

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the year ended June 30, 2010

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



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Eastgate Regional Council of Governments, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. 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

March 31, 2011

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EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the Year Ended June 30, 2010

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastgate Regional Council of Governments, Youngstown, Ohio, as of June 30, 2010, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2011, on our consideration of the Eastgate Regional Council of Governments internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was made for the purpose of forming an opinion on the financial statements of the Eastgate Regional Council of Governments taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental data on pages 23 through 41 (as listed in the Table of Contents) is presented for additional analysis and are not a required part of the financial statements of the Eastgate Regional Council of Governments. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
February 25, 2011

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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, 2010. 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 2010 are as follows:

Overall:

- For business-type activities, net assets decreased \$138,026 or 28.5% to \$346,233 from 2009.
- EASTGATE had \$1,642,862 in expenses related to business-type activities and \$265,272 of these expenses were offset by operating revenues and \$1,239,564 by non-operating revenues.
- The business-type activities revenues decreased \$59,111 or 0.04% to \$1,504,836.

Using this Financial Report

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

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

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how Eastgate's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Reporting EASTGATE as a Whole

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

While this document contains the fund used by EASTGATE to provide its program, the view of EASTGATE as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Asset answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting EASTGATE's Fund

Fund Financial Statements

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

Eastgate as a Whole

Business-type activities

Table 1 shows net assets for fiscal years 2010 and 2009 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table 1

	Business-Type Activities	
	2010	2009
Assets		
Current and Other Assets	\$ 647,256	\$ 802,507
Capital Assets	8,299	13,347
Total Assets	\$ 655,555	\$ 815,854
Liabilities		
Long-term Liabilities	\$ 126,668	\$ 118,969
Other Liabilities	182,654	212,626
Total Liabilities	\$ 309,322	\$ 331,595
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 8,299	\$ 13,347
Unrestricted Net Assets	337,934	470,912
Total Net Assets	\$ 346,233	\$ 484,259

Total assets decreased 19.6% in fiscal year 2010. This decrease occurred mainly in cash, which was largely due to decreased revenues.

Total liabilities decreased 6.7% in fiscal year 2010, due mainly to a decrease in accounts payables, accrued payroll and payroll withholdings.

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

Table 2 shows the change in net assets for fiscal years 2010 and 2009 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table 2

	Business-Type Activities	
	2010	2009
<u>OPERATING REVENUE:</u>		
Membership Dues	\$ 194,612	\$ 181,774
Charges for Services	50,441	166,022
Miscellaneous	219	269
USGS Passthrough	20,000	19,500
TOTAL OPERATING REVENUES	265,272	367,565
<u>OPERATING EXPENSES:</u>		
Salaries and Benefits	1,062,369	961,098
Other Expenses	345,154	281,296
General Administrative and Fiscal Costs	99,993	104,317
Occupancy	107,515	105,872
Depreciation	7,831	11,322
USGS Passthrough	20,000	19,500
TOTAL OPERATING EXPENSES	1,642,862	1,483,405
Operating Income (Loss)	(1,377,590)	(1,115,840)
<u>NON-OPERATING REVENUE:</u>		
Federal	1,155,913	1,096,648
State	83,347	83,524
Interest Income	304	114
TOTAL NON-OPERATING REVENUE	1,239,564	1,180,286
Changes in Net Assets	(138,026)	64,446
Net Assets Beginning of Year	484,259	419,813
Net Assets End of Year	\$ 346,233	\$ 484,259

In fiscal year 2010, revenues decreased slightly due to decreases in charges for services, while expenditures increased from fiscal year 2009.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Enterprise Fund Budgeting Highlights

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

Capital Assets and Debt Administration

At the end of fiscal year 2010, Eastgate had \$8,299 (net) invested in equipment, furniture and fixtures.

Debt

At June 30, 2010, 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 2011 and 2012 appear certain.

