

**EAST-WEST GATEWAY
COUNCIL OF GOVERNMENTS**

FINANCIAL STATEMENTS

December 31, 2018 and 2017

EAST–WEST GATEWAY COUNCIL OF GOVERNMENTS

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Independent Auditors' Report

Board of Directors
East-West Gateway Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of East-West Gateway Council of Governments as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of East-West Gateway Council of Governments as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 audits 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise East-West Gateway Council of Governments' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of East-West Gateway 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East-West Gateway Council of Governments' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East-West Gateway Council of Governments' internal control over financial reporting and compliance.

Keenan, Eck & Buschek LLP

St. Louis, Missouri
June 24, 2019

EAST–WEST GATEWAY COUNCIL OF GOVERNMENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Introduction

This section of the East-West Gateway Council of Governments’ annual financial report offers a narrative overview and analysis of the financial activities during the fiscal year ended December 31, 2018. It should be read in conjunction with the accompanying financial statements in order to obtain a thorough understanding of East-West Gateway’s financial condition. This management’s discussion and analysis (MD&A) along with the financial statement presentations combine to form an integrated set of basic financial statements.

East-West Gateway Council of Governments Overview

The East-West Gateway Council of Governments (the “Council”) was incorporated in 1965 to provide a forum for cooperative problem solving and the coordinated development of regional policy. The geographic region covers 4,500 square miles encompassed by the City of St. Louis; Franklin, Jefferson, St. Charles, and St. Louis counties in Missouri; and Madison, Monroe, and St. Clair counties in Illinois.

A 29 member Board of Directors that includes 24 voting members comprised of 18 locally elected officials and 6 citizen representatives and 5 non-voting members representing our states governs the Council. With input from federal, state, and local governments, the Council provides the community with a regional perspective.

The Council’s services are funded by a variety of sources including contributions by member governments, formula and discretionary grants from the federal government, states of Missouri and Illinois, and contributions for specific programs from private foundations and civic organizations.

Overview of the Financial Statements

The Council adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – For State and local Governments (Statement 34), as of January 1, 2004. Statement 34 established standards for external financial reporting for all state and local governmental entities.

Required Financial Statements

The financial statements report information of the Council 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 fiscal year 2018 activities. The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

EAST–WEST GATEWAY COUNCIL OF GOVERNMENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

The current year revenue and expenses are accounted for in the statement of revenues, expenses, and change in net position using the accrual basis of accounting. All of the Council’s operations and programs are included here.

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 operating, investing, capital and related financing activities, and noncapital financing activities and indicates the source of the cash, how the cash was used, and the net change in the cash balance during the reporting period.

In addition, the notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are followed by supplementary information that further explains and supports the information in the financial statements.

Financial Highlights

The assets of the Council exceeded its liabilities at the close of 2018 and 2017 by \$3,596,723 and \$3,220,667, respectively. Of this amount \$3,530,728 for 2018 and \$3,152,420 for 2017 represents unrestricted net position, which may be used to meet ongoing obligations to grantor agencies and creditors.

The total net position increased in 2018 by \$376,056 compared to the decrease of \$115,606 in 2017, which represents an increase of 11.7% in 2018 and a decrease of 3.4% in 2017.

Schedule of Net Position for 2018 Compared to 2017

(Dollars in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 4,774	\$ 5,245	\$ 4,883	\$ (471)	-9.0%
Capital assets - net	<u>66</u>	<u>68</u>	<u>67</u>	<u>(2)</u>	<u>-2.9%</u>
Total assets	<u>\$ 4,840</u>	<u>\$ 5,313</u>	<u>\$ 4,950</u>	<u>\$ (473)</u>	<u>-8.9%</u>
Total current liabilities	<u>\$ 1,244</u>	<u>\$ 2,093</u>	<u>\$ 1,613</u>	<u>\$ (849)</u>	<u>-40.6%</u>
Invested in capital assets	\$ 66	\$ 68	\$ 67	\$ (2)	-2.9%
Unrestricted	<u>3,531</u>	<u>3,153</u>	<u>3,269</u>	<u>378</u>	<u>12.0%</u>
Total net position	<u>\$ 3,597</u>	<u>\$ 3,221</u>	<u>\$ 3,336</u>	<u>\$ 376</u>	<u>11.7%</u>

