

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the year ended June 30, 2007

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



Mary Taylor, CPA
Auditor of State

Board of Directors
Eastgate Regional Council of Governments
100 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, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 4, 2008

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EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the Year Ended June 30, 2007

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Charles E. Harris & Associates, Inc.
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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio as of and for the year ended June 30, 2007, 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, 2007, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2007, 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 22 through 33 (as listed in the Table of Contents) is presented for additional analysis and are not a required part of the financial statements of the Eastgate Regional Council of Governments. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
November 16, 2007

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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, 2007. 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 2007 are as follows:

Overall:

- For business-type activities, net assets decreased \$24,042 or 7.3% to \$305,827 from 2006.
- EASTGATE had \$1,474,362 in expenses related to business-type activities and \$355,121 of these expenses were offset by operating revenues and \$1,119,241 by non-operating revenues.
- The business-type activities decreased revenues \$54,263 or 3.6% to \$1,450,320.

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, 2007

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 2007?" 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 2007 and 2006 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Table 1
6/30/2007

	Business-Type Activities	
	2007	2006
Assets		
Current and Other Assets	\$ 634,602	\$ 668,289
Capital Assets	28,601	33,921
Total Assets	\$ 663,203	\$ 702,210
Liabilities		
Long-term Liabilities	\$ 55,100	\$ 44,752
Other Liabilities	302,276	327,588
Total Liabilities	\$ 357,376	\$ 372,340
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 28,601	\$ 33,921
Unrestricted Net Assets	277,226	295,948
Total Net Assets	\$ 305,827	\$ 329,869

Total assets decreased 5.6% in fiscal year 2007. This decrease occurred mainly in cash, which was due to decreased federal funding.

Total liabilities decreased 4% in fiscal year 2007, due mainly to the closing of a credit line.

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 2007 and 2006 for comparison purposes.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Table 2
6/30/2007

	Business-Type Activities	
	2007	2006
<u>OPERATING REVENUE:</u>		
Membership Dues	\$ 168,936	\$ 168,936
Charges for Services	166,389	131,128
Miscellaneous	596	416
USGS Passthrough	19,200	19,200
TOTAL OPERATING REVENUES	355,121	319,680
<u>OPERATING EXPENSES:</u>		
Salaries and Benefits	911,470	998,679
Other Expenses	319,936	230,689
General Administrative and Fiscal Costs	110,949	115,717
Occupancy	100,891	98,890
Depreciation	11,916	11,609
USGS Passthrough	19,200	19,200
TOTAL OPERATING EXPENSES	1,474,362	1,474,784
Operating Income (Loss)	(1,119,241)	(1,155,104)
<u>NON-OPERATING REVENUE:</u>		
Federal	1,026,488	1,119,554
State	67,573	64,169
Golf Outing (Net)	-	28
Interest Income	1,138	1,152
TOTAL NON-OPERATING REVENUE	1,095,199	1,184,903
Changes in Net Assets	(24,042)	29,799
Net Assets (Deficit) Beginning of Year	329,869	300,070
Net Assets (Deficit) End of Year	\$ 305,827	\$ 329,869

In fiscal year 2007, revenues decreased 3.6% due to decreased federal funding, while expenditures also decreased slightly from fiscal year 2006.

Eastgate Regional Council of Governments
Mahoning County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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 2007, Eastgate had \$28,601 (net) invested in equipment, furniture and fixtures.

Debt

At June 30, 2007, EASTGATE had long-term debt of \$55,100. Long-term debt is made up of \$55,100 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 2008 and 2009 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, 2007**

ASSETS

Cash	\$ 382,531
Restricted Dredging Project Escrow Cash	55,100
Accounts Receivable	194,745
Prepaid Expenses	593
Deferred Charges	1,633
Property and Equipment	<u>28,601</u>

TOTAL ASSETS

\$ 663,203

LIABILITIES

Accounts Payable	\$ 22,049
Payroll Withholding	9,170
Accrued Payroll	30,023
Fringe Benefits (Note 4)	142,356
Payroll Liabilities	14,210
Deferred Revenue	84,468
Long-term Liability - Due Within One Year Liability for Dredging Project Escrow	<u>55,100</u>

Total Liabilities

\$ 357,376

NET ASSETS

Invested in Capital Assets	\$ 28,601
Unrestricted	<u>277,226</u>

TOTAL NET ASSETS

\$ 305,827

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, 2007**

OPERATING REVENUE:

Membership Dues	\$	168,936
Charges for Services		166,389
Miscellaneous		596
USGS Passthrough		19,200
		19,200
TOTAL OPERATING REVENUES		355,121