Contacting Eastgate's Financial Management

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS

Cash	\$ 342,674
Restricted Dredging Project Escrow Cash	20,100
Accounts Receivable	281,574
Prepaid Expenses	1,275
Deferred Charges	1,633
Property and Equipment	8,299

TOTAL ASSETS

\$ 655,555

LIABILITIES

Accounts Payable	\$ 16,351
Payroll Withholding	5,850
Accrued Payroll	16,561
Fringe Benefits	11,847
Dredging Project Escrow	20,100
Payroll Liabilities	14,639
Deferred Revenue	97,306
Long-term Liabilities:	
Due Within One Year	70,014
Due in more than One Year	56,654

Total Liabilities

\$ 309,322

NET ASSETS

Invested in Capital Assets	\$ 8,299
Unrestricted	337,934

TOTAL NET ASSETS

\$ 346,233

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

OPERATING REVENUE:

Membership Dues	\$	194,612
Charges for Services		50,441
Miscellaneous		219
USGS Passthrough		20,000
TOTAL OPERATING REVENUES		265,272

OPERATING EXPENSES:

Salaries		601,559
Other Expenses		295,345
General Administrative and Fiscal Costs		99,993
Computer Updates		1,804
Travel		5,653
Telephone		7,040
Duplicating and Printing		6,913
Machine Rental and Maintenance		2,976
Office Supplies		1,525
Occupancy		107,515
Professional Services		22,725
Postage		880
Miscellaneous		293
Depreciation		7,831
USGS Passthrough		20,000
Paid Leave		128,759
Hospitalization		201,481
Payroll Taxes		130,570
TOTAL OPERATING EXPENSES		1,642,862

Operating Income (Loss)		(1,377,590)
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NON-OPERATING REVENUE:

Federal		1,155,913
State		83,347
Interest Income		304
TOTAL NON-OPERATING REVENUE		1,239,564

Changes in Net Assets		(138,026)
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Net Assets (Deficit) Beginning of Year		484,259
Net Assets (Deficit) End of Year	\$	346,233

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, 2010**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$ 150,625
Cash Payments to Employees for Services	(720,500)
Cash Payments for Employee Benefits	(450,506)
Cash Payments for Goods and Services	(185,707)
Other Cash Payments	<u>(304,580)</u>

Net Cash Provided by (Used in) Operating Activities (1,510,668)

Cash Flows from Noncapital Financing Activities

Grants Received	<u>1,239,260</u>
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Net Cash Provided by (Used by) Noncapital Financing Activities 1,239,260

Cash Flows from Investing Activities

Interest on Investments	<u>304</u>
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Net Cash Provided by (Used by) Investing Activities 304

Net Increase (Decrease) in Cash and Cash Equivalents (271,104)

Cash and Cash Equivalents Beginning of Year 613,778

Cash and Cash Equivalents End of Year \$ 342,674

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

Operating Income (Loss) \$ (1,377,590)

Adjustments:

Depreciation	7,831
(Increase) Decrease in Assets:	
Accounts receivable	(114,647)
Prepaid Expenses	(1,206)
Increase (Decrease) in Liabilities:	
Accounts Payable	(8,383)
Accrued Wages and Benefits	(18,948)
Compensated Absences	7,699
Payroll Withholding	(3,763)
Fringe Benefits	(178)
Payroll Liabilities	<u>(1,483)</u>

Total Adjustments (133,078)

Net Cash Provided by (Used in) Operating Activities \$ (1,510,668)

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

General

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

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

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

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

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

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

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

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

Method of Accounting

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

Cash and Cash Equivalents

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

Vacation and Sick Leave

EASTGATE employees generally earn vacation ranging 10 to 25 days per year based on the length of service. The amount accrued for vacation leave was \$79,872. The amount accrued for sick leave was \$46,796, using the vesting method. These two numbers are included in the long term liabilities of \$126,668.

Property and Equipment

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

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes classify monies held by EASTGATE into three categories.

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

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

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

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

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

At year end, the carrying amount of EASTGATE's deposits was \$362,774, and the bank balance was \$403,416. Of the bank balance, \$403,416 was insured by FDIC and \$0 was uninsured.

Investments - EASTGATE had no investments at June 30, 2010.

3. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Defined Benefit Pension Obligation

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 10.0%. The 2010 employer rate (the latest information available) for local government employer units was 14.00% of covered payroll, 8.5% is used to fund health care. The contribution requirements of plan members and EASTGATE are established and may be amended by the Public Employees Retirement Board. EASTGATE's contributions to the OPERS for the years ending June 30, 2010, 2009, and 2008, were \$115,166, \$109,138, and \$110,370, respectively, which represents 100 percent contributions for all three years.

