

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the year ended June 30, 2005

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



**Auditor of State
Betty Montgomery**

Board of Directors
Eastgate Regional Council of Governments
5121 Mahoning Ave.
Youngstown, OH 44515

We have reviewed the *Report of Independent Accountants* of the Eastgate Regional Council of Governments, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 14, 2006

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EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

AUDIT REPORT

For the Year Ended June 30, 2005

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the financial statements of the business-type activities of the Eastgate Regional Council of Governments, Youngstown, Ohio as of and for the year ended June 30, 2005, 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, 2005, 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.

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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2005, 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Eastgate Regional Council of Governments, Youngstown, Ohio taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental data on pages 21 through 34 (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, Youngstown, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
November 18, 2005

Eastgate Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

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, 2005. 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 2005 are as follows:

Overall:

- For business-type activities, net assets decreased \$157,750 or 34.5% to \$300,070 from 2004.
- EASTGATE had \$1,489,017 in expenses related to business-type activities and 100% of these expenses were offset by program revenues.
- The business-type activities decreased revenues \$91,911 or 6.5% to \$1,331,267.

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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

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 2005?" 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 Revenue, 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 2005 and 2004 for comparison purposes.

Eastgate Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

Table 1
6/30/2005

	Business-Type Activities	
	2005	2004
Assets		
Current and Other Assets	\$ 596,248	\$ 794,968
Capital Assets	39,787	31,593
Total Assets	\$ 636,035	\$ 826,561
Liabilities		
Long-term Liabilities	\$ 232	\$ 101,085
Other Liabilities	335,733	267,656
Total Liabilities	\$ 335,965	\$ 368,741
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 39,787	\$ 31,593
Unrestricted Net Assets	260,283	426,227
Total Net Assets	\$ 300,070	\$ 457,820

What are EASTGATEs 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 2005 and 2004 for comparison purposes.

Eastgate Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

Table 2
6/30/2005

	Business-Type Activities	
	2005	2004
<u>OPERATING REVENUE:</u>		
Membership Dues	\$ 168,936	\$ 168,936
Charges for Services	201,983	244,971
Miscellaneous	897	1,498
USGS Passthrough	18,400	-
TOTAL OPERATING REVENUES	390,216	415,405
<u>OPERATING EXPENSES:</u>		
Salaries and Benefits	928,466	904,672
Other Expenses	277,481	151,548
General Administrative and Fiscal Costs	159,872	167,783
Occupancy	94,989	94,285
Depreciation	9,809	7,804
USGS Passthrough	18,400	-
TOTAL OPERATING EXPENSES	1,489,017	1,326,092
Operating Income (Loss)	(1,098,801)	(910,687)
<u>NON-OPERATING REVENUE:</u>		
Federal	881,669	915,185
State	58,135	88,548
Golf Outing (Net)	338	(379)
Interest Income	909	525
TOTAL NON-OPERATING REVENUE	941,051	1,003,879
Changes in Net Assets	(157,750)	93,192
Net Assets (Deficit) Beginning of Year	457,820	364,628
Net Assets (Deficit) End of Year	\$ 300,070	\$ 457,820

Eastgate Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

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 2005, Eastgate had \$39,787 (net) invested in equipment and furniture.

Debt

At June 30, 2005, EASTGATE had long-term debt of \$232. All long-term debt is for dedicated to the dredging project. Because of the nature of this 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 2006 and 2007 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, Assistant Director at Eastgate Regional Council of Governments, 5121 Mahoning Avenue, Youngstown, Ohio 44515.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2005**

ASSETS

Cash	\$ 301,529
Restricted Dredging Project Escrow Cash	232
Accounts Receivable	292,854
Deferred Charges	1,633
Property and Equipment	39,787
	39,787

TOTAL ASSETS

\$ 636,035

LIABILITIES

Accounts Payable	\$ 68,246
Payroll Withholding	1,809
Accrued Payroll	29,192
Fringe Benefits (Note 4)	142,064
Payroll Taxes	9,954
Deferred Revenue	84,468
Long-term Liability - Due Within One Year	
Liability for Dredging Project Escrow	232
	232

