

**OHIO-KENTUCKY-INDIANA
REGIONAL COUNCIL OF GOVERNMENTS**

**Financial Statements
and
Supplementary Information**

for the years ended June 30, 2005 and 2004

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS

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June 30, 2005

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ACRONYMS

| | |
|------|---|
| CMAQ | Congestion Mitigation and Air Quality |
| FHWA | Federal Highway Administration |
| KYTC | Kentucky Transportation Cabinet |
| MIS | Major Investment Study |
| ODOT | Ohio Department of Transportation |
| OEPA | Ohio Environmental Protection Agency |
| OKI | Ohio-Kentucky-Indiana Regional Council of Governments |
| SNK | Surface Transportation Planning (Northern Kentucky) |
| STP | Surface Transportation Planning (Ohio) |
| UPWP | Unified Planning Work Program |
| TCSP | Transportation Community System Preservation |



Executive Committee
Ohio-Kentucky-Indiana Regional
Council of Governments
Cincinnati, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), as of June 30, 2005 and 2004, and the related statement of revenues, expenditures and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of OKI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

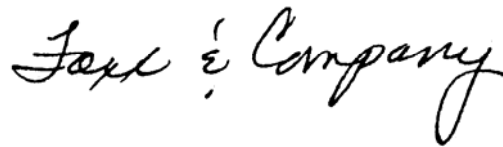
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OKI as of June 30, 2005 and 2004, and the changes in net assets and cash flows for the years 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 September 16, 2005 on our consideration of OKI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules 1 - 3 and statements of cumulative revenues and expenditures for completed programs and programs in progress are presented for purposes of additional analysis and are not a required part of the financial statements of OKI. 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 of OKI. 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.

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the financial statements but is supplemental information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Jaxx & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Cincinnati, Ohio
September 16, 2005

Ohio-Kentucky-Indiana Regional Council of Governments

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2005

As management of the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), we offer readers of OKI's financial statements this narrative overview and analysis of OKI's financial performance during the fiscal year ending June 30, 2005. Please read it in conjunction with OKI's financial statements, which follow this section.

OKI OVERVIEW

OKI is a council of local governments, business organizations and community groups committed to developing collaborative strategies, plans and programs that will improve the quality of life and economic vitality of the Tri-state.

Today, more than ever, people live at the scale of the region. They travel farther from home to work, to shop, and to recreate, crisscrossing the region as they go about daily life.

Formed in 1964, OKI has spent 41 years cultivating partnerships and alliances that range from the federal government to local councils. Its 105 members represent governmental, social and civic groups from 198 communities in the eight county, three-state region.

Together we work to solve interstate dilemmas, create far-reaching development plans, break through political bureaucracy, provide services to the public and advocate for federal funding.

OKI has final authority of all federal dollars spent on transportation in the region. This past year, OKI approved over \$30 million in funding for projects in this region.

Above all, OKI must be vigilant in protecting the interests of the taxpayers who provide OKI with financial resources. The taxpayers deserve nothing less than excellent work done in the most cost effective manner. It is a trust OKI is determined to keep in perpetuity.

OKI PROGRAMS AND ACTIVITIES

It is important to know that OKI's mission has been transportation. But its mission is not confined to just highways and pavement.

- OKI is working to improve the linkage between transportation and *Land Use* that is so essential to a good quality of life.

- OKI has been actively helping communities develop strategies to conserve *Greenspace*, a resource that is priceless for any growing city or county. Green infrastructure, along with other precious resources—water and air—are key to the vitality of future generations.
- OKI continues to work on water quality issues with a number of groups including the *Mill Creek Watershed Council*. The Mill Creek is a vital but much abused waterway in the very center of our community.
- Also, OKI's work with the *Regional Ozone Coalition*, has received statewide recognition in leading the fight for cleaner air. OKI is the recipient of two Ohio Governor's awards for outstanding achievement in pollution prevention.

OKI has had a tremendous impact on our region. Its work with reconstructing Fort Washington Way alone has received recognition from Ohio and Kentucky for multi-jurisdictional coordination as well as efficiency.

Along with its work with clean air and water, OKI continues its efforts toward improving our region's transportation systems.

- *Homeland Defense*, OKI is working with emergency responders and others to assess regional capabilities in the case of disaster.
- *Brent Spence Bridge Cooperative*, OKI is working closely with the business community, the Kentucky Transportation Cabinet and Ohio Department of Transportation to develop strategies for the replacement of this vital river crossing.
- *Rideshare* has been a part of OKI for over 20 years. Rideshare offers tri-state commuters an alternative to driving to and from work. OKI's Rideshare service helps commuters save money and time and reduces stress by forming carpools and vanpools.
- *Boone County Transportation Study* will help this Northern Kentucky county identify needs and prioritize investments.
- *Southwest Warren Transportation Study* will provide transportation strategies for improving mobility and safety in a rapidly growing part of our region.
- OKI also serves as a resource to communities and organizations for the expansion and improvement of the region's *bicycle transportation system*.
- *Uptown Transportation Study* is investigating opportunities for mobility to, from and within the Uptown area which is home to 60,000 employees and 70,000 residents.
- *Dixie Highway Corridor Study* in Kenton County is aimed at improving travel time and safety without adding lanes, but rather by applying traffic engineering solutions.
- *Western Corridor Transportation Study* is a study that OKI will initiate as a major investment study of the western corridor of Hamilton County. This study encompasses the

functionally-classified roadways of the western portion of Hamilton County, Ohio stretching all the way to the Indiana state line on the west and Butler County, Ohio to the north. Due to rapid growth in both population and commerce, this portion of the County is operating at or close to capacity. This increase has also placed a growing burden on several roadways in the local interstate system including I-74, a major trade corridor for the region.

By focusing the collective strength of organizations from around the region, OKI has accomplished more in the Tri-state in terms of growth, development and quality of life improvements than any other entity or group of entities. The impact is seen and felt in nearly every major project being undertaken in the region. These projects continue to support OKI's mission of promoting regional growth.

FINANCIAL HIGHLIGHTS

OKI adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* as of July 1, 2003. Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, statement of revenues, expenses, and changes in fund net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes management's discussion and analysis report, the independent auditor's report and the basic financial statements of OKI. The financial statements also include notes and individual project reports that explain in more detail some of the information in the financial statements. Last year was the required transition year for GASB 34. This is the first fiscal year that comparative financial statements are being provided in compliance with GASB 34.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information of OKI and its component activities using accounting methods similar to those used by private sector companies and offer short- and long-term financial information about the current fiscal year 2005 activities. The Statement of Net Assets includes all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of OKI and assessing liquidity and financial flexibility.

All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Change in Net Assets. This statement measures the success of operations over the past year and can be used to determine whether OKI has successfully recovered all the costs

through member contribution, Federal, State of Ohio and State of Kentucky and local reimbursements, and other revenues.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operations, investing, and financial activities and provides answers to such questions as where did the cash come from, what was cash used for, and what was the net change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF OKI

One of the most important questions asked is “Is OKI as a whole better off or worse off as result of this year’s activities?” The Statement of Net Assets, and Statement of Revenues, Expenses, and Changes in Net Assets report information about OKI’s activities in a way that will help answer this question. These two statements report the net assets of OKI, the changes in them, and measure the financial health or financial position of OKI. Increases or decreases in OKI’s net assets are one indicator of whether its financial position is improving or deteriorating. However, in addition to the results of operating activities, one needs to consider other non-financial factors such as prevailing economic conditions, growth or decline in population, and new or changed legislation as contributing to the net change in assets.

NET ASSETS

Table A-1
Condensed Statement of Net Assets (\$ in Thousands)

| | <u>Current Year</u> | <u>Last Year</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|---|-------------------------|----------------------|--------------------------|---------------------------|
| Current assets | \$2,464 | \$1,569 | \$895 | 57.04 |
| Capital assets, net | 117 | 163 | (46) | (28.22) |
| Total assets | <u>\$2,581</u> | <u>\$1,732</u> | <u>\$849</u> | <u>28.82</u> |
| Current liabilities | 1,608 | 880 | 728 | 82.73 |
| Noncurrent liabilities | 80 | 91 | (11) | (12.09) |
| Total liabilities | <u>1,688</u> | <u>971</u> | <u>717</u> | <u>70.64</u> |
| Invested in capital assets, net of debt | 117 | 163 | (46) | (28.22) |
| Unrestricted | 776 | 598 | 178 | 29.77 |
| Total net assets | <u>\$893</u> | <u>\$761</u> | <u>\$132</u> | <u>1.55</u> |

Current assets increased by \$895k or 57.0% over last year due to an increase in level of active projects and an increase in savings account balances due to increased deferred revenues.

Capital assets decreased by \$46k or 28.2% due primarily to current year depreciation.

Current liabilities increased by \$728k or 82.7% due to an increase in level of open payables and related deferred revenues due to the start of new projects during FY 2005.

Noncurrent liabilities decreased by \$11k or 12.1% due to the retirement of a long term employee, reducing the long term compensated leave liabilities.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints or legal requirements – increased by \$178k or 29.8% primarily due to the timing of new projects.