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.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

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 2010 and 2009, the Authority 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 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. 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, 2010, which were used to fund postemployment benefits was \$57,578.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

4. ACCUMULATED FRINGE BENEFITS

Accumulated fringe benefits includes accrued employee hospitalization of \$722 and accrued employee share of OPERS of \$11,125 for a total of \$11,847.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

5. LEASE

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

Minimum future rental commitments under a non-cancelable operating lease having a remaining term of 18 months are as follows:

July 1, 2010 to June 30, 2011	\$	88,040
July 1, 2011 to December 31, 2011		44,026
Total Minimum Payments Required	\$	132,066

6. COST ALLOCATION METHOD

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

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

7. CONTINGENCIES

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

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Equipment, Furniture and Fixtures	\$ 239,400	\$ 2,783	-	\$ 242,183
Accumulated Depreciation	(226,053)	(7,831)	-	(233,884)
Net Capital Assets	\$ 13,347	\$ (5,048)	-	\$ 8,299

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2010**

9. RISK MANAGEMENT

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

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

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

10. LONG TERM OBLIGATIONS

The change in long-term obligations of EASTGATE during fiscal year 2010 were as follows:

	Balance 7/1/2009	Increases	Decreases	Balance 6/30/2010	Amounts Due Within One Year
Compensated absences	\$ 118,969	\$ 104,949	\$ 97,250	\$ 126,668	\$ 103,543

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

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

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

11. DREDGING PROJECT ESCROW

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

Eastgate Regional Council of Governments

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Receipts Recognized</u>	<u>Program Expenditures</u>
<u>U.S. Department of Transportation</u>				
Passed Through the Ohio Department of Transportation:				
Federal Highway Administration:				
Highway Research	9230	20.205	\$ 549,770	\$ 615,958
Highway Research Carryover	9230	20.205	117,009	129,448
STP	9230	20.205	86,206	85,823
STP Carryover	9230	20.205	23,267	22,738
Air Quality Program	8617	20.205	110,044	110,013
Air Quality Program Carryover	8617	20.205	24,260	24,155
Rideshare Program	9230	20.205	18,888	18,860
Rideshare Program Carryover	9230	20.205	<u>3,108</u>	<u>3,130</u>
Total U.S. Department of Transportation			932,552	1,010,125
<u>U.S. Environmental Protection Agency</u>				
ARRA-Water Quality Planning (EPA)	604(b)	66.454	67,067	72,336
<u>U.S. Department of Defense</u>				
Passed Through the Mahoning Valley Economic Development Corporation:				
2008 Procurement Program	SCAP03-3	12.002	51,179	67,858
<u>Appalachian Regional Commission</u>				
Appalachian Regional Development	N/A	23.009	24,582	42,207
<u>U.S. Department of Commerce</u>				
Planning Program	06-83-05222	11.302	<u>52,615</u>	<u>52,412</u>
Total Federal Financial Assistance			<u>\$ 1,127,995</u>	<u>\$ 1,244,938</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2010

1. **General**

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

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

We have audited the financial statements of the Eastgate Regional Council of Governments, Mahoning County (Council) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, federal awarding agencies and pass-through entities and others within the Consortium. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris & Associates". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
February 25, 2011

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL 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, Ohio 44503

To Board of Directors:

Compliance

We have audited the compliance of the Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal programs. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, Eastgate Regional Council of Governments complied, in all material respects, with the requirements referred to above that apply to each its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. ***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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris & Associates". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
February 25, 2011

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS AND
COMPUTATION OF FRINGE BENEFIT RATES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Actual Rates</u>	<u>ODOT Approved Provisional Rate</u>
Fringe Benefits		
Sick, Vacation, and Holiday Pay	\$ 128,759	\$ 147,291
Hospitalization and Life Insurance	201,481	150,000
OPERS	117,448	125,564
Worker's Compensation, Unemployment & Medicare	13,122	16,160
Prior Year Carry Forward Adjustment (for Budget Purposes Only)	<u>(44,845)</u>	<u></u>
 TOTAL FRINGE BENEFIT COSTS (A)	 <u>415,965</u>	 <u>439,015</u>
 Direct and Administrative Salaries		
Direct Salaries	\$ 601,559	\$ 643,234
Indirect Salaries - Administrative	<u>99,993</u>	<u>106,359</u>
 TOTAL DIRECT AND ADMINISTRATIVE SALARIES (B)	 <u>701,552</u>	 <u>749,593</u>
 FRINGE BENEFIT RATE (A/B)	 59.29%	 58.57%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND
COMPUTATION OF INDIRECT COST RATES
FOR THE YEAR ENDED JUNE 30, 2010**