Total Liabilities

\$ 335,965

NET ASSETS

Invested in Capital Assets	\$ 39,787
Unrestricted	260,283
	260,283

TOTAL NET ASSETS

\$ 300,070

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005**

OPERATING REVENUE:

Membership Dues	\$	168,936
Charges for Services		201,983
Miscellaneous		897
USGS Passthrough		18,400
		390,216
TOTAL OPERATING REVENUES		390,216

OPERATING EXPENSES:

Salaries		574,491
Other Expenses		277,481
General Administrative and Fiscal Costs		108,762
Computer Updates		2,257
Travel		5,034
Telephone		8,522
Duplicating and Printing		5,541
Machine Rental and Maintenance		7,710
Office Supplies		2,491
Occupancy		94,989
Professional Services		18,159
Postage		728
Miscellaneous		668
Depreciation		9,809
USGS Passthrough		18,400
Paid Leave		124,756
Hospitalization		118,689
Payroll Taxes		110,530
		1,489,017
TOTAL OPERATING EXPENSES		1,489,017

Operating Income (Loss)		(1,098,801)
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NON-OPERATING REVENUE:

Federal		881,669
State		58,135
Golf Outing (Net)		338
Interest Income		909
		941,051
TOTAL NON-OPERATING REVENUE		941,051

Changes in Net Assets		(157,750)
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Net Assets (Deficit) Beginning of Year		457,820
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Net Assets (Deficit) End of Year	\$	300,070
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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, 2005**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$ 390,216
Cash Payments to Employees for Services	(654,061)
Cash Payments for Employee Benefits	(200,148)
Cash Payments for Goods and Services	<u>(501,771)</u>

Net Cash Provided by (Used in) Operating Activities (965,764)

Cash Flows from Noncapital Financing Activities

Grants Received	<u>939,804</u>
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Net Cash Provided by (Use by) Noncapital Financing Activities 939,804

Cash Flows from Capital Financing Activities

Acquisition of Capital Assets	<u>(8,492)</u>
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Net Cash Provided by (Used by) Capital Financing Activities (8,492)

Cash Flows from Investing Activities

Interest on Investments	<u>909</u>
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Net Cash Provided by (Used by) Investing Activities 909

Net Increase (Decrease) in Cash and Cash Equivalents (33,543)

Cash and Cash Equivalents Beginning of Year 335,304

Cash and Cash Equivalents End of Year \$ 301,761

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

Operating Income (Loss) \$ (1,098,801)

Adjustments:

Depreciation	9,809
(Increase) Decrease in Assets:	
Accounts Receivable	54,656
Prepaid Expenses	496
Increase (Decrease) in Liabilities:	
Accounts Payable	53,617
Accrued Wages and Benefits	6,492
Payroll Taxes	<u>7,967</u>

Total Adjustments 133,037

Net Cash Provided by (Used in) Operating Activities \$ (965,764)

See accompanying notes to the basic financial statements

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Year Ended June 30, 2005

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 have equal representation and the counties have no financial responsibility.

EASTGATE derives its funds to support its operations from Federal and State grants, dues from local government bodies desiring membership in EASTGATE, and contractual agreements between local government bodies and EASTGATE for the performance of specific studies and surveys. Because EASTGATE derives a majority of its 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

Notes to the Financial Statements

For the Year Ended June 30, 2005

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.

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

Notes to the Financial Statements

For the Year Ended June 30, 2005

At year end, the carrying amount of EASTGATE's deposits was \$301,761, and the bank balance was \$315,431. Of the bank balance, \$161,307 was insured by FDIC and \$154,124 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, 2005.

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 8.5%. The 2004 employer rate (the latest information available) for local government employer units was 13.55% of covered payroll, 8.55% to fund the pension benefit obligation and 4.0% 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, 2005, 2004, and 2003, were \$105,312, \$103,496, and \$96,010, 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. 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 Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by state statute. The 2004 employer contribution rate was 13.55% of covered payroll; 4.00% was the portion that was used to fund health care for 2004 (the latest information available).