EAST–WEST GATEWAY COUNCIL OF GOVERNMENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

As noted earlier, net position may serve over time as a useful indicator of financial position. The Council’s assets at December 31, 2018 and 2017, exceeded liabilities by \$3,596,723 and \$3,220,667, respectively. The Council’s 2018 unrestricted net position represented 98.2% of the total net position while investments in capital assets (e.g., equipment) made up 1.8%. The 9.0% decrease in current assets during 2018 is the result of a decrease in cash from paying prior year accounts payable.

The 40.6% decrease in current liabilities is mainly attributable to the decrease in deferred revenue and accounts payable at the end of 2018 compared to 2017.

Schedule of Revenues, Expenses, and Changes in Net Position for 2018 Compared to 2017

Condensed Schedule of Revenue, Expenses, and Changes in Net Position (Dollars in thousands)

	2018	2017	2016	Increase (Decrease)
Operating revenues:				
Federal and state funding	\$ 7,152	\$ 6,860	\$ 7,276	\$ 292
Local fees	1,443	2,332	987	(889)
In-kind services	264	238	256	26
Other revenues	31	25	27	6
Total operating revenues	8,890	9,455	8,546	(565)
Operating expenses:				
Equipment and software cost	842	1,364	1,599	(522)
Salaries, wages, and fringe benefits	4,488	4,503	4,463	(15)
Consultants/contractual	2,147	2,811	1,517	(664)
Training costs - emergency personnel	42	38	47	4
In-kind services	264	238	256	26
Other expenses	802	661	688	141
Total operating expenses	8,585	9,615	8,570	(1,030)
Operating income (loss) before nonoperating revenue	305	(160)	(24)	465
Nonoperating revenue	71	45	10	26
Change in net position	376	(115)	(14)	491
Net position at beginning of year	3,221	3,336	3,350	(115)
Net position at end of year	\$ 3,597	\$ 3,221	\$ 3,336	\$ 376

EAST–WEST GATEWAY COUNCIL OF GOVERNMENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

A comparison of 2018 to 2017 activity is shown in the condensed schedule of revenue, expenses, and changes in net position. The changes in operating revenues are the result of a combination of increases and reductions of funding from funding programs as described below:

- Two new funding sources were added in 2018. Federal revenue from the Federal Emergency Management Agency and the Federal Transit Administration passed through the Bi-State Development Agency in the amounts of \$168,000 and \$240,000, respectively were recorded.
- Federal and state revenues from the Missouri Department of Natural Resources decreased by \$116,000 under the environmental programs conducted by East-West Gateway. The decrease was largely due to the completion of the water management planning work.
- Local revenues decreased in total by \$889,000 from municipalities and non-profit organizations. Transportation improvement project fees increased in 2018 by \$82,000. Fees for concluded project specific studies conducted for local organizations decreased by \$968,000 in the same period.

The Council’s total expenses decreased by approximately \$1,030,000, in 2018 compared to 2017. The most significant changes in expenses follows:

- Equipment and computer software acquisitions under the Urban Area Security Initiative various grants decreased by \$522,000 in 2018. The multi-year grants focus on improving disaster preparedness and response. Equipment procurements are expected to increase in 2019.
- Contractual service expenditures decreased during 2018 by \$664,000. Some of the larger changes occurred in the following programs:
 - In 2018, the Northside/Southside MetroLink Corridor Conceptual Design project contractual consulting services decreased by \$930,000. This work was completed in 2018.
 - The transit security assessment study increased contractual expenditures by \$300,000 for 2018. This work will continue into 2019.