	Actual Rates	ODOT Approved Provisional Rate
Indirect Costs		
Administrative and Fiscal Management	\$ 99,993	\$ 106,359
Fringe Benefits for Indirect Salaries- \$114,205 x 60.04%=62,632	58,966	62,294
Postage	880	2,500
Travel	5,653	7,000
Telephone	7,040	9,000
Machine Rental and Maintenance	2,976	3,500
Duplication and Printing	6,913	10,000
Office Supplies	1,525	2,500
Depreciation	7,831	8,000
Office Rent, Utilities & Insurance	107,515	110,000
Legal/Audit/Bookkeeping	22,725	24,000
Computers	1,804	6,000
Miscellaneous	293	1,100
Prior Year Carry Forward Adjustment (for Budget Purposes Only)	(4,926)	
TOTAL INDIRECT COSTS (A)	319,188	352,253
DIRECT SALARIES (B)	601,559	643,234
INDIRECT COST RATE (A/B)	53.06%	54.76%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
Revenue:	
FHWA Grant Funds	\$ 549,770
ODOT Grant Funds	68,721
Local Match	68,721
Total Revenue	687,212
Expenditures:	
Direct Salaries	287,039
Direct Expenditures	74,871
Fringe Benefits	170,185
Indirect Costs	152,303
Total Expenditures	684,398
Revenue Over/Under Expenditures	2,814
Grant Funds Received	618,491
90% of Total Expenditures	615,958
Amount in Excess of 90%	\$ 2,533

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT 2009 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 44,630
ODOT Grant Funds	5,579
Local Match	5,579
Total Revenue	55,788
Expenditures:	
Direct Salaries	23,385
Direct Expenditures	5,900
Fringe Benefits	13,865
Indirect Costs	12,408
Total Expenditures	55,558
Revenue Over/Under Expenditures	230
Grant Funds Received	50,209
90% of Total Expenditures	50,002
Amount in Excess of 90%	\$ 207

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT 2008 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 72,379
ODOT Grant Funds	9,047
Local Match	9,047
Total Revenue	90,473
Expenditures:	
Direct Salaries	37,108
Direct Expenditures	5,485
Fringe Benefits	22,280
Indirect Costs	23,400
Total Expenditures	88,273
Revenue Over/Under Expenditures	2,200
Grant Funds Received	81,426
90% of Total Expenditures	79,446
Amount in Excess of 90%	\$ 1,980

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 86,206
Expenditures:	
Direct Salaries	39,058
Direct Expenditures	2,884
Fringe Benefits	23,157
Indirect Costs	20,724
Total Expenditures	85,823
Revenue Over/Under Expenditures	383
Grant Funds Received	86,206
100% of Total Expenditures	85,823
Amount in Excess of 100%	\$ 383

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP 2009 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 2,521
Expenditures:	
Direct Salaries	1,182
Direct Expenditures	
Fringe Benefits	692
Indirect Costs	647
Total Expenditures	2,521
Revenue Over/Under Expenditures	-
Grant Funds Received	2,521
100% of Total Expenditures	2,521
Amount in Excess of 100%	\$ -

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT STP 2008 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 20,746
Expenditures:	
Direct Salaries	8,917
Direct Expenditures	323
Fringe Benefits	5,354
Indirect Costs	5,623
Total Expenditures	20,217
Revenue Over/Under Expenditures	529
Grant Funds Received	20,746
100% of Total Expenditures	20,217
Amount in Excess of 100%	\$ 529

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 110,044
Expenditures:	
Direct Salaries	3,178
Direct Expenditures	103,265
Fringe Benefits	1,884
Indirect Costs	1,686
Total Expenditures	110,013
Revenue Over/Under Expenditures	31
Grant Funds Received	110,044
100% of Total Expenditures	110,013
Amount in Excess of 100%	\$ 31

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE 2009 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 8,912
Expenditures:	
Direct Salaries	1,975
Direct Expenditures	4,698
Fringe Benefits	1,157
Indirect Costs	1,082
Total Expenditures	8,912
Revenue Over/Under Expenditures	-
Grant Funds Received	8,912
100% of Total Expenditures	8,912
Amount in Excess of 100%	\$ -

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - CMAQ OZONE 2008 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 15,348
Expenditures:	
Direct Salaries	1,774
Direct Expenditures	11,285
Fringe Benefits	1,065
Indirect Costs	1,119
Total Expenditures	15,243
Revenue Over/Under Expenditures	105
Grant Funds Received	15,348
100% of Total Expenditures	15,243
Amount in Excess of 100%	\$ 105

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT CMAQ - RIDESHARE
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 18,888
Expenditures:	
Direct Salaries	2,790
Direct Expenditures	12,936
Fringe Benefits	1,654
Indirect Costs	1,480
Total Expenditures	18,860
Revenue Over/Under Expenditures	28
Grant Funds Received	18,888
100% of Total Expenditures	18,860
Amount in Excess of 100%	\$ 28