OPERATING EXPENSES:

Salaries	553,333
Other Expenses	275,442
General Administrative and Fiscal Costs	110,949
Computer Updates	6,915
Travel	4,331
Telephone	8,180
Duplicating and Printing	6,976
Machine Rental and Maintenance	3,436
Office Supplies	1,940
Occupancy	100,891
Professional Services	10,912
Postage	977
Miscellaneous	827
Depreciation	11,916
USGS Passthrough	19,200
Paid Leave	125,012
Hospitalization	119,960
Payroll Taxes	113,165
	113,165
TOTAL OPERATING EXPENSES	1,474,362

Operating Income (Loss)	(1,119,241)
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NON-OPERATING REVENUE:

Federal	1,026,488
State	67,573
Interest Income	1,138
	1,138
TOTAL NON-OPERATING REVENUE	1,095,199

Changes in Net Assets	(24,042)
Net Assets (Deficit) Beginning of Year	329,869
	329,869
Net Assets (Deficit) End of Year	\$ 305,827

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, 2007**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$ 404,182
Cash Payments to Employees for Services	(685,148)
Cash Payments for Employee Benefits	(362,063)
Cash Payments for Goods and Services	(134,803)
Other Cash Payments	<u>(331,878)</u>

Net Cash Provided by (Used in) Operating Activities (1,109,710)

Cash Flows from Noncapital Financing Activities

Grants Received	<u>1,094,061</u>
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Net Cash Provided by (Used by) Noncapital Financing Activities 1,094,061

Cash Flows from Capital Financing Activities

Acquisition of Capital Assets	<u>(6,596)</u>
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Net Cash Provided by (Used by) Capital Financing Activities (6,596)

Cash Flows from Investing Activities

Interest on Investments	<u>1,138</u>
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Net Cash Provided by (Used by) Investing Activities 1,138

Net Increase (Decrease) in Cash and Cash Equivalents (21,107)

Cash and Cash Equivalents Beginning of Year 403,638

Cash and Cash Equivalents End of Year \$ 382,531

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

Operating Income (Loss) \$ (1,119,241)

Adjustments:

Depreciation	11,916
(Increase) Decrease in Assets:	
Accounts receivable	58,035
Prepaid Expenses	9,545
Increase (Decrease) in Liabilities:	
Accounts Payable	(30,018)
Credit Line	(44,520)
Accrued Wages and Benefits	647
Payroll Withholding	1,593
Fringe Benefits	10,545
Payroll Liabilities	<u>(8,212)</u>

Total Adjustments 9,531

Net Cash Provided by (Used in) Operating Activities \$ (1,109,710)

See accompanying notes to the basic financial statements

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2007**

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, 2007**

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.

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. 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.

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.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2007**

At year end, the carrying amount of EASTGATE's deposits was \$437,631, and the bank balance was \$455,356. Of the bank balance, \$200,100 was insured by FDIC and \$255,256 was uninsured. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject EASTGATE to a successful claim by the FDIC.

Investments - EASTGATE had no investments at June 30, 2007.

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. The OPERS 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 Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 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 9.0%. The 2006 employer rate (the latest information available) for local government employer units was 13.70% of covered payroll, 9.20% to fund the pension benefit obligation and 4.5% 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, 2007, 2006, and 2005, were \$105,869, \$118,998, and \$105,312, respectively, which represents 100 percent contributions for all three years.

Other Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after eight years.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2007**

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

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$34,778. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

4. ACCUMULATED UNPAID EMPLOYEE BENEFITS

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 \$82,822. The amount accrued for sick leave was \$53,139, using the vesting method. These two numbers and an amount of \$6,395 for deferred compensation is included in the total liability for fringe benefits of \$142,356.

5. LEASE

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

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

July 1, 2007 to June 30, 2008	\$ 88,044
July 1, 2008 to June 30, 2009	88,044
July 1, 2009 to June 30, 2010	88,044
July 1, 2010 to June 30, 2011	88,040
July 1, 2011 to December 31, 2011	44,026
Total Minimum Payments Required	<u>\$ 396,198</u>

6. COST ALLOCATION METHOD

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

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
Notes to the Financial Statements
For the Year Ended June 30, 2007**

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, 2007, was as follows:

	<u>Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2007</u>
Equipment, Furniture and Fixtures	\$ 224,456	\$ 6,596	-	\$ 231,052
Accumulated Depreciation	(190,535)	(11,916)	-	(202,451)
Net Capital Assets	\$ 33,921	\$ (5,320)	-	\$ 28,601

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.