Economic Conditions

East-West Gateway relies on federal and state grants for the majority of its revenue. Our expenditures vary from year to year depending on the number and size of projects that are undertaken by the agency. The fundamental transportation planning funding remains relatively stable. These stable transportation-funded activities are supplemented with competitively awarded transportation projects and significant activities in other areas such as safety and security, environmental, and economic development. In addition, locally funded studies are undertaken for the advancement of the St. Louis metropolitan area.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Since 2013, East-West Gateway has received annual Urban Area Security Initiative funding of approximately \$3,000,000. The existing funding will continue into 2021. The level of funding for this program in the federal fiscal year 2019 is expected to remain steady.

The cash match generated from the member counties and municipalities in the form of fees provides some of the necessary match required to access much of our federal planning funds. EWG's match is a combination of per capita contribution, state appropriated funds, transportation project administrative fees, local government commitments and contributed services. These sources will continue to provide adequate non-federal match for many of the federal planning assistance programs that are available to us in 2019.

We feel that East-West Gateway is positioned to continue to provide planning services to the St. Louis metropolitan area.

Contacting the Council

This financial report is designed to provide a general overview of the East-West Gateway Council of Government's finances for all those with an interest in the Council. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, East-West Gateway Council of Governments, One Memorial Drive, St. Louis, MO 63102.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

STATEMENTS OF NET POSITION

December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,944,675	\$ 3,573,249
Receivables		
Grants	601,480	473,178
Other	200	1,393
Project costs in process	1,101,401	1,077,007
Prepaid expenses	<u>126,504</u>	<u>120,278</u>
Total current assets	4,774,260	5,245,105
CAPITAL ASSETS - at cost		
Equipment	167,224	164,813
Leasehold improvements	-	44,040
Software	<u>15,925</u>	<u>14,503</u>
	183,149	223,356
Less accumulated depreciation and amortization	<u>(117,154)</u>	<u>(155,109)</u>
	<u>65,995</u>	<u>68,247</u>
TOTAL ASSETS	<u><u>\$ 4,840,255</u></u>	<u><u>\$ 5,313,352</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payroll withholdings	\$ 48,733	\$ 70,619
Accrued salaries payable	94,598	87,555
Accounts payable	465,877	992,383
Unearned revenue	302,149	707,207
Accrued lease payments	164,203	59,031
Accrued vacation payable	<u>167,972</u>	<u>175,890</u>
Total current liabilities	1,243,532	2,092,685
NET POSITION		
Invested in capital assets	65,995	68,247
Unrestricted	<u>3,530,728</u>	<u>3,152,420</u>
Total net position	<u>3,596,723</u>	<u>3,220,667</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,840,255</u></u>	<u><u>\$ 5,313,352</u></u>

See notes to financial statements.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31,

	2018	2017
OPERATING REVENUES		
Federal grants	\$ 6,909,291	\$ 6,570,806
State grants	242,871	289,360
Local fees		
Cash - per capita	321,407	321,407
Cash - other	1,120,655	2,010,617
In-kind services	264,421	237,545
Miscellaneous	30,982	24,628
	8,889,627	9,454,363
OPERATING EXPENSES		
Consultant/contractual services	2,147,292	2,811,422
Equipment cost	795,616	1,216,917
Salaries and wages	2,982,424	2,972,990
Employee benefits	1,505,234	1,529,729
Computer software	46,024	147,039
In-kind services	264,421	237,545
Rent	266,191	250,919
Training costs - emergency personnel	41,832	37,834
Professional services	89,660	80,029
Miscellaneous expenses	63,892	73,659
Supplies and general expenses	142,171	42,438
Travel and parking	53,403	38,661
Nonmatchable expenses	459	766
Voice and data communications	25,640	26,744
Meetings and conferences	66,992	58,896
Depreciation and amortization	35,978	30,906
Software maintenance	25,938	42,325
Reproduction	31,813	15,738
	8,584,980	9,614,557
Operating income (loss) before nonoperating revenues	304,647	(160,194)
NONOPERATING REVENUES		
Interest income	50,069	33,918
State appropriations	21,340	10,670
	71,409	44,588
CHANGE IN NET POSITION	376,056	(115,606)
Net position at beginning of year	3,220,667	3,336,273
Net position at end of year	\$ 3,596,723	\$ 3,220,667

See notes to financial statements.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