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Year Ended June 30, 2005

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

The number of active contributing participants was 369,885. The EASTGATE's actual contributions for 2005, which were used to fund postemployment benefits were \$31,088. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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 \$80,591. The amount accrued for sick leave was \$51,243, these two numbers and an amount of \$10,230 for deferred compensation is included in the total liability for fringe benefits of \$142,064.

5. LEASE

EASTGATE leases its office facility under an operating lease which began December 1, 2001 and is for a five year term expiring November 30, 2006.

Minimum future rental commitments under a non-cancelable operating lease having a remaining term of 17 months are as follows:

July 1, 2005 to June 30, 2006	\$ 64,126
July 1, 2006 to November 30, 2006	<u>28,125</u>
Total Minimum Payments Required	<u><u>\$ 92,251</u></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
Notes to the Financial Statements
For the Year Ended June 30, 2005

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, 2005, was as follows:

	<u>Balance 7/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2005</u>
Equipment, Furniture and Fixtures	\$ 200,711	\$ 18,003	-	\$ 218,714
Accumulated Depreciation	<u>(169,118)</u>	<u>(9,809)</u>	<u>-</u>	<u>(178,927)</u>
Net Capital Assets	<u>\$ 31,593</u>	<u>\$ 8,194</u>	<u>-</u>	<u>\$ 39,787</u>

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, 2005

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Transportation</u>				
Passed Through The Ohio Department of Transportation:				
Federal Highway Administration:				
Highway Research	9230	20.205	\$ 457,082	\$ 567,796
Highway Research Carryover	9230	20.205	8,000	9,009
Highway Research Grant Safety Workshop	9230	20.205	2,542	2,542
STP	9230	20.205	117,892	136,614
Aerial Photography	9230	20.205	28,555	42,830
STP Carryover	9230	20.205	20,000	20,013
Air Quality Program	8617	20.205	123,463	180,028
Rideshare Program	9230	20.205	<u>0</u>	<u>17,846</u>
Total Ohio Department of Transportation			757,534	976,678
Passed Through the Western Reserve Transit Authority (WRTA):				
Transit Exclusive 5307	5307	20.507	<u>21,430</u>	<u>30,593</u>
Total Western Reserve Transit Authority			<u>21,430</u>	<u>30,593</u>
Total U.S. Department of Transportation			<u>778,964</u>	<u>1,007,271</u>
<u>U.S. Environmental Protection Agency</u>				
Water Quality Planning (EPA)	604(b)	66.458	<u>33,428</u>	<u>47,088</u>
Total U.S. Environmental Protection Agency			<u>33,428</u>	<u>47,088</u>
<u>U.S. Department of Defense</u>				
Passed Through the Mahoning Valley Economic Development Corporation:(DOD)				
2005 Procurement Program	SCAP03-3	12.002	<u>42,963</u>	<u>93,470</u>
Total U.S. Department of Defense			<u>42,963</u>	<u>93,470</u>
<u>U.S. Department of Commerce</u>				
Passed Through The State and Urban Area Economic Development: (EDA)				
Planning Program	06-83-04590	11.302	<u>26,314</u>	<u>67,088</u>
Total U.S. Department of Commerce			<u>26,314</u>	<u>67,088</u>
Total Federal Financial Assistance			\$ <u>881,669</u>	\$ <u>1,214,917</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, 2005

1. **General**

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

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

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

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

Board of Directors
Eastgate Regional Council of Governments
Youngstown, Ohio

We have audited the financial statements of the of the business-type activities of the Eastgate Regional Council of Governments, Youngstown, Ohio as of and for the year ended June 30, 2005, and have issued our report thereon dated November 18, 2005. 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 Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastgate's financial statements are free of material misstatement, we performed tests of its compliance with provisions of law, regulations, contracts, grant 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 are not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris & Associates, Inc.
November 18, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Eastgate Regional Council of Governments
Youngstown, Ohio

Compliance

We have audited the compliance of the Eastgate Regional Council of Governments, Youngstown, Ohio with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. 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, 2005.