BUDGET VS ACTUAL

Table A-2
Condensed Statement of Budget versus Actual (\$ in Thousands)
for the year ended June 30, 2005

| | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|---|---------------------|---------------------|---------------------|
| Operating revenues | | | |
| Federal and State Funded Grants | \$4,841 | \$5,952 | (\$1,111) |
| Local Government Contracts | 950 | 1,549 | (599) |
| Other Revenues | 16 | 4 | 12 |
| | <u>5,807</u> | <u>7,505</u> | <u>(1,698)</u> |
| Total operating revenues | | | |
| Operating expenses | | | |
| Salaries and wages | 2,072 | 2,242 | (170) |
| Fringe benefits | 642 | 731 | (89) |
| Travel, subsistence, and professional development | 107 | 148 | (41) |
| Printing, marketing, and contractual | 2,043 | 3,205 | (1,162) |
| Other expenses | 795 | 1,092 | (297) |
| Contributed outside services | 11 | 81 | (70) |
| | <u>5,670</u> | <u>7,499</u> | <u>(1,829)</u> |
| Total operating expenses | | | |
| Operating income | 137 | 6 | 131 |
| | | | 0 |
| Non-operating loss disposal of assets | 5 | | (131) |
| | <u>5</u> | | <u>(131)</u> |
| Change in net assets | | | |
| Net assets, July 1 as previously reported | \$761 | \$702 | \$59 |
| Changes due to FY 2005 Operations | 132 | 6 | 126 |
| | <u>132</u> | <u>6</u> | <u>126</u> |
| Net assets, end of year | <u>\$893</u> | <u>\$708</u> | <u>\$185</u> |

Revenues were lower than budget due to the timing of several major projects. The Uptown Study and the Western Corridor Transportation Study progressed slower than budgeted which caused state and local revenues to be less than budgeted. The contributed services activities for the Great Miami Runoff Reduction Project progressed slower than budgeted causing other revenues to be less than budgeted.

Expenses were lower than budget due to under staffing and timing of several projects. Several positions were unfilled for 3-6 months during FY2005 causing salaries, fringe benefits and travel to be under budget. The timing of the SW Warren Transportation Study, the Uptown Study, and the Western Hamilton County Transportation Study shifted budgeted expenses such as consulting, printing, meeting and reproduction into later periods causing OKI to be under budget in these categories for FY2005. The contributed services activities for the Great Miami Runoff Reduction Project progressed slower than budgeted causing contributed services to be less than budgeted.

The \$132k favorable change to fund balance from FY2005 operations is driven by project timing and matching funds for several projects not being needed until next fiscal year.

CAPITAL ASSETS

Capital assets decreased due to depreciation, the write off of outdated computer equipment, and adjustment to the value of conference room furniture and equipment related to a contract penalty for late completion.

LONG TERM DEBT

The council continues to be debt free and has maintained an \$850,000 bank line of credit if needed.

ECONOMIC CONDITIONS

OKI considered many factors when setting the fiscal year 2005 budget, including funding from federal and state agencies, the eight counties supporting the Council and program demands from the member agencies.

OKI continues to rely on federal and state grants, local program grants, corridor studies, and other local projects to fund its many programs. At present, federal and state funding sources are secure; however, legislative action can affect both revenue streams. The eight counties that comprise the Region are contributing to the funding of the council's administrative costs based on each counties population.

- The entire eight county regions population is remaining steady in recent years, but there are many movements from the developments close-in to the more distant suburbs and or portions of the counties. Plus the region is directly impacted by the Ohio River and the need for transportation services to link the regions counties and the nation. The focal point of that linkage is the ***Brent Spence Bridge Cooperative***; OKI is working closely with the business community, the Kentucky Transportation Cabinet, and Ohio Department of Transportation to develop strategies for the replacement of this vital river crossing.

We also are awaiting word on the new TEA-LU legislation. This legislation will reauthorize the funding levels for Metropolitan Planning Organizations and other transportation related organizations. It is our understanding that a bill is forthcoming in the next session of congress. However, looking at the trends and the drafts of the bill, it is prudent for OKI to develop its operating plan based on level funding.

CONTACTING OKI

This financial report is designed to provide federal and state oversight agencies, taxpayers, and creditors with a general overview of OKI's finances and to demonstrate OKI's accountability for the money it receives. Additional financial information can be obtained by contacting the Director of Finance, Ohio-Kentucky-Indiana Regional Council of Governments, 720 E. Pete Rose Way, Suite 420, Cincinnati, OH 45202.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
June 30, 2005 and 2004

| | 2005 | 2004 |
|-------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents (Note 2) | \$ 1,222,419 | \$ 466,931 |
| Accounts receivable (Note 4) | 1,231,285 | 1,075,278 |
| Prepaid Expenses | 10,574 | 26,897 |
| Total current assets | 2,464,278 | 1,569,106 |
| Noncurrent assets: | | |
| Capital assets, net (Note 6) | 116,991 | 162,833 |
| Total noncurrent assets | 116,991 | 162,833 |
| Total assets | 2,581,269 | 1,731,939 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 644,525 | 547,839 |
| Accrued expenses | 239,206 | 210,654 |
| Deferred revenue | 724,562 | 121,871 |
| Total current liabilities | 1,608,293 | 880,364 |
| Noncurrent liabilities | | |
| Compensated absences | 80,433 | 90,999 |
| Total noncurrent liabilities | 80,433 | 90,999 |
| Total liabilities | 1,688,726 | 971,363 |
| NET ASSETS | | |
| Invested in capital assets | 116,991 | 162,833 |
| Unrestricted | 775,552 | 597,743 |
| Total net assets | \$ 892,543 | \$ 760,576 |

The accompanying notes are an integral part of these financial statements.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS
for the years ended June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|--------------------------|--------------------------|
| Operating revenues | | |
| Federal and state grants | \$ 4,841,675 | \$ 5,370,409 |
| Local matching funds | 965,805 | 973,727 |
| Total operating revenue | <u>5,807,480</u> | <u>6,344,136</u> |
| Operating expenses | | |
| Direct expenses | | |
| Personnel | 1,315,900 | 1,402,513 |
| Fringe benefits | 680,276 | 716,230 |
| Travel, subsistence and professional development | 72,910 | 49,105 |
| Printing, marketing and contractual services | 1,989,519 | 2,367,035 |
| Other direct expenses | 121,945 | 98,196 |
| Indirect costs | 1,490,071 | 1,646,281 |
| Total operating expenses | <u>5,670,621</u> | <u>6,279,359</u> |
| Operating Income | 136,859 | 64,777 |
| Non-operating expenses | | |
| Loss on disposal of equipment | 4,892 | 5,495 |
| Total non-operating expenses | <u>4,892</u> | <u>5,495</u> |
| Increase in net assets | 131,967 | 59,282 |
| Net assets, beginning of year | 760,576 | 719,390 |
| Prior period adjustment | <u>-</u> | <u>(18,096)</u> |
| Net assets, end of year | <u>\$ 892,543</u> | <u>\$ 760,576</u> |

The accompanying notes are an integral part of these financial statements.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
for the years ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|---------------------|-------------------|
| Cash flow from operating activities | | |
| Receipts from Federal and state grants | \$ 4,675,737 | \$ 5,305,234 |
| Receipts from local matching funds | 1,569,020 | 1,042,147 |
| Payments to employees | (1,305,570) | (1,391,163) |
| Payments to consultants | (1,329,701) | (1,943,598) |
| Payment to vendors | (1,420,881) | (1,314,477) |
| Payment for indirect services | (1,426,302) | (1,691,326) |
| Net cash provided by operating activities | \$ 762,303 | \$ 6,817 |
| Cash Flow from Capital Financing Activities | | |
| Purchase of fixed assets | (14,536) | (123,230) |
| Sales proceeds from disposal of fixed assets | 7,721 | 5,787 |
| Net cash used by capital financing activities | (6,815) | (117,443) |
| Net increase (decrease) in cash | 755,488 | (110,626) |
| Cash and cash equivalents, beginning of year | 466,931 | 577,557 |
| Cash and cash equivalents, end of year | \$ 1,222,419 | \$ 466,931 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating Income | \$ 136,859 | \$ 64,777 |
| Adjustments to reconcile net operating income to net cash provided by operating activities | | |
| depreciation | 47,556 | 47,840 |
| Changes in assets and liabilities: | | |
| Decrease (Increase) in: | | |
| Accounts receivable | (156,007) | 91,853 |
| Prepaid expenses | 16,322 | 44,264 |
| Increase (Decrease) in: | | |
| Accounts payable | 96,686 | (175,609) |
| Accrued expenses | 28,553 | 8,041 |
| Deferred revenue | 602,900 | (48,049) |
| Compensated absences | (10,566) | (26,300) |
| Net cash provided by operating activities | \$ 762,303 | \$ 6,817 |

The accompanying notes are an integral part of the financial statements.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
for the years ended June 30, 2005 and 2004

1. Description of Reporting Entity and Summary of Significant Accounting Policies

Organization

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), organized under Chapter 167 of the Ohio Revised Code, assists in coordinating area-wide planning of transportation, economic development, water and air quality, and other aspects of regional development. In addition, OKI coordinates a regional ridesharing program totally funded by federal and county funds.