STATEMENTS OF CASH FLOWS

Year ended December 31,

	2018	2017
INCREASE (DECREASE) IN CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal grants	\$ 6,815,096	\$ 6,147,635
Cash received from state grants	253,971	320,035
Cash received from local fees	1,238,515	3,296,846
Payments to employees	(3,522,386)	(3,500,328)
Payments to vendors	(5,539,452)	(5,493,655)
Other miscellaneous - nongrants	87,380	33,572
Net cash provided by (used in) operating activities	(666,876)	804,105
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	21,340	10,670
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(33,843)	(32,832)
Proceeds on disposal of equipment	736	978
Net cash used in capital and financing activities	(33,107)	(31,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash	50,069	33,918
Net increase (decrease) in cash	(628,574)	816,839
Cash at beginning of year	3,573,249	2,756,410
Cash at end of year	\$ 2,944,675	\$ 3,573,249
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss) before nonoperating revenues	\$ 304,647	\$ (160,194)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities		
Depreciation and amortization	35,978	30,906
Gain on disposal of capital assets	(619)	(610)
Net changes in other assets and liabilities:		
Grant and other receivables	(127,109)	486,763
Project costs in process	(24,394)	(42,301)
Prepaid expenses	(6,226)	10,176
Accounts payable, accrued, and other liabilities	(954,325)	530,348
Accrued lease payments	105,172	(50,983)
Net cash flows provided by (used in) operating activities	\$ (666,876)	\$ 804,105

See notes to financial statements.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

East-West Gateway Council of Governments (the “Council”), a wholly owned instrumentality of the political subdivisions of the States of Missouri and Illinois, was established in 1965 as a result of the 1962 Highway Act, which required metropolitan areas to plan highway improvements and construction on an area-wide basis. The Council is a voluntary association of local governments, which includes the City of St. Louis and the Missouri counties of Franklin, Jefferson, St. Charles, and St. Louis, plus the Illinois counties of Madison, Monroe, and St. Clair. Its purpose is to provide a means for planning St. Louis Metropolitan area projects through local government coordination.

The major area of emphasis is transportation; however, regional security, economic development, natural resources, environmental studies, community facilities, and the general improvement of living conditions also come within the scope of the Council’s activities.

Basis of Presentation and Accounting

The financial statements of the Council are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments: Omnibus, U.S. Amended*, the Council’s financial statements have been prepared on the basis of the governmental enterprise fund concept, which pertains to financial activities that operate similarly to a private business enterprise. The Council accounts for resources received and expenses incurred on a source, grant, and “work element” basis as required by the Missouri Department of Transportation. For financial statement presentation, such resources and related expenses are reported by major granting agency. Financial records and statements are maintained on the accrual basis.

Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

Project Costs in Process

The Council reports current project costs in process as an asset as prescribed by the Federal Transit Administration. Project costs in process represent expenditures incurred that are not currently billable to the granting agency. At December 31, 2018 and 2017, project costs in process included:

	<u>2018</u>	<u>2017</u>
Completed projects	\$ 553	\$ -
Open projects	<u>1,100,848</u>	<u>1,077,007</u>
Total	<u>\$ 1,101,401</u>	<u>\$ 1,077,007</u>

Capital Assets, Depreciation, and Amortization

Capital assets are recorded at cost, except for those purchases under federal and nonfederal grants where the title of the capital asset has transferred to the subrecipient organization under the terms of the grant. The Council's policy is to capitalize all expenditures in excess of \$200. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets (3 years for computers and 5 to 20 years for all other property).

Net Position

The net position of the Council is classified into two categories: unrestricted and invested in capital assets. Invested in capital assets consists of capital assets such as office equipment, leasehold improvements, and software. Unrestricted net assets include net assets available for the operation of the Council.

Operating Revenues and Expenses

Operating revenues generally result from providing services and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grant revenue is received for specific grant expenditures. The grants are contracts for services and therefore the grant revenue and related expenses are classified as operating revenues in the statement of revenues, expenses, and changes in net position. This grant revenue is the principal source of funds necessary to carry out the purpose of the Council's activities as described above.

