



**EASTGATE REGIONAL COUNCIL OF  
GOVERNMENTS  
MAHONING COUNTY**

**SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2012**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Eastgate Regional Council of Governments, Mahoning County, prepared by Canter & Associates, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 19, 2013

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**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS**

*Mahoning County*

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying 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, 2012, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Eastgate Regional Council of Governments, Youngstown, Ohio, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof 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 our report dated January 29, 2013, on our consideration of the Eastgate Regional Council of Governments internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastgate Regional Council of Governments financial statements as a whole. The accompanying schedule of expenditures of federal awards 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 also not a required part of the financial statements. The schedule of expenditures of federal awards and the supplementary data on pages 24 through 33 (as listed in the table of contents) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CANTER & ASSOCIATES

Poland, Ohio

January 29, 2013



# EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

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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, 2012. 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 2012 are as follows:

*Overall:*

- For business-type activities, net assets decreased \$99,065 or 17.05% to \$481,799 from 2011.
- EASTGATE had \$1,716,759 in expenses related to business-type activities and \$289,493 of these expenses were offset by operating revenues and \$1,328,201 by non-operating revenues.
- The business-type activities revenue decreased \$403,524 or 19.96% to \$1,617,694.

## **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 expense are reported in this statement for some items that will result in cash flows in future periods.

# EASTGATE REGIONAL COUNCIL OF GOVERNMENTS

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

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## **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 2012?" 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 2012 and 2011 for comparison purposes.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**Table 1**  
Business-Type Activities

	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 832,104	\$ 896,437
Capital Assets	10,788	5,587
Total Assets	<u>\$ 842,892</u>	<u>\$ 902,024</u>
Liabilities		
Long-term Liabilities	\$ 171,998	\$ 144,492
Other Liabilities	189,095	176,668
Total Liabilities	<u>\$ 361,093</u>	<u>\$ 321,160</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 10,788	\$ 5,587
Unrestricted Net Assets	471,011	575,277
Total Net Assets	<u>\$ 481,799</u>	<u>\$ 580,864</u>

Total assets decreased 6.6% in fiscal year 2012. This increase occurred mainly in cash, which was largely due to decreased revenues.

Total liabilities increased 12.4% in fiscal year 2012, due mainly to an increase in accounts payables, accrued payroll and payroll withholdings

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

Table 2 shows the change in net assets for fiscal years 2012 and 2011 for comparison purposes.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**Table 2**  
Business-Type Activities

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUE</b>		
Membership Dues	\$ 188,591	\$ 194,612
Charges for Services	80,102	92,931
USGS Passthrough	20,800	20,000
Total Assets	<u>289,493</u>	<u>307,543</u>
<b>OPERATING EXPENSES</b>		
Salaries & Benefits	1,227,932	1,117,326
Other Expenses	241,826	408,413
General Administrative & Fiscal Costs	112,183	100,070
Occupancy	109,852	107,953
Depreciation	4,166	4,402
USGS Passthrough	20,800	20,000
Total Operating Expenses	<u>1,716,759</u>	<u>1,758,164</u>
Operating Income (Loss)	(1,427,266)	(1,450,621)
<b>NON-OPERATING REVENUE</b>		
Federal	1,240,180	1,588,247
State	87,715	96,720
Interest Income	306	285
Total Non-Operating Revenue	<u>1,328,201</u>	<u>1,685,252</u>
Changes in Net Assets	(99,065)	234,631
Net Assets Beginning of Year	<u>580,864</u>	<u>346,233</u>
Net Assets End of Year	<u>\$ 481,799</u>	<u>\$ 580,864</u>

In fiscal year 2012, revenues decreased due to decreases in federal, state and local grant revenues while expenditures decreased from fiscal year 2011.

***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 the fiscal year 2012, Eastgate had \$10,788 (net) invested in equipment, furniture and fixtures.

# **EASTGATE REGIONAL COUNCIL OF GOVERNMENTS**

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

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## **Debt**

At June 30, 2012, Eastgate had long-term debt of \$20,100. Long-term debt is made up of \$20,100 dedicated to the dredging project. Because of the nature of the dredging project debt, no payments have been scheduled.

## **Current Financial Related Activities**

Eastgate receives its funding from the Federal Highway Administration, the Federal Transit Administration, the Ohio Department of Transportation, the Ohio Public Works Commission, Mahoning, Trumbull and Columbiana Counties, and numerous public entities within the counties. Grants for fiscal years 2013 and 2014 appear certain.