OKI also acts as the area-wide review agency on state and local applications for U.S. Government financial assistance on projects located in the regional area comprised of Butler, Clermont, Hamilton, and Warren Counties in Ohio; Boone, Campbell, and Kenton Counties in Kentucky; and Dearborn County in Indiana.

Funds are provided primarily by Federal, state, and local government agencies.

Financial Statement Presentation

On July 1, 2003, OKI adopted the provisions of Governmental Accounting Standards Board Statement No. 34 “*Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, statement of revenues, expenses, and changes in fund net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted.

Basis of Accounting

OKI uses the accrual basis of accounting to prepare its financial statements and maintains subsidiary ledgers to identify revenues and expenses by detailed program. Activities not specifically related to a program are classified as general and administrative transactions. The statement of Revenues, Expenses and Changes in Fund Net Assets reflect activities by major program category.

Revenue Recognition

Authorizations under U.S. Government and state and local agency grants or contracts are obtained by requisitioning such agencies for reimbursement of eligible costs incurred up to the maximum amounts specified under the grants or contract commitments. OKI recognizes program grant revenue at the time eligible costs are incurred.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
for the years ended June 30, 2005 and 2004

Local matching funds, including member county supporting contributions and in-kind contributions from other agencies, are generally recognized as revenues to the extent required to fund eligible program costs and/or to meet program matching requirements.

Contributed services, included in local matching funds, are valued at the equivalent OKI hourly pay rate for such services for the amount of hours spent by individuals involved. In-kind contributions are valued at the fair market price on the date of receipt. Such contributed services are accounted for as revenue and as program expenses.

Indirect Costs

Indirect costs and fringe benefits are charged to individual programs based on provisional rates. Differences in amounts billed and actual costs incurred are adjusted to actual costs at year end. Indirect costs and fringe benefits in the Statement of Revenues, Expenses, and Changes in Net Fund Assets represent the application of actual indirect and fringe benefit rates.

Capital Assets

Capital assets are recorded at cost and are depreciated on the straight-line method over the asset's estimated useful life. OKI's capital assets consist primarily of office furniture and computers. OKI depreciates office furniture and equipment over a ten year period with one-half year depreciation taken in the year of purchase and disposal.

Income Taxes

OKI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Cash and Cash Equivalents

Statutes authorize OKI to invest in obligations of the U.S. Treasury and U.S. agencies, the State Treasurer's (Ohio) investment pool, repurchase agreements, certificates of deposit, and other instruments authorized by Section 135 of the Ohio Revised Code.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
for the years ended June 30, 2005 and 2004

OKI's cash and temporary investments at June 30, 2005 and 2004 consisted of:

| | 2005 | 2004 |
|------------------------|---------------------|-------------------|
| Demand Deposits | \$ 31,906 | \$ 18,870 |
| Business Money Savings | 1,190,513 | 448,061 |
| | \$ 1,222,419 | \$ 466,931 |

The account values were collateralized by U.S. Government securities held by the Federal Reserve Bank of Cleveland, Cincinnati Branch, as trustee for OKI.

For purposes of the Statement of Cash Flows, OKI considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Bank Line of Credit

OKI has a line of credit available of \$850,000. When used, the line of credit is collateralized by the working capital of OKI and bears interest at the prime rate. At June 30, 2005 and 2004, OKI had no borrowings against this line of credit.

4. Accounts Receivable

Accounts receivable are from federal, state and local governmental agencies. Amounts reported are as follows.

| | 2005 | 2004 |
|---|---------------------|---------------------|
| Receivables Under Contracts and Grants | | |
| Ohio | \$ 985,501 | \$ 723,335 |
| Kentucky | 192,827 | 289,055 |
| Local | 53,461 | 64,646 |
| County | - | 60 |
| Receivables Other | | |
| Due to employees | (504) | (1,818) |
| Total Receivables | \$ 1,231,285 | \$ 1,075,278 |

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
for the years ended June 30, 2005 and 2004

6. Capital Assets

Changes in capital assets for the year that ended June 30, 2005 are summarized below:

| Changes in Capital Assets | | | | |
|-------------------------------------|---------------------------------|---------------------------|------------------------|----------------------------------|
| Description | Balance July 1, 2004 | Additions | Deletions | Balance June 30, 2005 |
| Office furniture and equipment | \$ 958,352 | \$ 62,797 | \$ 379,586 | \$ 641,563 |
| Less accumulated depreciation | <u>795,519</u> | <u>99,994</u> | <u>370,941</u> | <u>524,572</u> |
| Furniture and equipment, net | <u>\$ 162,833</u> | <u>\$ (37,197)</u> | <u>\$ 8,645</u> | <u>\$ 116,991</u> |

Changes in capital assets for the year that ended June 30, 2004 are summarized below:

| Description | Balance July 1, 2003 | Additions | Deletions | Balance June 30, 2004 |
|-------------------------------------|---------------------------------|-------------------------|-------------------------|----------------------------------|
| Office furniture and equipment | \$ 925,055 | \$ 123,230 | \$ 89,933 | \$ 958,352 |
| Less accumulated depreciation | <u>826,330</u> | <u>47,840</u> | <u>78,651</u> | <u>795,519</u> |
| Furniture and equipment, net | <u>\$ 98,725</u> | <u>\$ 75,390</u> | <u>\$ 11,282</u> | <u>\$ 162,833</u> |

8. Lease Commitment

OKI has entered into operating lease agreements for office facilities and a photocopy machine. Rental expense was \$430,819 for the year that ended June 30, 2005. On April 17, 2003, OKI entered into a 10 year lease for office facilities at a new location. The lease which became effective July 1, 2004 included office facilities and furniture, fixtures, and equipment. The furniture, fixtures and equipment becomes the property of OKI at the end of the 10 year period. However, after the fifth year of the lease, OKI may terminate the lease and pay the lessor \$250,000 and return the furniture, fixtures and equipment to the lessor.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
for the years ended June 30, 2005 and 2004

At June 30, 2005, the minimum future rentals under the non-cancelable leases are due as follows for fiscal years ended June 30:

| | |
|-----------------|---------------------|
| 2006 | \$ 445,712 |
| 2007 | 460,604 |
| 2008 | 475,710 |
| 2009 | 467,625 |
| 2010 | 467,625 |
| 2011 and beyond | 1,402,873 |
| | <u>\$ 3,720,149</u> |

9. Employee Retirement and Fringe Benefit Plans

The OKI Employees Retirement Plan is a trustee, contributory, defined contribution retirement plan covering all permanent, full-time employees. Contributions to the plan include a contribution by OKI of 6.9 percent of the participant's wages and a mandatory contribution by the participant of 5 percent of his or her wages. An additional employer contribution of 6.20 percent is required on wages in excess of the FICA ceiling. Pension expense was \$140,463 and \$152,171 for the years ended June 30, 2005 and 2004, respectively. Forfeitures reduce the current contributions of OKI to the plan.

Employee contributions are 100 percent vested at date of contribution. Employer contributions vest as follows:

| <u>Years of Service</u> | <u>Percent Vested</u> |
|-------------------------|-----------------------|
| Less than 1 | 0% |
| 1 | 20% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 | 100% |

10. Contingent Liabilities

Project work performed under grants and contracts is subject to final acceptance by the grantor and contracting agencies. Costs claimed for work performed under grants and contracts which are not acceptable to the grantor or contracting agency may be subject to recovery by the grantor or contracting agency. The management of OKI believes that project work has been satisfactorily performed.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY
for the year ended June 30, 2005
(with comparative summary totals for 2004)**

| | General & Administrative Activities | Environmental Planning Activities | Regional Planning | Ridesharing Implementation | Transportation Planning Activities | Total 2005 | Total 2004 |
|--|--|--|------------------------------|---------------------------------------|---|-----------------------|-----------------------|
| Revenues: | | | | | | | |
| Federal & State grants | \$ - | \$ 66,918 | \$ 1,193,476 | \$ 469,898 | \$ 3,111,383 | \$ 4,841,675 | \$ 5,370,409 |
| Local matching funds | 212,592 | 46,261 | 381,400 | 16,159 | 309,393 | 965,805 | 973,728 |
| Total Revenues | 212,592 | 113,179 | 1,574,876 | 486,057 | 3,420,776 | 5,807,480 | 6,344,137 |
| Expenses: | | | | | | | |
| Direct Costs | | | | | | | |
| Personnel | 9,531 | 33,995 | 211,595 | 27,272 | 1,033,507 | 1,315,900 | 1,402,513 |
| Fringe benefits | 4,916 | 17,570 | 109,404 | 14,099 | 534,287 | 680,276 | 716,230 |
| Travel, subsistence, and professional development | 41,468 | 1,209 | 1,614 | 1,483 | 27,136 | 72,910 | 49,105 |
| Printing, marketing, and contractual services | - | 8,957 | 1,006,632 | 404,570 | 569,360 | 1,989,519 | 2,367,035 |
| Other direct expenses | 9,026 | 12,953 | 6,029 | 7,751 | 86,185 | 121,945 | 98,196 |
| Indirect costs | 10,791 | 38,495 | 239,602 | 30,882 | 1,170,301 | 1,490,071 | 1,646,280 |
| Total Operating Expenses | 75,733 | 113,179 | 1,574,876 | 486,057 | 3,420,776 | 5,670,621 | 6,279,359 |
| Operating Income | \$ 136,859 | \$ - | \$ - | \$ - | \$ - | \$ 136,859 | \$ 64,778 |