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 and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

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

This report is intended for the information of management 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 18, 2005

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS AND
COMPUTATION OF FRINGE BENEFIT RATES
FOR THE YEAR ENDED JUNE 30, 2005**

Fringe Benefits		
Sick, Vacation, and Holiday Pay	\$	124,756
Hospitalization and Life Insurance		118,689
PERS		97,065
Worker's Compensation, Unemployment & Medicare		<u>13,465</u>
TOTAL FRINGE BENEFIT COSTS (A)		<u>353,975</u>
Direct and Administrative Salaries		
Direct Salaries	\$	574,491
Indirect Salaries - Administrative		<u>108,762</u>
TOTAL DIRECT AND ADMINISTRATIVE SALARIES (B)		<u>683,253</u>
FRINGE BENEFIT RATE (A/B)		51.81%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND
COMPUTATION OF INDIRECT COST RATES
FOR THE YEAR ENDED JUNE 30, 2005**

Indirect Costs		
Administrative and Fiscal Management	\$	108,762
Fringe Benefits - \$108,762 x 51.81%=56,347		56,347
Postage		728
Travel		5,034
Telephone		8,522
Machine Rental and Maintenance		7,710
Duplication and Printing		5,541
Office Supplies		2,491
Depreciation		9,809
Office Rent, Utilities & Insurance		94,989
Legal and Audit		18,159
Computers		2,257
Miscellaneous		<u>668</u>
 TOTAL INDIRECT COSTS (A)		 <u>321,017</u>
 DIRECT SALARIES (B)		 <u>574,491</u>
 INDIRECT COST RATE (A/B)		 55.88%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
 FHWA/ODOT GRANT
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2005

		<u>ACTUAL</u>
Revenue:		
FHWA Grant Funds	\$	457,082
ODOT Grant Funds		57,135
Local Match		<u>57,135</u>
 Total Revenue		 <u>571,352</u>
Expenditures:		
Direct Salaries		284,757
Direct Expenditures		31,869
Fringe Benefits		143,119
Indirect Costs		<u>171,139</u>
 Total Expenditures		 <u>630,884</u>
 Revenue Over/Under Expenditures		 <u><u>(59,532)</u></u>
 Grant Funds Received	\$	514,217
 90% of Total Expenditures		 <u>567,796</u>
 Amount in Excess of 90%	\$	 <u><u>(53,579)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 8,000
ODOT Grant Funds	1,000
Local Match	1,000
Total Revenue	10,000
Expenditures:	
Direct Salaries	4,353
Direct Expenditures	853
Fringe Benefits	2,188
Indirect Costs	2,616
Total Expenditures	10,010
Revenue Over/Under Expenditures	(10)
Grant Funds Received	\$ 9,000
90% of Total Expenditures	9,009
Amount in Excess of 90%	\$ (9)