Eastgate Regional Council of Governments

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2007

<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	\$ 420,237	\$ 537,202
Highway Research Carryover	9230	20.205	120,356	138,358
STP	9230	20.205	92,195	132,774
Air Quality Program	8617	20.205	90,186	94,178
Air Quality Program Carryover	8617	20.205	64,249	65,076
Rideshare Carryover Program	9230	20.205	<u>46,175</u>	<u>40,802</u>
Total Ohio Department of Transportation			833,398	1,008,390
Passed Through the Western Reserve Transit Authority (WRTA):				
Transit Exclusive 5307	5307	20.507	<u>26,032</u>	<u>35,615</u>
Total U.S. Department of Transportation			859,430	1,044,005
<u>U.S. Environmental Protection Agency</u>				
Water Quality Planning (EPA)	604(b)	66.458	52,571	49,467
<u>U.S. Department of Defense</u>				
Passed Through the Mahoning Valley Economic Development Corporation:				
2007 Procurement Program	SCAP03-3	12.002	39,032	44,783
<u>U.S. Department of Commerce</u>				
Passed Through the State and Urban Area Economic Development:				
Planning Program	06-83-04590	11.302	<u>49,650</u>	<u>54,813</u>
Total U.S. Department of Commerce			<u>49,650</u>	<u>54,813</u>
Total Federal Financial Assistance			<u>\$ 1,000,683</u>	<u>\$ 1,193,068</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, 2007

1. **General**

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

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

We have audited the financial statements of Eastgate Regional Council of Governments, Mahoning County (Council) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

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

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

Compliance and Other Matters

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

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

Charles E. Harris & Associates, Inc.
November 16, 2007

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**

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

To Board of Directors:

Compliance

We have audited the compliance of the Eastgate Regional Council of Governments (Eastgate), Mahoning County, Youngstown, Ohio with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. Eastgate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Eastgate's management. Our responsibility is to express an opinion on Eastgate's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Eastgate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Eastgate's compliance with those requirements.

In our opinion, Eastgate complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

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

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

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

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

Charles E. Harris & Associates, Inc.
November 16, 2007

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 SCHEDULE OF FRINGE BENEFITS AND
 COMPUTATION OF FRINGE BENEFIT RATES
 FOR THE YEAR ENDED JUNE 30, 2007**

Fringe Benefits	
Sick, Vacation, and Holiday Pay	\$ 125,012
Hospitalization and Life Insurance	119,960
PERS	106,000
Worker's Compensation, Unemployment & Medicare	<u>12,391</u>
 TOTAL FRINGE BENEFIT COSTS (A)	 <u>363,363</u>
 Direct and Administrative Salaries	
Direct Salaries	\$ 553,333
Indirect Salaries - Administrative	<u>110,949</u>
 TOTAL DIRECT AND ADMINISTRATIVE SALARIES (B)	 <u>664,282</u>
 FRINGE BENEFIT RATE (A/B)	 54.70%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND
COMPUTATION OF INDIRECT COST RATES
FOR THE YEAR ENDED JUNE 30, 2007**

Indirect Costs	
Administrative and Fiscal Management	\$ 110,949
Fringe Benefits - \$110,949 x 57.41%=63,696	60,689
Postage	977
Travel	4,331
Telephone	8,181
Machine Rental and Maintenance	3,436
Duplication and Printing	6,976
Office Supplies	1,940
Depreciation	11,916
Office Rent, Utilities & Insurance	100,891
Legal and Audit	10,912
Computers	6,915
Miscellaneous	<u>827</u>
 TOTAL INDIRECT COSTS (A)	 <u>328,940</u>
 DIRECT SALARIES (B)	 <u>553,333</u>
 INDIRECT COST RATE (A/B)	 59.45%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
Revenue:	
FHWA Grant Funds	\$ 420,237
ODOT Grant Funds	52,529
Local Match	52,529
 Total Revenue	 525,295
Expenditures:	
Direct Salaries	263,919
Direct Expenditures	33,820
Fringe Benefits	145,947
Indirect Costs	153,205
 Total Expenditures	 596,891
 Revenue Over/Under Expenditures	 (71,596)
 Grant Funds Received	 472,766
 90% of Total Expenditures	 537,202
 Amount in Excess of 90%	 \$ (64,436)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% for Indirect Costs. The actual rates are reflected in this statement, but adjustments to the Financial Statements were not made per instructions by Eastgate Oversight Agency.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2007

