMPENSATION PLAN**

EASTGATE offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Payments of the deferred compensation are made to the Ohio Public Employees Deferred Compensation Board which is authorized by Ohio Revised Code Sections 145.71 through 145.73.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of EASTGATE (without being restricted to the provisions of benefits under the plan), subject only to the claims of EASTGATE's general creditors. Participants' rights under the plan are equal to those of general creditor's of EASTGATE in an amount equal to the fair market value of the deferred account for each participant.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2001
 (CONTINUED)

NOTE G: **DEFERRED COMPENSATION PLAN** (Continued)

The plan agreement states that EASTGATE and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

NOTE H: **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.

NOTE I: **CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year ending June 30, 2001, EASTGATE has adopted the new accounting provision GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. EASTGATE has also adopted the new provision GASB 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. The implementation of GASB 33 and 36 had no effect on fund balance as it was previously reported as of June 30, 2000.

NOTE J: **RISK MANAGEMENT**

EASTGATE is exposed to various risks of loss related to torts, theft of, damage to, and 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
Products	\$ 1,000,000
Each Occurrence	\$ 1,000,000
Fire Legal Liability	\$ 250,000
Medical Expenses	\$ 5,000
Business Property	\$ 150,000
Money and Securities - Inside	\$ 10,000
Money and Securities - Outside	\$ 2,000
Computer Equipment	\$ 100,000
Deductible is \$250	

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

Eastgate Regional Council of Governments

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2001

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Transportation</u>				
Passed Through The Ohio Department of Transportation:				
Federal Highway Administration:				
Highway Research	9230	20.205	\$ 443,111	\$ 443,111
Highway Research Carryover	9230	20.205	2,335	2,335
STP	9230	20.205	44,933	44,933
STP Carryover	9230	20.205	7,995	7,995
STP Corridor Study	9230	20.205	26,055	26,055
CMAQ - Ozone Action	8617	20.205	52,062	52,062
CMAQ - Ozone Action Carryover	8617	20.205	55,983	55,983
Rideshare Program	9230	20.205	<u>24,632</u>	<u>24,632</u>
Total Ohio Department of Transportation			657,106	657,106
Passed Through The Western Reserve Transit Authority:				
Federal Transit Administration:				
Section 9				
2001 Program	5307	20.507	<u>20,375</u>	<u>20,375</u>
Total Western Reserve Transit Authority			<u>20,375</u>	<u>20,375</u>
Total U.S. Department of Transportation			<u>677,481</u>	<u>677,481</u>
<u>U.S. Environmental Protection Agency</u>				
Water Quality Planning	604(b)	66.458	<u>49,563</u>	<u>49,563</u>
Total U.S. Environmental Protection Agency			<u>49,563</u>	<u>49,563</u>
<u>U.S. Department of Defense</u>				
Passed Through The Mahoning Valley				
Economic Development Corporation:				
2000 Program	SCAP00-1	12.002	14,858	14,858
2001 Program	SCAP01-1	12.002	<u>21,286</u>	<u>21,286</u>
Total U.S. Department of Defense			<u>36,144</u>	<u>36,144</u>
<u>U.S. Department of Commerce</u>				
Passed Through The State and Urban				
Area Economic Development:				
Planning Program	06-05-11105-00	11.303	<u>53,000</u>	<u>53,000</u>
Total U.S. Department of Commerce			<u>53,000</u>	<u>53,000</u>
Total Federal Financial Assistance			\$ <u>816,188</u>	\$ <u>816,188</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

1. Significant Accounting Policies

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

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

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Directors
Eastgate Regional Council of Governments
Youngstown, Ohio**

We have audited the financial statements of the Eastgate Regional Council of Governments, Youngstown, Ohio as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001, wherein we noted that the Council adopted Governmental Accounting Standards Board Statements Nos. 33 and 36, as of and for the year ended June 30, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Eastgate Regional Council of Governments, Youngstown, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated December 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Eastgate Regional Council of Governments, Youngstown, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, 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.
December 14, 2001

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

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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**

**Board of Directors
Eastgate Regional Council of Governments
Youngstown, Ohio**

Compliance

We have audited the compliance of the Eastgate Regional Council of Governments, 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, 2001. During the fiscal year ended June 30, 2001, the Council implemented Governmental Accounting Standards Board Statements Nos. 33 and 36. The Eastgate Regional Council of Governments, Youngstown, Ohio'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 the Council's management. Our responsibility is to express an opinion on the Council'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 Regional Council of Governments, Youngstown, Ohio'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 the Council's compliance with those requirements.

In our opinion, the Eastgate Regional Council of Governments, Youngstown, Ohio 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, 2001.