## **Contacting Eastgate's Financial Management**

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

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	<b>2012</b>
<b><u>ASSETS</u></b>	
Cash	\$ 453,987
Restricted Dredging Project Escrow Cash	20,100
Accounts Receivable	355,552
Prepaid Expenses	1,138
Deferred Charges	1,327
Property and Equipment (net)	10,788
 Total Assets	 \$ 842,892
<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 7,630
Payroll Withholding	10,323
Accrued Payroll	22,716
Fringe Benefits	16,227
Dredging Project Escrow	20,100
Payroll Liabilities	20,814
Deferred Revenue	91,285
Long-term Liabilities:	
Due Within One Year	112,442
Due in more than One Year	59,556
 Total Liabilities	 \$ 361,093
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets	\$ 10,788
Unrestricted	471,011
 Total Net Assets	 \$ 481,799

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

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**OPERATING REVENUE**

Membership Due	\$	188,591
Charges for Services		80,102
USGS Pass-through		20,800
		<hr/>
Total Operating Revenue		289,493
		<hr/>

**OPERATING EXPENSES**

Salaries		684,104
Other Expenses		188,344
General Administrative and Fiscal Costs		112,183
Computer Updates		12,405
Travel		4,147
Telephone		6,920
Duplicating and Printing		6,502
Machine Rental and Maintenance		1,577
Office Supplies		1,555
Occupancy		109,852
Professional Services		20,255
Postage		121
Miscellaneous		0
Depreciation		4,166
USGS Pass-through		20,800
Paid Leave		188,882
Hospitalization		202,671
Payroll Taxes		152,275
		<hr/>
Operating Expenses		1,716,759
		<hr/>

Operating Income (Loss) (1,427,266)

**NON-OPERATING REVENUE**

Federal		1,234,950
State		92,945
Interest Income		306
		<hr/>
Total Non-Operating Revenue		1,328,201
		<hr/>

Changes in Net Assets \$ (99,065)

Net Assets Beginning of Year - Restated (See Note 12)		580,864
Net Assets End of Year	\$	<hr/> <hr/> 481,799

*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, 2012**

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**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Customers	\$ 289,493
Cash Payments to Employees for Services	(875,032)
Cash Payments to Employee Benefits	(467,829)
Cash Payments for Good and Services	(130,107)
Other Cash Payments	<u>(242,371)</u>

*Net Cash Provided by (Used in) Operating Activities* (1,425,846)

**Cash Flows from Noncapital Financing Activities**

Grants Received	<u>1,294,081</u>
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*Net Cash Provided by (Used by) Noncapital Financing Activities* 1,294,081

**Cash Flows from Investing Activities**

Capital Purchase	(9,367)
Interest on Investments	<u>306</u>

*Net Cash Provided by (Used by) Investing Activities* (9,061)

*Net Increase (Decrease) in Cash and Cash Equivalents* (140,826)

*Cash and Cash Equivalents Beginning of Year* 594,813

*Cash and Cash Equivalents End of Year* \$ 453,987

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

*Operating Income (Loss)* \$ (1,427,266)

Adjustments:

Depreciation	4,166
(Increase) Decrease in Assets:	
Accounts Receivable	(48,367)
Prepaid Expenses	(333)
Increase (Decrease) in Liabilities:	
Accounts Payable	987
Accrued Wages and Benefits	4,338
Compensated Absences	27,506
Payroll Withholding	3,332
Fringe Benefits	3,924
Payroll Liabilities	<u>5,867</u>

*Total Adjustments* 1,420

*Net Cash Provided by (Used in) Operating Activities* \$ (1,425,846)

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



EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

**General**

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

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

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

With respect to proprietary activities, EASTGATE has adopted GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Units That Use Proprietary Fund Accounting*. EASTGATE 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, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Method of Accounting**

EASTGATE's funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned from grant agencies when the related expenses are recognized. Direct costs are billed to grantor agencies at actual cost; indirect costs are billed using the provisional rate method, which is calculated based on the most recently audited fiscal year with adjustments for projected changes. At the end of the fiscal year, an actual rate is calculated and the difference between the estimated and actual cost for the period covered by the rate is identified to specific contracts. Variances are either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust the future rates for the variance. Local revenue funds are recognized as revenue in the period in which they are assessed. The recognition of local revenue funds received which related to assessments for subsequent events is deferred.