SCHEDULE 2

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF FRINGE BENEFIT COST RATES
for the year ended June 30, 2005**

| | Provisional | Actual |
|--|---------------------|---------------------|
| Fringe benefit costs: | | |
| Vacation | \$ 97,000 | \$ 126,725 |
| Sick | 85,000 | 63,704 |
| Holiday | 78,000 | 77,151 |
| Admin. leave | 16,000 | 12,843 |
| FICA | 144,547 | 150,737 |
| Retirement | 136,576 | 140,463 |
| Employees 457 Plan | - | 15,000 |
| Workers Comp. | 5,000 | 3,261 |
| Group health | 397,500 | 278,327 |
| Employee incentive | 3,000 | 7,229 |
| Employee settlement | | 37,530 |
| Unemployment insurance | 10,000 | 270 |
| | <u>\$ 972,623</u> | <u>913,240</u> |
| Fringe Liability Adjustment | | <u>9,632</u> |
| Total fringe benefits applied to projects | | <u>\$ 922,872</u> |
| Allocation base: Direct and indirect personnel | <u>\$ 1,889,508</u> | <u>\$ 1,791,444</u> |
| Fringe benefit cost rate | <u>51.48%</u> | <u>51.52%</u> |

Notes:

1. Approval of the provisional fringe benefit cost rate for the year ended June 30, 2005, was obtained from ODOT.
2. A provisional fringe benefit rate of 51.48 percent was authorized by ODOT. The provisional rate is applied each month and adjusted to actual at the end of the fiscal year.
3. There were no questioned costs in the fringe benefit cost pool or the direct and indirect personnel allocation base.
4. The provisional rate was utilized during fiscal year 2005 for grant application purposes. The final 2005 fringe benefit rate was applied for financial statement purposes and for determining the final grant amounts claimed.
5. Expenses in the Statement of Revenues, Expenditures and Change in Fund Net Assets reflect the application of actual rates. Individual program costs presented on pages 22 to 40 reflect the application of provisional rates adjusted to actual.

SCHEDULE 3

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS STATEMENT OF INDIRECT COST RATES for the year ended June 30, 2005

| | Provisional | Actual |
|--|--------------|--------------|
| Indirect costs: | | |
| Personnel | \$ 448,915 | \$ 475,545 |
| Fringe benefits | 231,079 | 242,598 |
| Retirement plan administrative fee | 5,000 | 4,825 |
| Travel and sustenance | 20,000 | 16,040 |
| Drafting materials and office supplies | 46,000 | 52,997 |
| Outside printing | - | 3,768 |
| Postage and shipping | 24,000 | 20,547 |
| Occupancy and telephone | 456,560 | 432,089 |
| Interest expense | 1,500 | - |
| Legal and audit | 100,000 | 62,259 |
| Insurance and maintenance of equipment | 50,520 | 39,862 |
| Professional services | 90,000 | 40,972 |
| Depreciation and amortization | 120,000 | 47,556 |
| Memberships, registration fees, subscriptions and publications | 23,500 | 17,589 |
| Advertising and temporary services | 5,000 | 9,174 |
| Other | 5,200 | 15,689 |
| Internet cost and website management | 6,500 | 8,250 |
| Meeting and hearings | 13,000 | 311 |
| Total indirect costs | \$ 1,646,774 | \$ 1,490,071 |
| Allocation base: Direct personnel | \$ 1,440,593 | \$ 1,315,900 |
| Indirect cost rate applied | 114.31% | 113.24% |

Notes:

1. Approval of the provisional indirect cost rate for the year ended June 30, 2005 was obtained from ODOT, OKI's cognizant agency. The authority for ODOT to be OKI's cognizant agency was granted from the FHWA.
2. A provisional indirect cost rate of 114.31 percent was authorized by ODOT. The provisional rate is applied each month and adjusted to actual at the end of the fiscal year.
3. There were no questioned costs in the indirect cost pool or the direct personnel allocation base.
4. The provisional rate was utilized during fiscal year 2005 for grant application purposes. The final 2005 indirect cost rate was applied for financial statement purposes and for determining the final grant amounts claimed.
5. Expenses in the Statement of Revenues, Expenditures and Change in Fund Net Assets reflect the application of actual rates. Individual program costs presented on pages 22 to 40 reflect the provisional rates adjusted to actual.

STATEMENTS OF CUMULATIVE REVENUES AND EXPENDITURES

COMPLETED PROGRAMS

FHWA Transportation Planning

| | |
|---|----|
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| FY 2004 Surface Transportation Program..... | 23 |
| Boone County Transportation Study | 24 |
| Dixie Highway Transportation Study | 25 |
| Ozone Awareness Program 2003-2005 | 26 |
| Turkeyfoot Road Study..... | 27 |

U.S. EPA Water Quality Planning

| | |
|--|----|
| FY 2005 Ohio 604B Water Quality Planning Program | 28 |
|--|----|

Local Planning Activities

| | |
|---|----|
| Local Regional Planning..... | 29 |
| Local Water Quality Planning 2005 | 30 |
| Homeland Security Survey Development..... | 31 |

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
FHWA/ODOT/KYTC
FY 2004 TRANSPORTATION PLANNING
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|---------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: ODOT (HPR-PL funds) | \$ 1,728,854 | 1,678,841 | \$ 50,011 | \$ 1,728,852 |
| Kentucky: KYTC (HPR-PL funds) | 298,266 | 286,029 | 7,263 | 293,292 |
| Kentucky: KYTC (FTA Funds) | 81,462 | 78,124 | 2,028 | 80,152 |
| Local matching funds | 265,095 | 256,543 | 7,537 | 264,080 |
| In-kind funds | | | | - |
| Total Revenues | <u>\$ 2,373,677</u> | <u>2,299,537</u> | <u>\$ 66,839</u> | <u>\$ 2,366,377</u> |
| Expenditures: | | | | |
| Direct personnel | \$ 830,281 | 829,226 | \$ 25,147 | \$ 854,373 |
| Fringe benefits | 499,068 | 423,286 | 12,946 | 436,232 |
| Indirect | 1,008,928 | 976,446 | 28,746 | 1,005,192 |
| Travel, subsistence & professional development | | 12,393 | - | 12,393 |
| Printing, marketing & contractual | 20,000 | 31,526 | - | 31,526 |
| Other expenditures | 15,400 | 26,660 | - | 26,660 |
| Total Expenditures | <u>\$ 2,373,677</u> | <u>2,299,538</u> | <u>\$ 66,839</u> | <u>\$ 2,366,377</u> |
| Tasks: | | | | |
| Short range planning | \$ 352,555 | \$ 352,120 | \$ 3,383 | \$ 355,503 |
| System characteristics | 1,040,271 | 1,013,716 | 42,384 | 1,056,100 |
| Long range planning | 846,600 | 820,428 | 17,592 | 838,020 |
| KYTC Exclusive | - | | | - |
| Kentucky exclusive - Safety Studies | 69,720 | 62,230 | - | 62,230 |
| Transportation Summary | - | 8,774 | - | 8,774 |
| Air quality program | 64,531 | 42,269 | 3,480 | 45,749 |
| Total Tasks | <u>\$ 2,373,677</u> | <u>\$ 2,299,537</u> | <u>\$ 66,839</u> | <u>\$ 2,366,377</u> |

NOTES:

1. The grant period for FY 2004 Transportation Planning was July 1, 2003 through September 30, 2004.
2. FHWA/ODOT/KYTC funds are received under agreements for continuation of a transportation planning process with ODOT and KYTC. Revenues were received and expenditures incurred in accordance with a UPWP
3. In accordance with the agreement, Federal and State grant funds do not exceed the matching requirements established in the FY 2004 overall work program.
4. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
FHWA/ODOT/KYTC
FY 2004 SURFACE TRANSPORTATION PROGRAM (STP)
as of June 30, 2005

| | Budget | Cumulative Revenues and Expenditures as of June 30, 2004 | Current Year Revenue and Expenditures | Cumulative Revenues and Expenditures as of June 30, 2005 |
|---|-------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: ODOT (STP) | \$ 375,000 | 365,498 | \$ 9,502 | \$ 375,000 |
| Kentucky: Trans | 61,000 | 12,939 | 1,516 | 14,455 |
| Kentucky: FTA | - | 3,535 | - | 3,535 |
| Kentucky: (SNK Funds) | - | 42,586 | - | 42,586 |
| Local Matching Funds | 13,770 | 13,815 | 379 | 14,194 |
| Total Revenues | \$ 449,770 | 438,374 | \$ 11,397 | \$ 449,770 |
| Expenditures: | | | | |
| Direct personnel | \$ 152,781 | 155,063 | \$ 4,279 | \$ 159,342 |
| Fringe benefits | 81,356 | 79,257 | 2,202 | 81,459 |
| Indirect | 196,133 | 180,815 | 4,891 | 185,706 |
| Travel, subsistence & professional development | - | 1,238 | - | 1,238 |
| Other expenditures | 19,500 | 7,501 | 25 | 7,526 |
| Total Expenditures | \$ 449,770 | 438,374 | \$ 11,397 | \$ 449,771 |
| Tasks: | | | | |
| Transportation Improvement | \$ 62,000 | 65,941 | \$ 2,342 | \$ 68,283 |
| Energy | 47,531 | 43,390 | - | 43,390 |
| Land Use Planning | 200,000 | 210,900 | 9,054 | 219,954 |
| Public Involvement Planning | 140,239 | 118,144 | - | 118,144 |
| Total Tasks | \$ 449,770 | \$ 438,375 | \$ 11,397 | \$ 449,771 |