Internal Control Over Compliance

The management of the Eastgate Regional Council of Governments, Youngstown, Ohio 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 the Eastgate Regional Council of Governments, Youngstown, Ohio'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 and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board, 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.
December 14, 2001

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS AND
COMPUTATION OF FRINGE BENEFIT RATES
FOR THE YEAR ENDED JUNE 30, 2001**

Fringe Benefits	
Sick, Vacation, and Holiday Pay	\$ 124,822
Hospitalization and Life Insurance	100,758
PERS	81,823
Worker's Compensation, Unemployment & Medicare	<u>8,187</u>
TOTAL FRINGE BENEFIT COSTS (A)	<u>315,590</u>
Direct and Administrative Salaries	
Direct Salaries	\$ 531,128
Indirect Salaries - Administrative	<u>84,619</u>
TOTAL DIRECT AND ADMINISTRATIVE SALARIES (B)	<u>615,747</u>
 FRINGE BENEFIT RATE (A/B)	 51.25%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND
COMPUTATION OF INDIRECT COST RATES
FOR THE YEAR ENDED JUNE 30, 2001**

Indirect Costs	
Administrative and Fiscal Management	\$ 84,619
Fringe Benefits - \$84,619 x 51.25%	43,367
Postage	646
Travel	10,448
Telephone	10,802
Machine Rental and Maintenance	4,261
Duplication and Printing	9,962
Office Supplies	2,367
Depreciation	8,841
Occupancy	60,011
Insurance	1,614
Legal and Audit	32,764
Computer Updates	3,136
Miscellaneous	<u>1,284</u>
 TOTAL INDIRECT COSTS (A)	 <u>274,122</u>
 *DIRECT SALARIES (B)	 <u>496,444</u>
 INDIRECT COST RATE (A/B)	 55.22%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	<u>ACTUAL</u>
Revenue:	
FHWA Grant Funds	\$ 443,011
ODOT Grant Funds	55,376
Local Match	55,376
Total Revenue	553,763
Expenditures:	
Direct Salaries	267,650
Direct Expenditures	30,594
Fringe Benefits	137,171
Indirect Costs	147,796
Total Expenditures	583,211
Revenue Over/Under Expenditures	(29,448)
Grant Funds Received	\$ 498,387
90% of Total Expenditures	524,890
Amount in Excess of 90%	\$ (26,503)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by EDATA Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

		<u>ACTUAL</u>
Revenue:		
FHWA Grant Funds	\$	2,335
ODOT Grant Funds		292
Local Match		<u>292</u>
 Total Revenue		 <u>2,919</u>
Expenditures:		
Direct Salaries		-
Direct Expenditures		2,919
Fringe Benefits		-
Indirect Costs		<u>-</u>
 Total Expenditures		 <u>2,919</u>
 Revenue Over/Under Expenditures		 <u><u>-</u></u>
 Grant Funds Received	\$	2,627
90% of Total Expenditures		<u>2,627</u>
 Amount in Excess of 90%	\$	<u><u>(0)</u></u>

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by EDATA Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP - TRC SOFTMATCH
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

		<u>ACTUAL</u>
Revenue:		
Grant Funds	\$	44,933
Local Match		<u>5,617</u>
Total Revenue		<u>50,550</u>
Expenditures:		
Direct Salaries		26,629
Direct Expenditures		5,416
Fringe Benefits		13,647
Indirect Costs		<u>14,705</u>
Total Expenditures		<u>60,397</u>
Revenue Over/Under Expenditures		<u><u>(9,847)</u></u>
Grant Funds Received	\$	45,495
90% of Total Expenditures		<u>54,357</u>
Amount in Excess of 90%	\$	<u><u>(8,862)</u></u>

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP - TRC SOFTMATCH CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 7,995
Local Match	999
Total Revenue	8,994
Expenditures:	
Direct Salaries	4,778
Direct Expenditures	123
Fringe Benefits	2,449
Indirect Costs	2,638
Total Expenditures	9,988
Revenue Over/Under Expenditures	(994)
Grant Funds Received	\$ 8,095
90% of Total Expenditures	8,989
Amount in Excess of 90%	\$ (895)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP - CORRIDOR STUDY
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 26,055
Local Match	0
Total Revenue	26,055
Expenditures:	
Direct Salaries	13,099
Direct Expenditures	1,112
Fringe Benefits	6,713
Indirect Costs	7,233
Total Expenditures	28,158
Revenue Over/Under Expenditures	(2,103)
Grant Funds Received	\$ 26,055
100% of Total Expenditures	28,158
Amount in Excess of 100%	\$ (2,103)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 52,062
Local Match	0
Total Revenue	52,062
Expenditures:	
Direct Salaries	2,523
Direct Expenditures	47,257
Fringe Benefits	1,293
Indirect Costs	1,393
Total Expenditures	52,466
Revenue Over/Under Expenditures	(404)
Grant Funds Received	\$ 52,062
100% of Total Expenditures	52,466
Amount in Excess of 100%	\$ (404)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 55,983
Local Match	0
Total Revenue	55,983
Expenditures:	
Direct Salaries	5,745
Direct Expenditures	44,773
Fringe Benefits	2,944
Indirect Costs	3,172
Total Expenditures	56,635
Revenue Over/Under Expenditures	(652)
Grant Funds Received	\$ 55,983
100% of Total Expenditures	56,635
Amount in Excess of 100%	\$ (652)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP - RIDESHARE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 24,632
Local Match	<u>2,738</u>
Total Revenue	<u>27,370</u>
Expenditures:	
Direct Salaries	9,547
Direct Expenditures	8,903
Fringe Benefits	4,893
Indirect Costs	<u>5,272</u>
Total Expenditures	<u>28,615</u>
Revenue Over/Under Expenditures	<u><u>(1,245)</u></u>
Grant Funds Received	\$ 24,633
90% of Total Expenditures	<u>25,753</u>
Amount in Excess of 90%	\$ <u><u>(1,120)</u></u>