Grant Revenue

Federal and nonfederal grant resources are recognized as revenue when project costs are expended and all eligibility requirements are met. Reimbursement requests to granting agencies are made primarily on a monthly basis.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

Indirect Cost and Employee Benefit Allocations

The indirect cost and employee benefit pools are composed of expenses that benefit more than one grant. Indirect costs and employee benefit pools are allocated based on the rates established in the Council's Indirect Cost Allocation Plan. Allocation rates are based on a fixed rate with carry-forward.

Tax Status

The Council is exempt from federal and state income taxes.

Risk Management

The Council is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. Coverage for these various risks of loss is obtained through commercial insurance. There has been no significant reduction in insurance coverage from the prior year for all categories of risk. Commercial insurance is purchased in an amount that is sufficient to cover the Council's risk of loss. The Council will record an estimated loss from a claim as an expense and a liability if it meets the following requirements: (1) information available before the financial statements are issued indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and (2) the amount of the loss can be reasonably estimated.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

2. CASH AND CASH EQUIVALENTS

As of December 31, 2018 and 2017, the Council had bank deposits of \$2,944,575 and \$3,573,149 respectively and cash on hand of \$100.

Credit Risk

It is the Council's investment policy to only invest in time deposits, money market funds, U.S. Treasury and federal agency securities, and repurchase agreements. As of December 31, 2018 and 2017, the Council was in compliance with this policy.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk

Under the Council's established investment policy, the maximum allowed maturity for time deposits is five years. U.S. Treasury and federal agency securities and repurchase agreements have an allowed maximum maturity of 90 days or less. The Council had no investments during 2018 or 2017.

Custodial Credit Risk

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Council's deposit may not be returned to it. The Council does not have a deposit policy for custodial credit risk. State law requires depository financial institutions to pledge governmental unit securities as collateral for public funds on deposit, which, when combined with Federal Deposit Insurance Corporation (FDIC) insurance, are at least equal to the amount on deposit at all times. At December 31, 2018 and 2017, the Council's carrying amount of deposits was \$2,944,575 and \$3,573,149, respectively, and the bank balance was \$3,039,272 and \$3,814,481, respectively. At December 31, 2018 and 2017, the Council's deposits bank balance was insured or collateralized as follows:

	<u>2018</u>	<u>2017</u>
FDIC insurance	\$ 359,685	\$ 500,000
Uninsured and collateralized through Bank of America's safekeeping department in the Council's name at the Bank of New York	<u>2,679,587</u>	<u>3,314,481</u>
	<u>\$ 3,039,272</u>	<u>\$ 3,814,481</u>

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Council has an informal policy to reduce custodial credit risk where securities pledged are held by the pledging financial institution's safekeeping department in the Council's name. U.S. agency securities are held in the Council's name at the Bank of New York under a custodial relationship with the Bank of America. The Council does not have a concentration of credit risks policy.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

For the years ended December 31, 2018 and 2017, capital asset activity is as follows:

<u>2018</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
Equipment	\$ 164,813	\$ 25,300	\$ (22,889)	\$ 167,224
Leasehold improvements	44,040	-	(44,040)	-
Software	14,503	8,543	(7,121)	15,925
Total capital assets	223,356	33,843	(74,050)	183,149
Less accumulated depreciation and amortization	(155,109)	(35,978)	73,933	(117,154)
Net	<u>\$ 68,247</u>	<u>\$ (2,135)</u>	<u>\$ (117)</u>	<u>\$ 65,995</u>
<u>2017</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
Equipment	\$ 165,769	\$ 25,449	\$ (26,405)	\$ 164,813
Leasehold improvements	44,040	-	-	44,040
Software	29,419	7,383	(22,299)	14,503
Total capital assets	239,228	32,832	(48,704)	223,356
Less accumulated depreciation and amortization	(172,539)	(30,906)	48,336	(155,109)
Net	<u>\$ 66,689</u>	<u>\$ 1,926</u>	<u>\$ (368)</u>	<u>\$ 68,247</u>

Depreciation expense allocated to the grant funds as part of indirect costs was \$35,978 and \$30,906 in 2018 and 2017, respectively.