Note:

Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 ODOT - RIDESHARE 2008 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 3,108
Expenditures:	
Direct Salaries	1,395
Direct Expenditures	17
Fringe Benefits	838
Indirect Costs	880
Total Expenditures	3,130
Revenue Over/Under Expenditures	(22)
Grant Funds Received	3,108
100% of Total Expenditures	3,130
Amount in Excess of 100%	\$ (22)

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF COMMERCE (EDA)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 52,615
Local Match	52,615
Total Revenue	105,230
Expenditures:	
Direct Salaries	46,393
Direct Expenditures	6,308
Fringe Benefits	27,506
Indirect Costs	24,616
Total Expenditures	104,823
Revenue Over/Under Expenditures	407
Grant Funds Received	52,615
50% of Total Expenditures	52,412
Amount in Excess of 50 %	\$ 204

Note:
Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
EPA - WATER QUALITY PLANNING - 604(B)
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 54,200
Total Revenue	54,200
Expenditures:	
Element #1200.01	
Direct Salaries	1,343
Direct Expenditures	
Fringe Benefits	796
Indirect Costs	713
Total Expenditures Element #1200.01	2,852
Element #1200.02	
Direct Salaries	11,427
Direct Expenditures	622
Fringe Benefits	6,775
Indirect Costs	6,063
Total Expenditures Element #1200.02	24,887
Element #1200.03	
Direct Salaries	12,267
Direct Expenditures	167
Fringe Benefits	7,273
Indirect Costs	6,509
Total Expenditures Element #1200.03	26,216
Total Expenditures	53,955
Revenue Over/Under Expenditures	245
Grant Funds Received	54,200
100% of Total Expenditures	53,955
Amount in Excess of 100%	\$ 245

Note:

Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 EPA - WATER QUALITY PLANNING - 604(B) 2008 CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	ACTUAL
Revenue:	
Grant Funds	\$ 12,867
Local Match	5,514
Total Revenue	18,381
Expenditures:	
Element #1200.01	
Direct Salaries	618
Direct Expenditures	76
Fringe Benefits	375
Indirect Costs	422
Total Expenditures Element #1200.01	1,491
Element #1200.02	
Direct Salaries	5,682
Direct Expenditures	325
Fringe Benefits	3,448
Indirect Costs	3,884
Total Expenditures Element #1200.02	13,339
Element #1200.03	
Direct Salaries	1,507
Direct Expenditures	100
Fringe Benefits	914
Indirect Costs	1,030
Total Expenditures Element #1200.03	3,551
Total Expenditures	18,381
Revenue Over/Under Expenditures	-
Grant Funds Received	12,867
70% of Total Expenditures	12,867
Amount in Excess of 100%	\$ -

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF DEFENSE - PROCUREMENT PROGRAM
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Actual
Revenue:	
Grant Funds	\$ 49,319
Local Match	16,440
Total Revenue	65,759
Expenditures:	
Direct Salaries	30,596
Direct Expenditures	474
Fringe Benefits	18,140
Indirect Costs	16,234
Total Expenditures	65,444
Revenue Over/Under Expenditures	\$ 315

Note: Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
U.S. DEPARTMENT OF DEFENSE - PROCUREMENT PROGRAM
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
2008 CARRYOVER
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Actual
Revenue:	
Grant Funds	\$ 1,860
Local Match	620
Total Revenue	2,480
Expenditures:	
Direct Salaries	1,071
Direct Expenditures	25
Fringe Benefits	643
Indirect Costs	675
Total Expenditures	2,414
Revenue Over/Under Expenditures	\$ 66

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 APPALACHIAN REGIONAL DEVELOPMENT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 24,582
Local Match	24,582
	<u>49,164</u>
Total Revenue	<u>49,164</u>
Expenditures:	
Direct Salaries	17,815
Direct Expenditures	4,376
Fringe Benefits	10,563
Indirect Costs	9,453
	<u>42,207</u>
Total Expenditures	<u>42,207</u>
Revenue Over/Under Expenditures	<u>\$ 6,957</u>

Note:

Eastgate invoiced using a fixed rate of 58.57% for Fringe Benefits and 54.76% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 59.29% for Fringe Benefits and 53.06% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
June 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
June 30, 2010

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
For the Year Ended June 30, 2010

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2009, reported no material citations or recommendations.

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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
APRIL 12, 2011**