NOTES:

1. The grant for the Surface Transportation Program agreement began July 1, 2003.
2. FHWA/ODOT STP/KYTC SNK funds were received under agreements for specified long range planning activities. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. This program is funded with STP funds at a rate of 100 percent. Kentucky SNK funds are 80 percent Federal and 20 percent local match.
4. As of June 30, 2005, no costs subject to audit have been questioned

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
BOONE COUNTY TRANSPORTATION STUDY
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Kentucky: | \$ 104,000 | 36,326 | \$ 67,435 | \$ 103,761 |
| Local matching funds | 26,000 | 9,081 | \$ 16,859 | 25,940 |
| Total Revenues | <u>\$ 130,000</u> | <u>45,407</u> | <u>\$ 84,294</u> | <u>\$ 129,701</u> |
| Expenditures: | | | | |
| Direct personnel | \$ 30,182 | 2,568 | \$ - | \$ 2,568 |
| Fringe benefits | 17,315 | 1,322 | - | 1,322 |
| Indirect | 37,503 | 2,840 | - | 2,840 |
| Travel, subsistence & professional development | - | 13 | - | 13 |
| Printing, marketing & contractual | 45,000 | 38,533 | 84,294 | 122,827 |
| Other expenditures | - | 132 | - | 132 |
| Total Expenditures | <u>\$ 130,000</u> | <u>45,407</u> | <u>\$ 84,294</u> | <u>\$ 129,701</u> |
| Task: | | | | |
| Boone County Transportation Study | <u>\$ 130,000</u> | <u>\$ 45,407</u> | <u>\$ 84,294</u> | <u>\$ 129,701</u> |

NOTES:

1. The grant for the Boone County Transportation Study began July 1, 2003.
2. The program is funded with funds from the State of Kentucky at a rate of 80 percent.
3. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
DIXIE HIGHWAY STUDY
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Kentucky: | \$ 405,000 | \$ 188,239 | \$ 216,667 | \$ 404,906 |
| Local Matching Funds | 45,000 | 20,915 | 24,074 | 44,990 |
| Total Revenues | <u>\$ 450,000</u> | <u>\$ 209,155</u> | <u>\$ 240,741</u> | <u>\$ 449,896</u> |
| Expenditures: | | | | |
| Direct personnel | \$ 31,067 | \$ 9,076 | \$ 19,487 | \$ 28,563 |
| Fringe benefits | 13,878 | 4,664 | 10,074 | 14,738 |
| Indirect | 30,055 | 10,084 | 22,066 | 32,150 |
| Travel, subsistence & professional development | - | 4 | 21 | 25 |
| Printing, marketing & contractual | 375,000 | 184,680 | 189,004 | 373,684 |
| Other expenditures | - | 647 | 89 | 736 |
| Total Expenditures | <u>\$ 450,000</u> | <u>\$ 209,155</u> | <u>\$ 240,741</u> | <u>\$ 449,895</u> |
| Task: | | | | |
| Dixie Highway Transportation Study | <u>\$ 450,000</u> | <u>\$ 209,155</u> | <u>\$ 240,741</u> | <u>\$ 449,896</u> |

NOTES:

1. The grant for the Dixie Highway Study began March 1, 2003.
2. The program is finished with funds from the State of Kentucky at a rate of 90 percent.
3. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
ODOT/KYTC/CMAQ
OZONE AWARENESS PROGRAM 2003 - 2005
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|---------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: ODOT/CMAQ | \$ 1,537,442 | \$ 1,028,349 | \$ 509,092 | \$ 1,537,441 |
| Kentucky: KYTC/CMAQ | 245,164 | 163,983 | 81,182 | 245,165 |
| Local matching funds | 61,292 | 40,996 | 20,296 | 61,292 |
| Total Revenues | <u>\$ 1,843,898</u> | <u>\$ 1,233,328</u> | <u>\$ 610,570</u> | <u>\$ 1,843,898</u> |
| Expenditures: | | | | |
| Direct personnel | \$ - | \$ 156,750 | \$ 99,516 | \$ 256,266 |
| Fringe benefits | - | 84,340 | 51,446 | 135,786 |
| Indirect | - | 189,735 | 112,687 | 302,422 |
| Travel, subsistence & professional development | - | 4,019 | 1,382 | 5,401 |
| Printing, marketing & contractual | - | 787,036 | 38,588 | 825,624 |
| Other expenditures | - | 11,448 | 306,951 | 318,399 |
| Total Expenditures | <u>\$ 1,843,898</u> | <u>\$ 1,233,328</u> | <u>\$ 610,570</u> | <u>\$ 1,843,899</u> |
| Task: | | | | |
| Ozone Awareness Program | <u>\$ 1,843,898</u> | <u>\$ 1,233,328</u> | <u>\$ 610,570</u> | <u>\$ 1,843,898</u> |

NOTES:

1. The grant period for the Ozone Reduction Program began May 1, 2002.
2. CMAQ/ODOT/KYTC funds are received under an agreement with the Ohio Department of Transportation and the Kentucky Transportation Cabinet. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. In accordance with the OKI/ODOT agreement, Federal grant revenues do not exceed 90 percent of expenditures incurred. The State of Ohio assists local match contributions providing 10 percent from state revenue sources. KYTC funds are 80 percent Federal and 20 percent local match.
4. As of June 30, 2005, no costs subject to audit have been questioned.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
KTC EXCLUSIVE - TRAFFIC MANAGEMENT PROGRAM (FY 2005)
TURKEYFOOT ROAD STUDY
as of June 30, 2005**

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Kentucky: | \$ 40,000 | \$ 34,394 | \$ 34,394 |
| Total Revenues | <u>\$ 40,000</u> | <u>\$ 34,394</u> | <u>\$ 34,394</u> |
| Expenditures: | | | |
| Direct personnel | \$ - | 12,918 | \$ 12,918 |
| Fringe benefits | - | 6,678 | 6,678 |
| Indirect | - | 14,628 | 14,628 |
| Travel, subsistence & professional development | - | 21 | 21 |
| Printing, marketing & contractual | - | - | - |
| Other expenditures | - | 149 | 149 |
| Total Expenditures | <u>\$ 40,000</u> | <u>\$ 34,394</u> | <u>\$ 34,394</u> |
| Task: | | | |
| Program coordination | <u>\$ 40,000</u> | <u>\$ 34,394</u> | <u>\$ 34,394</u> |

NOTES:

1. This grant is 100 percent Federally funded.
2. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
OEPA
FY 2005 WATER QUALITY PLANNING - STATE 604B CONTRACT (OHIO)
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: OEPA (EPA Funds) | \$ 50,241 | \$ 50,096 | \$ 50,096 |
| Local matching funds | <u>33,494</u> | <u>33,398</u> | <u>33,398</u> |
| Total Revenues | <u>\$ 83,735</u> | <u>\$ 83,494</u> | <u>\$ 83,494</u> |
| Expenditures: | | | |
| Direct personnel | \$ - | \$ 30,528 | \$ 30,528 |
| Fringe benefits | - | 15,782 | 15,782 |
| Indirect | - | 34,568 | 34,568 |
| Travel, subsistence & professional development | - | 1,007 | 1,007 |
| Printing, marketing & contractual | - | - | - |
| Other expenditures | - | 1,609 | 1,609 |
| Total Expenditures | <u>\$ 83,735</u> | <u>\$ 83,494</u> | <u>\$ 83,494</u> |
| Task: | | | |
| Program coordination | <u>\$ 83,735</u> | <u>\$ 83,494</u> | <u>\$ 83,494</u> |

NOTES:

1. The grant period under the OEPA FY 2005 State 604B Contract is July 1, 2004 to June 30, 2005. This grant agreement provides for state revenues to be earned on adequate completion of products rather than cost reimbursement.
2. In accordance with the State OEPA contract, state grant revenues were not to exceed \$50,241 as set forth in the grant budget and the local matching funds of \$33,494 would be provided by OKI.
3. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
LOCAL REGIONAL PLANNING
as of June 30, 2005

| | Budget | Current Year Revenue and Expenditures | Cumulative Revenues and Expenditures as of June 30, 2005 |
|---|---------------|--|---|
| Revenues: | | | |
| Local contract funds | \$ 115,000 | \$ 101,706 | \$ 101,706 |
| Total Revenues | \$ 115,000 | \$ 101,706 | \$ 101,706 |
| Expenditures: | | | |
| Direct personnel | \$ 28,565 | \$ 37,458 | \$ 37,458 |
| Fringe benefits | 14,704 | 19,365 | 19,365 |
| Indirect | 32,654 | 42,416 | 42,416 |
| Travel, subsistence & professional development | 39,077 | 921 | 921 |
| Printing, marketing & contractual | - | - | - |
| Other expenditures | - | 1,546 | 1,546 |
| Total Expenditures | \$ 115,000 | \$ 101,706 | \$ 101,706 |
| Task: | | | |
| Local Regional Planning | \$ 115,000 | \$ 101,706 | \$ 101,706 |

NOTES:

1. The grant period for the Local Comprehensive Regional Planning Program was July 1, 2004 to June 30, 2005.
2. Budget amounts were derived from FY 2005 Overall Agency Budget.
3. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
LOCAL WATER QUALITY PLANNING PROJECT - 2005
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Local matching funds | \$ 26,000 | \$ 1,500 | \$ 1,500 |
| Total Revenues | <u>\$ 26,000</u> | <u>\$ 1,500</u> | <u>\$ 1,500</u> |
| Expenditures: | | | |
| Direct personnel | \$ 8,842 | \$ 497 | \$ 497 |
| Fringe benefits | 4,552 | 257 | 257 |
| Indirect | 10,108 | 562 | 562 |
| Travel, subsistence & professional development | - | 111 | 111 |
| Printing, marketing & contractual | - | - | - |
| Other expenditures | 2,498 | 73 | 73 |
| Total Expenditures | <u>\$ 26,000</u> | <u>\$ 1,500</u> | <u>\$ 1,500</u> |
| Task: | | | |
| Local Water Quality Planning | <u>\$ 26,000</u> | <u>\$ 1,500</u> | <u>\$ 1,500</u> |

NOTES:

1. The Local Water Quality Planning Activities - 2005 began July 1, 2004.
2. As of June 30, 2005, no costs subject to audit have been questioned.
3. Budget amounts were derived from fiscal 2005 overall agency budget.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
OEMA
HOMELAND SECURITY SURVEY DEVELOPMENT
as of June 30, 2005**

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: OEMA | \$ 74,000 | \$ 11,339 | \$ 11,339 |
| Total Revenues | <u>\$ 74,000</u> | <u>\$ 11,339</u> | <u>\$ 11,339</u> |
| Expenditures: | | | |
| Direct personnel | \$ - | \$ 2,017 | \$ 2,017 |
| Fringe benefits | - | 1,043 | 1,043 |
| Indirect | - | 2,284 | 2,284 |
| Travel, subsistence & professional development | - | - | - |
| Printing, marketing & contractual | - | 5,900 | 5,900 |
| Other expenditures | - | 77 | 77 |
| Total Expenditures | <u>\$ 74,000</u> | <u>\$ 11,321</u> | <u>\$ 11,321</u> |
| Task: | | | |
| Homeland Security | <u>\$ 74,000</u> | <u>\$ 11,339</u> | <u>\$ 11,339</u> |

NOTES:

1. This grant is 100 percent Federally funded.
2. As of June 30, 2005, no costs subject to audit have been questioned.

STATEMENTS OF CUMULATIVE REVENUES AND EXPENDITURES

PROGRAMS IN PROGRESS

FHWA Transportation Planning

| | |
|--|----|
| FY 2005 Transportation Planning | 32 |
| FY 2005 Surface Transportation Program (STP) | 33 |
| Western Hamilton County Corridor Study | 34 |
| Hamilton County TID | 35 |
| FY 2005 Rideshare/Ozone | 36 |
| Comprehensive Regional Impact Study..... | 37 |
| Southwest Warren County Corridor Study | 38 |
| Uptown Transportation Study | 39 |

U.S. EPA Water Quality Planning

| | |
|--|----|
| Great Miami Runoff Reduction Program | 40 |
|--|----|

Local Planning Activities

| | |
|----------------------------------|----|
| Trenton Comprehensive Plan | 41 |
|----------------------------------|----|

STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
FHWA/ODOT/KYTC
FY 2005 TRANSPORTATION PLANNING
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|--|---------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: ODOT (HPR-PL funds) | \$ 1,836,874 | \$ 1,652,727 | \$ 1,652,727 |
| Kentucky: KYTC (HPR-PL funds) | 311,565 | 284,482 | 284,482 |
| Kentucky: KYTC (FTA Funds) | 83,261 | 76,827 | 76,827 |
| Local matching funds | 280,875 | 253,724 | 253,724 |
| Total Revenues | <u>\$ 2,512,575</u> | <u>\$ 2,267,760</u> | <u>\$ 2,267,760</u> |
| Expenditures: | | | |
| Direct personnel | \$ 851,558 | \$ 770,707 | \$ 770,707 |
| Fringe benefits | 438,341 | 398,486 | 398,486 |
| Indirect | 973,437 | 872,447 | 872,447 |
| Travel, subsistence & professional develop | - | 25,192 | 25,192 |
| Printing, marketing & contractual | - | 132,260 | 132,260 |
| Other expenditures | 249,239 | 68,668 | 68,668 |
| Total Expenditures | <u>\$ 2,512,575</u> | <u>\$ 2,267,760</u> | <u>\$ 2,267,760</u> |
| Tasks: | | | |
| Short Range Planning | \$ 344,070 | \$ 344,072 | \$ 344,072 |
| Surveillance | 1,131,930 | 1,019,929 | 1,019,929 |
| Surveillance Supplemental | 100,000 | 69,704 | 69,704 |
| Long Range Planning | 662,954 | 591,194 | 591,194 |
| Public Involvement | 105,000 | 78,641 | 78,641 |
| Western Corridor | 36,651 | 36,642 | 36,642 |
| Strengthening Trans and Land Use | 30,653 | 30,653 | 30,653 |
| Kentucky Exclusive - Boone County | 41,317 | 41,906 | 41,906 |
| Air quality program | 60,000 | 55,019 | 55,019 |
| Total Tasks | <u>\$ 2,512,575</u> | <u>\$ 2,267,760</u> | <u>\$ 2,267,760</u> |

NOTES:

1. The grant period for FY 2005 Transportation Planning was July 1, 2004 through September 30, 2005.
2. FHWA/ODOT/KYTC funds are received under agreements for continuation of a transportation planning process with ODOT and KYTC. Revenues were received and expenditures incurred in accordance with an overall work program approved each fiscal year.
3. In accordance with the agreement, Federal and State grant funds do not exceed the matching requirements established in the FY 2005 UPWP.
4. As of June 30, 2005, no costs subject to audit have been questioned.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
FHWA/ODOT/KYTC
FY 2005 SURFACE TRANSPORTATION PROGRAM (STP)
as of June 30, 2005**

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: ODOT (STP) | \$ 299,999 | \$ 265,726 | \$ 265,726 |
| Kentucky: (SNK Funds) | 47,851 | 42,384 | 42,384 |
| Local matching funds | 11,965 | 10,598 | 10,598 |
| Total Revenues | <u>\$ 359,815</u> | <u>\$ 318,708</u> | <u>\$ 318,708</u> |
| Expenditures: | | | |
| Direct personnel | \$ 126,974 | \$ 113,147 | \$ 113,147 |
| Fringe benefits | 65,360 | 58,503 | 58,503 |
| Indirect | 145,148 | 128,077 | 128,077 |
| Travel, subsistence & professional development | - | 534 | 534 |
| Printing, marketing & contractual | - | 9,660 | 9,660 |
| Other expenditures | 22,333 | 8,787 | 8,787 |
| Total Expenditures | <u>\$ 359,815</u> | <u>\$ 318,708</u> | <u>\$ 318,708</u> |
| Tasks: | | | |
| Transportation Improvement | \$ 116,380 | \$ 116,379 | \$ 116,379 |
| Land Use Planning | 243,435 | 202,329 | 202,329 |
| Total Tasks | <u>\$ 359,815</u> | <u>\$ 318,708</u> | <u>\$ 318,708</u> |

NOTES:

1. The grant for the Surface Transportation Program agreement began July 1, 2004 through September 30, 2005.
2. FHWA/ODOT STP/KYTC SNK funds were received under agreements for specified long range planning activities. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. This program is funded with STP funds at a rate of 100 percent. Kentucky SNK funds are 80 percent Federal and 20 percent local match.
4. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
OHIO EXCLUSIVE
WESTERN HAMILTON COUNTY CORRIDOR STUDY
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: | \$ 762,500 | \$ 26,815 | \$ 26,815 |
| Total Revenues | <u>\$ 762,500</u> | <u>\$ 26,815</u> | <u>\$ 26,815</u> |
| Expenditures: | | | |
| Direct personnel | \$ 92,984 | \$ 7,793 | \$ 7,793 |
| Fringe benefits | 47,864 | 4,029 | 4,029 |
| Indirect | 106,292 | 8,825 | 8,825 |
| Travel, subsistence & professional development | 515,360 | 7 | 7 |
| Printing, marketing & contractual | - | 5,298 | 5,298 |
| Other Expenditures | - | 865 | 865 |
| Total Expenditures | <u>\$ 762,500</u> | <u>\$ 26,817</u> | <u>\$ 26,817</u> |
| Task: | | | |
| Western Hamilton County Corridor Study | <u>\$ 762,500</u> | <u>\$ 26,817</u> | <u>\$ 26,817</u> |