4. GRANTS PLEDGED

Unexpended grants to the Council aggregated \$17,316,597 and \$13,057,122 at December 31, 2018 and 2017, respectively. Unexpended federal grants totaled \$15,892,414 and \$11,654,520 and unexpended state and local grants totaled \$1,424,183 and \$1,402,602 at December 31, 2018 and 2017, respectively. Unexpended grants to the Council on open projects totaled \$16,031,753 and \$11,876,270 at December 31, 2018 and 2017, respectfully. The unexpended grants that expired during the respective fiscal year and were not pledged at December 31, 2018 and 2017, were \$1,284,844 and \$1,180,852, respectively.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

5. LEASE COMMITMENTS

The future minimum rental payments under noncancelable operating leases for office space and equipment are as follows:

2019	\$ 257,661
2020	265,277
2021	268,547
2022	276,597
2023	284,647
2024 - 2028	<u>1,543,996</u>
Total minimum lease payments	<u>\$ 2,896,725</u>

The office space lease agreements provide for scheduled rent increases. Rent expense is recognized on a straight-line basis over the lease term which expires December 31, 2028. Total rent expense in 2018 and 2017 was \$266,191 and \$250,919, respectively.

6. RETIREMENT SAVINGS PLAN

The Council adopted the East-West Gateway Council of Governments Retirement Savings Plan and Trust (the "Plan"), a defined contribution plan, which allows voluntary tax-deferred contributions pursuant to the provisions of Section 401(k) of the Internal Revenue Code. The investment management and recordkeeping services for the Plan are performed by Principal Financial Group. The Council is required to make matching contributions to the Plan. The Council contributes a maximum of 6.0% of gross employee salary. The Plan is available to all employees over the age of 21 regardless of their time of service. During 2018 and 2017, respectively, the Council contributed \$190,371 and \$183,635 and employees contributed \$299,841 and \$288,791 to the Plan.

7. CONTINGENCIES

The Council has entered into subcontracts with various governmental agencies and consulting firms for special studies in connection with federally funded contracts administered by the Council. At December 31, 2018 and 2017, the aggregate amount of outstanding contractual commitments for which services are to be performed in future periods is \$2,553,104 and \$1,391,702 respectively.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

COMBINING SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31,

2018		Operating Revenues					Total	Operating Expenses
		Federal Grants	State Grants and Appropriations	Local Fees — Cash	In-Kind Services	Miscellaneous/ Allocations		
Bi-State Development Agency:								
MO-16-X048	MO-16-X048	\$ 7,501	\$ -	\$ -	\$ -	\$ -	\$ 7,501	\$ 7,501
MO-2017-033	MO-2017-033	240,332	-	60,083	-	-	300,415	300,415
Total		247,833	-	60,083	-	-	307,916	307,916
Missouri Department of Transportation Grants (MoDOT):								
CPG MODOT-FY18	MP51801C	\$ 1,817,452	\$ -	\$ 81,088	\$ 142,577	\$ 230,698	\$ 2,271,815	\$ 2,271,815
CPG MODOT-FY19	MP51901C	1,369,346	-	7,856	121,844	212,637	1,711,683	1,711,683
Total		3,186,798	-	88,944	264,421	443,335	3,983,498	3,983,498
Illinois Department of Transportation Grants (IDOT):								
MPO-EWGCG-PL-FTA-19 / 1910096856	90JD(279)	\$ 425,782	\$ 106,444	\$ -	\$ -	\$ -	\$ 532,226	\$ 532,226
MPO-EWGCG-PL-FTA-18 / 1775105401	SPR-PL-3000(122)	428,876	107,219	-	-	-	536,095	536,095
Total		854,658	213,663	-	-	-	1,068,321	1,068,321
Missouri Department of Natural Resources Grants:								
Air Quality Coordination A3001-19	BG99731318AA	\$ 3,631	\$ 4,172	\$ -	\$ -	\$ -	\$ 7,803	\$ 7,803
Air Quality Coordination A3001-18	BG97731309	14,790	16,996	-	-	-	31,786	31,786
Total		18,421	21,168	-	-	-	39,589	39,589
Illinois Environmental Protection Agency Grants:								
FA17114 (Air Quality Coordination)	BG98542815	\$ 14,108	\$ -	\$ -	\$ -	\$ -	\$ 14,108	\$ 14,108
FA17114 (Air Quality Coordination)	BG98542814	22,594	-	-	-	138	22,732	22,732
Total		36,702	-	-	-	138	36,840	36,840
Missouri Department of Health & Senior Services Grants:								
CS180062001	INU90TP921896-01 / 6U3REP15048901	\$ 300,018	\$ -	\$ -	\$ -	\$ -	\$ 300,018	\$ 300,018
CS180062001-001	INU90TP921896-01	71,210	-	-	-	-	71,210	71,210
Total		371,228	-	-	-	-	371,228	371,228
U.S. Dept. of Homeland Security - Federal Emergency Management Agency								
EMW-2016-GR-00101-S01	EMW-2016-GR-00101-S01	\$ 270,484	\$ -	\$ -	\$ -	\$ -	\$ 270,484	\$ 270,484
Total		270,484	-	-	-	-	270,484	270,484