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
FTA SECTION 9
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 20,375
Local Match	5,094
Total Revenue	25,469
Expenditures:	
Direct Salaries	12,545
Direct Expenditures	271
Fringe Benefits	6,429
Indirect Costs	6,927
Total Expenditures	26,173
Revenue Over/Under Expenditures	(704)
Grant Funds Received	\$ 20,375
80% of Total Expenditures	20,938
Amount in Excess of 80%	\$ (563)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF COMMERCE (EDA)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 53,000
Local Match	17,692
Total Revenue	70,692
Expenditures:	
Direct Salaries	31,239
Direct Expenditures	6,055
Fringe Benefits	16,010
Indirect Costs	17,250
Total Expenditures	70,554
Revenue Over/Under Expenditures	138
Grant Funds Received	\$ 53,019
75% of Total Expenditures	52,916
Amount in Excess of 75%	\$ 103

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction 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, 2001

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 49,563
Local Match	16,521
Total Revenue	66,084
Expenditures:	
Element #1200.01	
Direct Salaries	6,755
Direct Expenditures	600
Fringe Benefits	3,462
Indirect Costs	3,730
Total Expenditures Element #1200.01	14,547
Element #1200.02	
Direct Salaries	3,377
Direct Expenditures	800
Fringe Benefits	1,731
Indirect Costs	1,865
Total Expenditures Element #1200.02	7,772
Element #1200.03	
Direct Salaries	20,264
Direct Expenditures	3,286
Fringe Benefits	10,385
Indirect Costs	11,190
Total Expenditures Element #1200.03	45,125
Total Expenditures	67,445
Revenue Over/Under Expenditures	(1,361)
Grant Funds Received	\$ 49,563
75% of Total Expenditures	50,583
Amount in Excess of 75%	\$ (1,020)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF DEFENSE -
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

	Actual (7/1/00- 10/31/01)
Revenue:	
Grant Funds	\$ 14,858
Local Match	<u>5,862</u>
Total Revenue	<u>20,720</u>
Expenditures:	
Direct Salaries	18,866
Direct Expenditures	612
Fringe Benefits	9,669
Indirect Costs	<u>-</u>
Total Expenditures	<u>29,146</u>
Revenue Over/Under Expenditures	<u><u>(8,426)</u></u>

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by EDATA Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF DEFENSE -
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

		Actual (11/1/00 - 6/30/01)
Revenue:		
Grant Funds	\$	21,286
Local Match		7,095
		28,382
Total Revenue		28,382
Expenditures:		
Direct Salaries		21,768
Direct Expenditures		2,382
Fringe Benefits		11,156
Indirect Costs		-
		35,306
Total Expenditures		35,306
Revenue Over/Under Expenditures		(6,924)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by EDATA Oversight Agency. The negative variance represents a change from the prior year indirect cost and fringe benefit rates due to a prior year surplus.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 EPA - REGIONAL ENVIRONMENTAL PLANNING - OHIO LEGISLATIVE FUNDS
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2001

	ACTUAL
Revenue:	
Grant Funds	\$ 75,000
Local Match	22,928
Total Revenue	97,928
Expenditures:	
Element #1200.12	
Direct Salaries	22,931
Direct Expenditures	3,228
Fringe Benefits	11,752
Indirect Costs	12,662
Total Expenditures Element #1200.12	50,574
Element #1200.15	
Direct Salaries	14,262
Direct Expenditures	301
Fringe Benefits	7,309
Indirect Costs	7,875
Total Expenditures Element #1200.15	29,748
Element #1200.16	
Direct Salaries	8,365
Direct Expenditures	335
Fringe Benefits	4,287
Indirect Costs	4,619
Total Expenditures Element #1200.16	17,606
Total Expenditures	97,928
Revenue Over/Under Expenditures	0
Grant Funds Received	\$ 68,550
70% of Total Expenditures	68,550
Amount in Excess of 70%	\$ (0)

Note: EDATA invoiced using a fixed rate of 54.52% for Fringe Benefits and 53.25% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.25% for Fringe Benefits and 55.22% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the financial statements were not made per instruction by EASTGATE Oversight Agency.

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
JUNE 30, 2001**

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 weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions 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, 2001

**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.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2000, did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

Facsimile 614-466-4490

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
FEBRUARY 5, 2002**