NOTES:

1. As of June 30, 2005, no costs subject to audit have been questioned.
2. Funding provided is congressional earmark.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
ODOT/STP
HAMILTON COUNTY TID
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: | \$ 400,000 | \$ 130,944 | \$ - | \$ 130,944 |
| Total Revenues | <u>\$ 400,000</u> | <u>\$ 130,944</u> | <u>\$ -</u> | <u>\$ 130,944</u> |
| Expenditures: | | | | |
| Direct personnel | \$ - | \$ - | \$ - | \$ - |
| Fringe benefits | - | - | - | - |
| Indirect | - | - | - | - |
| Travel, subsistence & professional development | - | - | - | - |
| Printing, marketing & contractual | 400,000 | 130,944 | - | 130,944 |
| Other expenditures | - | - | - | - |
| Total Expenditures | <u>\$ 400,000</u> | <u>\$ 130,944</u> | <u>\$ -</u> | <u>\$ 130,944</u> |
| Task: | | | | |
| Hamilton County TID | <u>\$ 400,000</u> | <u>\$ 130,944</u> | <u>\$ -</u> | <u>\$ 130,944</u> |

NOTES:

1. The grant for the Hamilton County TID began July 1, 2002.
2. STP/ODOT funds are received under an agreement with the Ohio Department of Transportation. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. As of June 30, 2005, no costs subject to audit have been questioned.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
FHWA/ODOT/KYTC
FY 2005 PROJECT RIDESHARE/OZONE
as of June 30, 2005**

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|--|---|
| Revenues: | | | |
| Federal and state | | | |
| Ohio: | \$ 335,797 | \$ 329,704 | \$ 329,704 |
| Ohio: Ozone CMAQ | 256,173 | 75,552 | 75,552 |
| Kentucky: | 53,562 | 52,590 | 52,590 |
| Kentucky: Ozone SNK | 40,862 | 12,051 | 12,051 |
| Local revenue | 10,215 | 3,013 | 3,013 |
| Local matching funds | 13,391 | 13,147 | 13,147 |
| Total Revenues | <u>\$ 710,000</u> | <u>\$ 486,057</u> | <u>\$ 486,057</u> |
| Expenditures: | | | |
| Direct personnel | \$ 105,597 | \$ 27,272 | \$ 27,272 |
| Fringe benefits | 54,356 | 14,099 | 14,099 |
| Indirect | 120,713 | 30,882 | 30,882 |
| Travel, subsistence & professional development | - | 1,483 | 1,483 |
| Printing, marketing & contractual | - | 404,570 | 404,570 |
| Other expenditures | 429,334 | 7,751 | 7,751 |
| Total Expenditures | <u>\$ 710,000</u> | <u>\$ 486,057</u> | <u>\$ 486,057</u> |
| Tasks: | | | |
| Ozone | \$ 402,750 | \$ 395,441 | \$ 395,441 |
| Ride Share Marketing | 307,250 | 90,616 | 90,616 |
| Total Tasks | <u>\$ 710,000</u> | <u>\$ 486,057</u> | <u>\$ 486,057</u> |

NOTES:

1. State grants and contracts consist of the following (all costs were incurred after the effective dates):
 - a. ODOT agreement for the period July 1, 2004 through June 30, 2005 for \$591,970 in ODOT/CMAQ reimbursed to OKI at a participation rate of 100 percent.
 - b. KYTC agreement for the period July 1, 2004 through June 30, 2005 for \$94,424 in KYTC/SNK reimbursed to OKI at a participation rate of 80 percent.
2. As of June 30, 2005, no costs subject to audit have been questioned.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
COMPREHENSIVE REGIONAL IMPACT STUDY
as of June 30, 2005**

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|-------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: | \$ 300,000 | \$ 130,307 | \$ 69,487 | \$ 199,794 |
| Total Revenues | <u>\$ 300,000</u> | <u>\$ 130,307</u> | <u>\$ 69,487</u> | <u>\$ 199,794</u> |
| Expenditures: | | | | |
| Direct personnel | \$ 106,525 | 41,961 | \$ 26,132 | \$ 68,093 |
| Fringe benefits | 56,725 | 21,394 | 13,509 | 34,904 |
| Indirect | 136,750 | 49,846 | 29,591 | 79,436 |
| Travel, subsistence & professional development | - | 62 | 186 | 248 |
| Printing, marketing & contractual | - | 17,025 | - | 17,025 |
| Other Expenditures | - | 19 | 70 | 89 |
| Total Expenditures | <u>\$ 300,000</u> | <u>\$ 130,307</u> | <u>\$ 69,488</u> | <u>\$ 199,795</u> |
| Task: | | | | |
| Comprehensive Regional Impact Study | <u>\$ 300,000</u> | <u>\$ 130,307</u> | <u>\$ 69,488</u> | <u>\$ 199,795</u> |

NOTES:

1. The grant for the Comprehensive Regional Impact Study began July 1, 2003.
2. TCSP funds are received under an agreement for the Comprehensive Regional Impact Study. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. In accordance with the Federal grant, revenues do not exceed 100 percent of expenditures incurred.
4. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
SOUTHWEST WARREN COUNTY CORRIDOR STUDY
as of June 30, 2005

| | <u>Budget</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2004</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|--------------------|---|--|---|
| Revenues: | | | | |
| Federal and state | | | | |
| Ohio: | \$ 800,000 | \$ 234,876 | \$ 427,727 | \$ 662,603 |
| Local matching funds | 200,000 | 58,719 | 106,931 | 165,651 |
| Total Revenues | <u>\$1,000,000</u> | <u>\$ 293,595</u> | <u>\$ 534,658</u> | <u>\$ 828,254</u> |
| Expenditures: | | | | |
| Direct personnel | \$ 75,000 | \$ 21,634 | \$ 57,974 | \$ 79,608 |
| Fringe benefits | 37,500 | 11,126 | 29,971 | 41,097 |
| Indirect | 78,750 | 24,041 | 65,648 | 89,689 |
| Travel, subsistence & professional development | 500 | 140 | 337 | 477 |
| Printing, marketing & contractual | 800,000 | 236,402 | 380,348 | 616,750 |
| Other expenditures | 8,250 | 252 | 379 | 631 |
| Total Expenditures | <u>\$1,000,000</u> | <u>\$ 293,595</u> | <u>\$ 534,657</u> | <u>\$ 828,252</u> |
| Task: | | | | |
| Warren County Corridor Study | <u>\$1,000,000</u> | <u>\$ 293,595</u> | <u>\$ 534,657</u> | <u>\$ 828,252</u> |

NOTES:

1. The grant for the Warren County Corridor Study began July 1, 2003.
2. STP funds are received under an agreement for the Southwest Warren County Corridor major investment study. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. In accordance with the Federal grant, revenues do not exceed 80 percent of expenditures incurred.
4. As of June 30, 2005, no costs subject to audit have been questioned.
5. Local match was provided under separate contract by Warren County.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
UPTOWN TRANSPORTATION STUDY
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|---------------------|--|---|
| Revenues: | | | |
| Ohio: | \$ 500,000 | \$ 468,256 | \$ 468,256 |
| Local matching funds | 1,500,000 | 117,100 | 138,099 |
| Contributed services | 100,000 | - | - |
| Total Revenues | <u>\$ 2,100,000</u> | <u>\$ 585,356</u> | <u>\$ 606,355</u> |
| Expenditures: | | | |
| Direct personnel | \$ 165,545 | \$ 56,783 | \$ 64,792 |
| Fringe benefits | 85,215 | 29,355 | 33,477 |
| Indirect | 189,240 | 64,299 | 73,157 |
| Travel, subsistence & professional development | - | 124 | 127 |
| Printing, marketing & contractual | - | 431,380 | 431,380 |
| Other expenditures | 1,660,000 | 3,415 | 3,422 |
| Total Expenditures | <u>\$ 2,100,000</u> | <u>\$ 585,356</u> | <u>\$ 606,355</u> |
| Task: | | | |
| Uptown Transportation Study | <u>\$ 2,100,000</u> | <u>\$ 585,356</u> | <u>\$ 606,355</u> |

NOTES:

1. The grant for the Uptown Transportation Study began July 1, 2003.
2. STP funds are received under an agreement for the Uptown Transportation major investment study. Revenues were received and expenditures incurred in accordance with a UPWP approved each fiscal year.
3. In accordance with the Federal grant, revenues do not exceed 80 percent of expenditures incurred.
4. Local match for this project provided by SORTA, Uptown Consortium, City of Cincinnati, and the AMOS Group.
5. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
GREAT MIAMI RUNOFF REDUCTION PROGRAM
as of June 30, 2005