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

COMBINING SCHEDULES OF REVENUES AND EXPENSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31,

2018	Operating Revenues					Total	Operating Expenses
	Federal Grants	State Grants and Appropriations	Local Fees — Cash	In-Kind Services	Miscellaneous/ Allocations		
Missouri Department of Public Safety—Office of Homeland Security							
Urban Area Security Initiative FY2015	\$ 643,146	\$ -	\$ -	\$ -	\$ 5	\$ 643,151	\$ 643,151
Urban Area Security Initiative FY2016	904,439	-	-	-	-	904,439	904,439
Urban Area Security Initiative FY2017	338,613	-	-	-	-	338,613	338,613
Total	1,886,198	-	-	-	5	1,886,203	1,886,203
Missouri Department of Public Safety—State Emergency Management Agency							
FEMA-DR-MO-4317-0002	\$ 4,201	\$ -	\$ -	\$ -	\$ 1,400	\$ 5,601	\$ 5,601
Total	4,201	-	-	-	1,400	5,601	5,601
Missouri Dept of Economic Development/Mo. Assoc. of Councils of Government							
CDBG Needs Assessment	\$ -	\$ 1,792	\$ -	\$ -	\$ -	\$ 1,792	\$ 1,792
Community Development Block Grant	5,983	-	-	-	-	5,983	5,983
Total	5,983	1,792	-	-	-	7,775	7,775
Mid-America Regional Council							
USDA Nutrition Incentive Collaboration Program	\$ 26,785	\$ -	\$ -	\$ -	\$ 6,776	\$ 33,561	\$ 33,561
Total	26,785	-	-	-	6,776	33,561	33,561
Local Governments, Districts, and Non-Profit Funding Agreements:							
Southern Illinois University - Edwardsville Wood River Refinery Traffic Study - 763983-001	\$ -	\$ 6,248	\$ -	\$ -	\$ -	\$ 6,248	\$ 6,248
Southwestern Illinois Flood Prevention District Council	-	-	199,765	-	-	199,765	199,765
City of St. Louis - Northside/Southside MetroLink Conceptual Design	-	-	458,332	-	-	458,332	458,332
St. Louis Area Regional Response System	-	-	19,152	-	-	19,152	19,152
Total	-	6,248	677,249	-	-	683,497	683,497
TOTAL ALL GRANTS AND FEES	\$ 6,909,291	\$ 242,871	\$ 826,277	\$ 264,421	\$ 451,653	\$ 8,694,513	\$ 8,694,513
OPERATING FUND	-	21,340	615,785	-	(370,602)	266,523	(109,533)
TOTAL	\$ 6,909,291	\$ 264,211	\$ 1,442,062	\$ 264,421	\$ 81,051	\$ 8,961,036	\$ 8,584,980