**Cash and Cash Equivalents**

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

**Vacation and Sick Leave**

EASTGATE employees generally earn vacation ranging 10 to 25 days per year based on the length of service. The amount accrued for vacation leave was \$112,442. The amount accrued for sick leave was \$59,556, using the vesting method. These two numbers are included in the long term liabilities of \$171,998.

**Property and Equipment**

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

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

State statutes classify monies held by EASTGATE into three categories.

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

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

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

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

At year end, the carrying amount of EASTGATE's deposits was \$453,987, and the bank balance was \$479,722. Of the bank balance, \$414,891 was insured by FDIC and \$64,831 was uninsured.

**Investments**-EASTGATE had no investments at June 30, 2012.

**3. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

**Defined Benefit Pension Obligation**

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

OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do to qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 10.0%. The 2010 employer rate (the latest information available) for local government employer units was 14.00% of covered payroll, 5.0% is used to fund health care. The contribution requirements of plan members and EASTGATE are established and may be amended by the Public Employees Retirement Board.

EASTGATE's contributions to the OPERS for the years ending June 30, 2012, 2011, and 2010, were \$138,489, \$110,523, and \$115,166, respectively, which represents 100 percent contributions for all three years.

**Other Postemployment Benefits**

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, Eastgate contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011 (the latest information available), the employer contribution allocated to the health care plan was 5.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Eastgate contributions for the year ended June 30, 2012, which were used to fund postemployment benefits was \$39,567.

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

**4. ACCUMULATED FRINGE BENEFITS**

Accumulated fringe benefits includes accrued employee hospitalization of \$2,768 and accrued employee share of OPERS of \$13,459 for a total of \$16,227.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**5. LEASE**

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

Minimum future rental commitments under a non-cancelable operating lease having a remaining term of 54 months are as follows:

July 1, 2012-June 30, 2013	\$	88,044
July 1, 2013-June 30, 2014		88,044
July 1, 2014-June 30, 2015		88,044
July 1, 2015-June 30, 2016		88,044
July 1, 2016-December 31, 2016		44,026
Total Minimum Payments Required	\$	<u>396,202</u>

**6. COST ALLOCATION METHOD**

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

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

**7. CONTINGENCIES**

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Equipment, Furniture and Fixtures	\$ 243,873	\$ 9,367	\$ -	\$ 253,240
Accumulated Depreciation	(238,286)	(4,166)	-	(242,452)
Net Capital Assets	<u>\$ 5,587</u>	<u>\$ 5,201</u>	<u>\$ -</u>	<u>\$ 10,788</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
Fire and Medical Limit	1,000,000
Fire Legal Liability	250,000
Medical Expenses	5,000
Business Property	150,000
Contractor's Equipment	8,970
Automobile	1,000,000
Tenants Liability	250,000
Deductible	250

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

**10. LONG TERM OBLIGATIONS**

The change in long-term obligations of EASTGATE during fiscal year 2012 were as follows:

	Balance 7/1/2011	Increases	Decreases	Balance 6/30/2012	Amounts Due Within One Year
Compensated Absences	\$ 144,492	\$ 165,226	\$ 137,720	\$ 171,998	\$ 112,442

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

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

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

**11. DREDGING PROJECT ESCROW**

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

**12. RESTATEMENT OF PRIOR YEAR NET ASSETS**

The Net Assets have been restated to \$580,864 due to prior year accounts receivable overstatement.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program Title</b>	<b>Pass Through</b> <b>Entity</b> <b>Number</b>	<b>Federal</b> <b>CFDA</b> <b>Number</b>	<b>Federal</b> <b>Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Federal Highway Administration:			
Highway Research	9230	20.205	\$ 752,851
STP	9230	20.205	94,919
Air Quality Program	8617	20.205	137,873
Rideshare Program	9230	20.205	<u>38,315</u>
Total U.S. Department of Transportation			<u><b>1,023,958</b></u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
ARRA-Water Quality Planning (EPA)	604(b)	66.454	<u>141,115</u> <b>141,115</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<i>Passed Through the Mahoning Valley Economic Development Corporation:</i>			
Procurement Program	SCAP03-3	12.002	<u>39,285</u> <b>39,285</b>
<b>APPALACHIAN REGIONAL COMMISSION</b>			
Appalachian Regional Development	N/A	23.009	<u>28,355</u> <b>28,355</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Planning Program	06-83-05222	11.302	<u>66,401</u> <b>66,401</b>
<b>Total</b>			<u><u><b>\$1,299,114</b></u></u>

*The accompanying notes are an integral part of this schedule.*



**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

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



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' 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 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, 2012, and have issued our report thereon dated January 29, 2013. 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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider 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, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Eastgate Regional Council of Governments  
Mahoning County  
Independent Accountants' 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*  
Page 2

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, others within the entity, 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.