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Ohio: | \$ 65,000 | \$ 16,824 | \$ 16,824 |
| Local revenues | - | 432 | 432 |
| Local matching funds | 33,000 | 10,930 | 10,930 |
| Total Revenues | <u>\$ 98,000</u> | <u>\$ 28,185</u> | <u>\$ 28,185</u> |
| Expenditures: | | | |
| Direct personnel | \$ 11,290 | \$ 2,970 | \$ 2,970 |
| Fringe benefits | 2,710 | 1,535 | 1,535 |
| Indirect | - | 3,363 | 3,363 |
| Travel, subsistence & professional development | 324 | 91 | 91 |
| Printing, marketing & contractual | 76,516 | 8,956 | 8,956 |
| Other expenditures | 7,160 | 11,271 | 11,271 |
| Total Expenditures | <u>\$ 98,000</u> | <u>\$ 28,186</u> | <u>\$ 28,186</u> |
| Task: | | | |
| Grant Miami Watershed | <u>\$ 98,000</u> | <u>\$ 28,186</u> | <u>\$ 28,186</u> |

NOTES:

1. As of June 30, 2005, no costs subject to audit have been questioned.
2. Ohio EPA 319 funds are received under an agreement for the Great Miami Runoff Reduction Program.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CUMULATIVE REVENUES AND EXPENDITURES
TRENTON COMPREHENSIVE PLAN
as of June 30, 2005**

| | <u>Budget</u> | <u>Current Year Revenue and Expenditures</u> | <u>Cumulative Revenues and Expenditures as of June 30, 2005</u> |
|---|------------------|--|---|
| Revenues: | | | |
| Local contract funds | \$ 50,000 | \$ 31,589 | \$ 31,589 |
| Total Revenues | <u>\$ 50,000</u> | <u>\$ 31,589</u> | <u>\$ 31,589</u> |
| Expenditures: | | | |
| Direct personnel | \$ - | \$ 11,743 | \$ 11,743 |
| Fringe benefits | - | 6,071 | 6,071 |
| Indirect | - | 13,298 | 13,298 |
| Travel, subsistence & professional development | - | 24 | 24 |
| Printing, marketing & contractual | - | - | - |
| Other expenditures | - | 453 | 453 |
| Total Expenditures | <u>\$ 50,000</u> | <u>\$ 31,589</u> | <u>\$ 31,589</u> |
| Task: | | | |
| Local Regional Planning | <u>\$ 50,000</u> | <u>\$ 31,589</u> | <u>\$ 31,589</u> |

NOTES:

1. The contract for Trenton Comprehensive Plan began June 19, 2004.
2. This project is 100 percent locally funded by the City of Trenton, Ohio.
3. As of June 30, 2005, no costs subject to audit have been questioned.

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2005

| <u>Federal Grantor/ Pass-through Grantor/ Program Title</u> | <u>CFDA Number</u> | <u>Pass Through Grant Numbers</u> | <u>Federal Award Amount</u> | <u>Total Project Budget</u> | <u>Expenditures for the year ended June 30, 2005</u> | <u>Federal Expenditures as of June 30, 2005</u> |
|---|------------------------|---|-------------------------------------|-------------------------------------|--|---|
| FHWA Transportation Planning | | | | | | |
| Passed through State Department of Transportation | | | | | | |
| (Ohio & Kentucky) | | | | | | |
| FHWA Highway Planning | | | | | | |
| FY 2004 Transportation Planning | 20.205 | 76281 | \$ 2,108,582 | \$ 2,373,677 | \$ 59,302 | 2,102,296 |
| FY 2005 Transportation Planning | 20.205 | 77481 | 2,231,700 | 2,512,575 | 2,014,036 | 2,014,036 |
| FY 2004 Surface Transportation Program | 20.205 | 76120 | 436,000 | 449,770 | 11,018 | 435,576 |
| FY 2005 Surface Transportation Program | 20.205 | 76553 | 347,850 | 359,815 | 308,110 | 308,110 |
| Ozone Awareness Program - 2003 - 2005 | 20.205 | 76118 | 1,782,606 | 1,843,898 | 590,273 | 1,782,605 |
| Western Hamilton County Corridor Study | 20.205 | 75846 | 762,500 | 762,500 | 26,815 | 26,815 |
| Boone County Study | 20.205 | | 104,000 | 130,000 | 67,435 | 103,761 |
| Turkeyfoot Road Study | 20.205 | | 40,000 | 40,000 | 34,394 | 34,394 |
| FY 2005 Rideshare/Ozone | 20.205 | 77373 | 686,394 | 710,000 | 469,898 | 469,898 |
| Homeland Security | 20.205 | | 74,000 | 74,000 | 11,339 | 11,339 |
| Comprehensive Regional Impact Study | 20.205 | 75848 | 300,000 | 300,000 | 69,487 | 199,794 |
| Dixie Highway Transit Study | 20.205 | | 405,000 | 450,000 | 216,667 | 404,906 |
| Southwest Warren County Study | 20.205 | 75988 | 800,000 | 1,000,000 | 427,727 | 662,603 |
| Uptown Transportation Study | 20.205 | 77628 | 500,000 | 2,100,000 | 468,256 | 468,256 |
| Total FHWA Transportation Planning | | | 10,578,632 | 13,106,235 | 4,774,757 | 9,024,389 |
| U.S. Environmental Protection Agency | | | | | | |
| Passed through State Environmental Protection Agency | | | | | | |
| Great Miami Runoff Reduction Programs | 66.419 | | 65,000 | 98,000 | 16,824 | 16,824 |
| FY 2005 604B Water Quality Planning Project | 66.419 | | 50,241 | 83,735 | 50,095 | 50,095 |
| Total U.S. Environmental Protection Agency | | | 115,241 | 181,735 | 66,919 | 66,919 |
| TOTAL | | | \$ 10,693,873 | \$ 13,287,970 | \$ 4,841,676 | \$ 9,091,308 |

OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2005

1. The supplementary schedule of expenditures of Federal awards was prepared using the accrual basis of accounting.
2. OKI receives certain Federal awards as pass-through awards from various states (Ohio and Kentucky). The amounts received are Federal and non Federal funds that are combined by the states and expenditures cannot be separately identified. The total amount of such pass-through awards is included in the supplemental Schedule of Expenditures of Federal Awards.
3. Expenditures for fringe benefits and indirect costs included in the Schedule of Expenditures of Federal Awards reflect the application of provisional rates adjusted to actual.



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

Executive Committee
Ohio-Kentucky-Indiana Regional
Council of Governments
Cincinnati, Ohio

We have audited the financial statements of Ohio-Kentucky-Indiana Regional Council of Governments (OKI) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 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.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered OKI's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Committee, management of OKI, 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.

Fax & Company

Cincinnati, Ohio
September 16, 2005



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

Executive Committee
Ohio-Kentucky-Indiana Regional
Council of Governments
Cincinnati, Ohio

Compliance

We have audited the compliance of Ohio-Kentucky-Indiana-Regional Council of Governments (OKI) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. OKI's major federal programs are 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 each of its major federal programs is the responsibility of OKI's management. Our responsibility is to express an opinion on OKI'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 Nonprofit 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 OKI's compliance with those requirements and performing 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 OKI's compliance with those requirements.

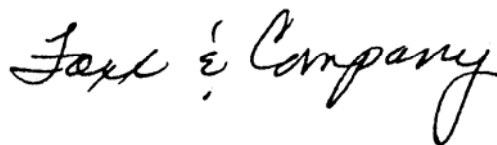
In our opinion OKI complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of OKI 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 OKI'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 do not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Committee, management of OKI, 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.

A handwritten signature in cursive script that reads "Jaxx & Company". The signature is written in black ink and is positioned to the right of the date and location information.

Cincinnati, Ohio
September 16, 2005

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2005**

Section I - Summary of Auditor's Results

Financial Statements

| | |
|--|--------------------|
| Type of auditors' report issued | Unqualified |
|--|--------------------|

| | Yes | No |
|---|-----|----|
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | | X |
| Reportable condition(s) identified that are not considered to be material weakness(es)? | | X |
| Noncompliance material to financial statements noted? | | X |

Federal Awards

| | Yes | No |
|---|-----|----|
| Material weakness(es) identified? | | X |
| Reportable condition(s) identified that are not considered to be material weakness(es)? | | X |

| | |
|--|--------------------|
| Type of auditor's report issued on compliance for major programs: | Unqualified |
|--|--------------------|

| | | |
|--|--|---|
| Any audit findings disclosed that are required to be reported in accordance Circular A-133, Subpart __.510(a)? | | X |
|--|--|---|

Identification of Major Programs

| Name of Federal Program or Cluster | CFDA Number(s) | |
|--|--------------------------|--|
| Federal Highway Planning | 20.205 | |
| Dollar threshold used to distinguish between Type A and Type B programs | \$300,000 or more | |
| Auditee qualified as low-risk auditee? | Yes | |

Section II - Financial Statement Findings

No matters are reportable.

Section III-Federal Award Findings and Questioned Costs

No matters are reportable.

**OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2005**

There were no prior audit findings or questioned costs relative to Federal awards for the audit of the Ohio-Kentucky-Indiana Regional Council of Government for the year ended June 30, 2004.