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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 SAFETY WORKSHOP
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
Revenue:	
FHWA Grant Funds	\$ <u>2,542</u>
Total Revenue	<u>2,542</u>
Expenditures:	
Direct Expenditures	<u>2,542</u>
Total Expenditures	<u>2,542</u>
Revenue Over/Under Expenditures	<u><u>-</u></u>
Grant Funds Received	\$ 2,542
100% of Total Expenditures	<u>2,542</u>
Amount in Excess of 100%	\$ <u><u>-</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ <u>117,892</u>
Total Revenue	<u>117,892</u>
Expenditures:	
Direct Salaries	61,022
Direct Expenditures	8,247
Fringe Benefits	30,670
Indirect Costs	<u>36,674</u>
Total Expenditures	<u>136,613</u>
Revenue Over/Under Expenditures	<u><u>(18,721)</u></u>
Grant Funds Received	\$ 117,892
100% of Total Expenditures	<u>136,613</u>
Amount in Excess of 100%	\$ <u><u>(18,721)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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 - AERIAL
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ <u>28,555</u>
Total Revenue	<u>28,555</u>
Expenditures:	
Direct Expenditures	<u>42,830</u>
Total Expenditures	<u>42,830</u>
Revenue Over/Under Expenditures	<u><u>(14,275)</u></u>
Grant Funds Received	\$ 28,555
100% of Total Expenditures	<u>42,830</u>
Amount in Excess of 100%	\$ <u><u>(14,275)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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 - TRC SOFTMATCH CARRYOVER
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ <u>20,000</u>
Total Revenue	<u>20,000</u>
Expenditures:	
Direct Salaries	9,276
Direct Expenditures	500
Fringe Benefits	4,662
Indirect Costs	<u>5,575</u>
Total Expenditures	<u>20,013</u>
Revenue Over/Under Expenditures	<u><u>(13)</u></u>
Grant Funds Received	\$ 20,000
100% of Total Expenditures	<u>20,013</u>
Amount in Excess of 100%	\$ <u><u>(13)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ <u>123,463</u>
Total Revenue	<u>123,463</u>
Expenditures:	
Direct Salaries	12,577
Direct Expenditures	153,571
Fringe Benefits	6,321
Indirect Costs	<u>7,559</u>
Total Expenditures	<u>180,028</u>
Revenue Over/Under Expenditures	<u><u>(56,565)</u></u>
Grant Funds Received	\$ 123,463
100% of Total Expenditures	<u>180,028</u>
Amount in Excess of 100%	\$ <u><u>(56,565)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Expenditures:	
Direct Salaries	\$ 5,948
Direct Expenditures	5,334
Fringe Benefits	2,989
Indirect Costs	3,575
Total Expenditures	17,846
Revenue Over/Under Expenditures	(17,846)
Grant Funds Received	\$ -
100% of Total Expenditures	17,846
Amount in Excess of 100%	\$ (17,846)

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ 21,430
Local Match	5,358
Total Revenue	26,788
Expenditures:	
Direct Salaries	18,110
Direct Expenditures	145
Fringe Benefits	9,102
Indirect Costs	10,884
Total Expenditures	38,241
Revenue Over/Under Expenditures	(11,453)
Grant Funds Received	\$ 21,430
80% of Total Expenditures	30,593
Amount in Excess of 80%	\$ (9,163)

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ 26,314
Local Match	8,770
Total Revenue	35,084
Expenditures:	
Direct Salaries	32,169
Direct Expenditures	2,609
Fringe Benefits	16,168
Indirect Costs	19,334
Total Expenditures	70,280
Revenue Over/Under Expenditures	(35,196)
Grant Funds Received	\$ 26,314
67% of Total Expenditures	47,088
Amount in Excess of 67%	\$ (20,774)

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	ACTUAL
Revenue:	
Grant Funds	\$ <u>33,428</u>
Total Revenue	<u>33,428</u>
Expenditures:	
Element #1200.01	
Direct Salaries	1,771
Direct Expenditures	106
Fringe Benefits	890
Indirect Costs	<u>1,064</u>
Total Expenditures Element #1200.01	<u>3,831</u>
Element #1200.02	
Direct Salaries	29,775
Direct Expenditures	622
Fringe Benefits	14,965
Indirect Costs	<u>17,895</u>
Total Expenditures Element #1200.02	<u>63,257</u>
Total Expenditures	<u>67,088</u>
Revenue Over/Under Expenditures	<u><u>(33,660)</u></u>
Grant Funds Received	\$ 33,428
100% of Total Expenditures	<u>67,088</u>
Amount in Excess of 100%	\$ <u><u>(33,660)</u></u>

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005

	Actual
Revenue:	
Grant Funds	\$ 42,963
Local Match	15,532
Total Revenue	58,495
Expenditures:	
Direct Salaries	35,895
Direct Expenditures	17,960
Fringe Benefits	18,041
Indirect Costs	21,573
Total Expenditures	93,469
Revenue Over/Under Expenditures	(34,974)
Grant Funds Received	\$ 42,963
100% of Total Expenditures	93,469
Amount in Excess of 100%	\$ (50,506)

Note: Eastgate invoiced using a fixed rate of 50.26% for Fringe Benefits and 60.10% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 51.81% for Fringe Benefits and 55.88% 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, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS
MAHONING COUNTY
JUNE 30, 2005

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2004, reported no material citations or recommendations.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2006**