CANTER & ASSOCIATES

Poland, Ohio  
January 29, 2013



6400 OLDE STONE CROSSING  
POLAND, OHIO 44514  
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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 the Board of Directors:

Compliance

We have audited the Eastgate Regional Council of Governments (Council), Mahoning County, Youngstown, Ohio, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2012. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Eastgate Regional Council of Governments, Youngstown, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

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

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

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

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, others within the entity, 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.



Poland, Ohio  
January 29, 2013

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF FRINGE BENEFITS AND  
COMPUTATION OF FRINGE BENEFIT RATES  
For the Fiscal Year Ended June 30, 2012**

	<u>Actual Rates</u>	<u>ODOT Approved Provisional Rate</u>
Fringe Benefits		
Sick, Vacation and Holiday Pay	\$ 188,882	\$ 168,910
Hospitalization and Life Insurance	202,671	202,500
OPERS	138,056	136,275
Worker's Compensation, Unemployment & Medicare	14,219	14,834
<b>Total Fringe Benefit Costs (A)</b>	<u>543,828</u>	<u>522,519</u>
Direct and Administrative Salaries		
Direct Salaries	\$ 684,107	\$ 699,316
Indirect Salaries - Administrative	111,709	105,170
<b>Total Direct &amp; Administrative Salaries (B)</b>	<u>795,816</u>	<u>804,486</u>
<b>Fringe Benefits Rate (A/B)</b>	68.34%	64.95%

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
 SCHEDULE OF INDIRECT COSTS AND  
 COMPUTATION OF INDIRECT COST RATES  
 For the Fiscal Year Ended June 30, 2012**

	<u>Actual Rates</u>	<u>ODOT Approved Provisional Rate</u>
<b>INDIRECT COSTS</b>		
Administrative and Fiscal Management	\$ 111,709	\$ 105,170
Fringe Benefits for Indirect Salaries	76,337	68,309
Postage	121	1,500
Travel	4,147	6,500
Telephone	6,920	7,500
Machine Rental and Maintenance	1,577	3,000
Duplication and Printing	6,502	7,500
Office Supplies	1,555	2,500
Depreciation	4,166	10,000
Office Rent, Utilities & Insurance	109,851	110,000
Legal/Audit/Bookkeeping	20,255	22,000
Computer Supplies/Equipment	12,405	8,000
Miscellaneous	431	500
Subscriptions	39	100
<b>TOTAL INDIRECT COSTS (A)</b>	<u>356,015</u>	<u>352,579</u>
<b>DIRECT SALARIES (B)</b>	<u>684,107</u>	<u>699,316</u>
<b>INDIRECT COST RATE (A/B)</b>	52.04%	50.42%

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
 FHWA/ODOT GRANT  
 SCHEDULE OF REVENUE AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2012

	ACTUAL
Revenue:	
FHWA Grant Funds	\$ 743,556
ODOT Grant Funds	92,945
Local Match	92,945
Total Revenue	929,446
Expenditures:	
Direct Salaries	420,228
Direct Expenditures	24,401
Fringe Benefits	272,938
Indirect Costs	211,879
Total Expenditures	929,446
Revenue Over/Under Expenditures	-
Grant Funds Received	836,501
90% of Total Expenditures	752,851
Amount in Excess of 90%	\$ 83,650

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.



EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
 ODOT STP  
 SCHEDULE OF REVENUE AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2012

	ACTUAL
Revenue:	
Grant Funds	\$ 95,219
Expenditures:	
Direct Salaries	43,297
Direct Expenditures	1,670
Fringe Benefits	28,122
Indirect Costs	21,830
Total Expenditures	94,919
Revenue Over/Under Expenditures	300
Grant Funds Received	95,219
100% of Total Expenditures	94,919
Amount in Excess of 100%	\$ 300

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

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

	ACTUAL
Revenue:	
Grant Funds	\$ 137,873
Expenditures:	
Direct Salaries	5,479
Direct Expenditures	126,074
Fringe Benefits	3,558
Indirect Costs	2,762
Total Expenditures	137,873
Revenue Over/Under Expenditures	-
Grant Funds Received	137,873
100% of Total Expenditures	137,873
Amount in Excess of 100%	\$ -

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

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

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	ACTUAL
Revenue:	
Grant Funds	\$ 38,315
Expenditures:	
Direct Salaries	14,553
Direct Expenditures	6,973
Fringe Benefits	9,452
Indirect Costs	7,337
Total Expenditures	38,315
Revenue Over/Under Expenditures	-
Grant Funds Received	38,315
100% of Total Expenditures	38,315
Amount in Excess of 100%	\$ -

Note:

Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
U.S. DEPARTMENT OF COMMERCE (EDA)  
SCHEDULE OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012

	ACTUAL
Revenue:	
Grant Funds	\$ 20,850
Local Match	20,850
	41,700
Total Revenue	41,700
Expenditures:	
Direct Salaries	18,172
Direct Expenditures	-
Fringe Benefits	11,802
Indirect Costs	9,162
	39,136
Total Expenditures	39,136
Revenue Over/Under Expenditures	2,564
Grant Funds Received	20,850
50% of Total Expenditures	19,568
Amount in Excess of 50 %	\$ 1,282

Note:

Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
EPA - WATER QUALITY PLANNING - 604(B)  
STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
Revenue:	
Grant Funds	\$ 141,014
Total Revenue	141,014
Expenditures:	
Element #1200.01	
Direct Salaries	31,329
Direct Expenditures	-
Fringe Benefits	20,348
Indirect Costs	15,795
Total Expenditures Element #1200.01	67,472
Element #1200.02	
Direct Salaries	28,399
Direct Expenditures	1,352
Fringe Benefits	18,445
Indirect Costs	14,319
Total Expenditures Element #1200.02	62,515
Element #1200.03	
Direct Salaries	5,167
Direct Expenditures	-
Fringe Benefits	3,356
Indirect Costs	2,605
Total Expenditures Element #1200.03	11,128
Total Expenditures	141,115
Revenue Over/Under Expenditures	(101)
Grant Funds Received	141,014
100% of Total Expenditures	141,115
Amount in Excess of 100%	\$ (101)

Note:

Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
U.S. DEPARTMENT OF DEFENSE - PROCUREMENT PROGRAM  
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS  
SCHEDULE OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012

	Actual
Revenue:	
Grant Funds	\$ 29,464
Local Match	9,821
Total Revenue	39,285
Expenditures:	
Direct Salaries	18,172
Direct Expenditures	149
Fringe Benefits	11,802
Indirect Costs	9,162
Total Expenditures	39,285
Revenue Over/Under Expenditures	\$ -

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
 APPALACHIAN REGIONAL DEVELOPMENT  
 SCHEDULE OF REVENUE AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2012

	ACTUAL
Revenue:	
Grant Funds	\$ 30,000
Local Match	30,000
	60,000
Total Revenue	60,000
Expenditures:	
Direct Salaries	26,332
Direct Expenditures	-
Fringe Benefits	17,102
Indirect Costs	13,276
	56,710
Total Expenditures	56,710
Revenue Over/Under Expenditures	3,290
Grant Funds Received	30,000
50% of Total Expenditures	28,355
Amount in Excess of 100%	\$ 1,645

Note: Effective Fiscal Year 2009, Eastgate adopted the **PROVISIONAL RATE METHOD** of calculating the Fringe Benefit and Indirect Cost Rates. During the fiscal year Eastgate invoiced using a provisional rate of 64.95% for Fringe Benefits and 50.42% for Indirect Costs. The result of our audit revealed that the actual rates for the Fiscal Year should be 68.34% for Fringe Benefits and 52.04% for Indirect Costs.

**EASTGATE REGIONAL COUNCIL OF GOVERNMENTS  
MAHONING COUNTY**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

NONE

**3. FINDINGS FOR FEDERAL AWARDS**

NONE





# Dave Yost • Auditor of State

**EASTGATE REGIONAL COUNCIL OF GOVERNMENT**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 2, 2013**