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 120,356
ODOT Grant Funds	15,044
Local Match	15,044
Total Revenue	150,444
Expenditures:	
Direct Salaries	38,620
Direct Expenditures	71,335
Fringe Benefits	21,357
Indirect Costs	22,419
Total Expenditures	153,731
Revenue Over/Under Expenditures	(3,287)
Grant Funds Received	135,400
90% of Total Expenditures	138,358
Amount in Excess of 90%	\$ (2,958)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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, 2007

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 92,195
Expenditures:	
Direct Salaries	59,162
Direct Expenditures	6,551
Fringe Benefits	32,717
Indirect Costs	34,344
Total Expenditures	<u>132,774</u>
Revenue Over/Under Expenditures	<u>(40,579)</u>
Grant Funds Received	92,195
100% of Total Expenditures	<u>132,774</u>
Amount in Excess of 100%	<u>\$ (40,579)</u>

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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, 2007

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 90,186
Expenditures:	
Direct Salaries	9,518
Direct Expenditures	73,872
Fringe Benefits	5,263
Indirect Costs	5,525
Total Expenditures	94,178
Revenue Over/Under Expenditures	(3,992)
Grant Funds Received	90,186
100% of Total Expenditures	94,178
Amount in Excess of 100%	\$ (3,992)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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 06 Carryover
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 64,249
Expenditures:	
Direct Salaries	9,165
Direct Expenditures	45,523
Fringe Benefits	5,068
Indirect Costs	5,320
Total Expenditures	65,076
Revenue Over/Under Expenditures	(827)
Grant Funds Received	64,249
100% of Total Expenditures	65,076
Amount in Excess of 100%	\$ (827)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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, 2007

	ACTUAL
Revenue:	
Grant Funds	\$ 46,175
Expenditures:	
Direct Salaries	8,624
Direct Expenditures	22,403
Fringe Benefits	4,769
Indirect Costs	5,006
Total Expenditures	40,802
Revenue Over/Under Expenditures	5,373
Grant Funds Received	46,175
100% of Total Expenditures	40,802
Amount in Excess of 100%	\$ 5,373

Note:

Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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
 FTA SECTION 5307
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2007

	ACTUAL
Revenue:	
Grant Funds	\$ 26,032
Local Match	6,508
Total Revenue	32,540
Expenditures:	
Direct Salaries	20,678
Direct Expenditures	402
Fringe Benefits	11,435
Indirect Costs	12,004
Total Expenditures	44,519
Revenue Over/Under Expenditures	(11,979)
Grant Funds Received	26,032
80% of Total Expenditures	35,615
Amount in Excess of 80%	\$ (9,583)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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, 2007

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 49,650
Local Match	49,650
Total Revenue	99,300
Expenditures:	
Direct Salaries	49,842
Direct Expenditures	3,287
Fringe Benefits	27,563
Indirect Costs	28,933
Total Expenditures	109,625
Revenue Over/Under Expenditures	(10,325)
Grant Funds Received	49,650
50% of Total Expenditures	54,813
Amount in Excess of 50 %	\$ (5,163)

Note:

Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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, 2007

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 52,571
Expenditures:	
Direct Salaries	1,581
Direct Expenditures	43
Fringe Benefits	874
Indirect Costs	918
Total Expenditures Element #1200.01	3,416
Element #1200.02	
Direct Salaries	17,773
Direct Expenditures	1,045
Fringe Benefits	9,828
Indirect Costs	10,317
Total Expenditures Element #1200.02	38,963
Element #1200.03	
Direct Salaries	3,091
Direct Expenditures	494
Fringe Benefits	1,709
Indirect Costs	1,794
Total Expenditures Element #1200.03	7,088
Total Expenditures	49,467
Revenue Over/Under Expenditures	3,104
Grant Funds Received	52,571
100% of Total Expenditures	49,467
Amount in Excess of 100%	\$ 3,104

Note:

Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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 TECHNICAL ASSISTANCE FOR BUSINESS FIRMS
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007

	Actual
Revenue:	
Grant Funds	\$ 39,032
Local Match	9,402
Total Revenue	48,434
Expenditures:	
Direct Salaries	28,435
Direct Expenditures	680
Fringe Benefits	15,725
Indirect Costs	16,507
Total Expenditures	61,347
Revenue Over/Under Expenditures	(12,913)
Grant Funds Received	35,357
73% of Total Expenditures	44,783
Amount in Excess of 73%	\$ (9,426)

Note: Eastgate invoiced using a fixed rate of 57.41% for Fringe Benefits and 47.35% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 54.70% for Fringe Benefits and 59.45% 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 AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
June 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
JUNE 30, 2007

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
For the Year Ended June 30, 2007**

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2006, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2008**