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

COMBINING SCHEDULES OF REVENUES AND EXPENSES - CONTINUED

For the year ended December 31,

2017	Operating and Nonoperating Revenues					Total	Operating Expenses
	Federal Grants	State Grants and Appropriations	Local Fees — Cash	In-Kind Services	Miscellaneous/ Allocations		
Bi-State Development Agency: MO-16-X048	\$ 8,246	\$ -	\$ -	\$ -	\$ -	\$ 8,246	\$ 8,246
Total	8,246	-	-	-	-	8,246	8,246
Missouri Department of Transportation Grants (MoDOT): CPG MODOT-FY17 SPR17CPS CPG MODOT-FY18 MP51801C	\$ 1,617,206 1,593,657	\$ - -	\$ 55,940 79,777	\$ 123,273 114,322	\$ 225,088 204,315	\$ 2,021,507 1,992,071	\$ 2,021,507 1,992,071
Total	3,210,863	-	135,717	237,595	429,403	4,013,578	4,013,578
Illinois Department of Transportation Grants (IDOT): FHWA (PL): MPO-EWGCG-PL-FTA-17 SPR-PL-3000(089) FHWA (PL): MPO-EWGCG-PL-FTA-18 SPR-PL-3000(122)	\$ 423,692 379,019	\$ 105,925 94,755	\$ - -	\$ - -	\$ - -	\$ 529,617 473,774	\$ 529,617 473,774
Total	802,711	200,680	-	-	-	1,003,391	1,003,391
Missouri Department of Natural Resources Grants: A3001-17 - Air Quality Coordination A3001-18 - Air Quality Coordination G16-NPS-05 - Lower Meramec Watershed Mgt Plan NPOMWLMA - Our Missouri Waters Lower Meramec NPOMWMWA - Our Missouri Waters MO River	\$ 14,639 1,756 50,546 - -	\$ 16,822 2,018 10,187 63,967 (4,314)	\$ - - 16,773 - -	\$ - - (50) - -	\$ - - - - 4,314	\$ 31,461 3,774 77,456 63,967 -	\$ 31,461 3,774 77,456 63,967 -
Total	66,941	88,680	16,773	(50)	4,314	176,658	176,658
Illinois Environmental Protection Agency Grants: FA17114 (Air Quality Coordination)	\$ 39,692	\$ -	\$ -	\$ -	\$ -	\$ 39,692	\$ 39,692
Total	39,692	-	-	-	-	39,692	39,692
Missouri Department of Health & Senior Services Grants: CS160899001 CS180062001	\$ 358,998 52,329	\$ - -	\$ - -	\$ - -	\$ 408 -	\$ 359,406 52,329	\$ 359,406 52,329
Total	411,327	-	-	-	408	411,735	411,735

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

COMBINING SCHEDULES OF REVENUES AND EXPENSES - CONCLUDED

For the year ended December 31,

2017	Operating and Nonoperating Revenues					Total	Operating Expenses
	Federal Grants	State Grants and Appropriations	Local Fees — Cash	In-Kind Services	Miscellaneous/ Allocations		
Missouri Department of Public Safety-Office of Homeland Security							
EMW-2015-SS-00020-S001-024 Urban Area Security Initiative	\$ 1,279,082	\$ -	\$ -	\$ -	\$ -	\$ 1,279,082	\$ 1,279,082
EMW-2016-SS-00049 Urban Area Security Initiative	709,732	-	-	-	-	709,732	709,732
Total	1,988,814	-	-	-	-	1,988,814	1,988,814
Missouri Department of Economic Development/Mo. Assoc. of Councils of Government							
Community Development Block Grant	\$ 20,430	\$ -	\$ -	\$ -	\$ -	\$ 20,430	\$ 20,430
Total	20,430	-	-	-	-	20,430	20,430
Mid-America Regional Council							
20167002525249 USDA Nutrition Incentive Collaboration Program	\$ 21,782	\$ -	\$ -	\$ -	\$ 6,962	\$ 28,744	\$ 28,744
Total	21,782	-	-	-	6,962	28,744	28,744
Local Governments, Districts, and Non-Profit Funding Agreements:							
Southwestern Illinois Flood Prevention District Council	\$ -	\$ -	\$ 201,117	\$ -	\$ -	\$ 201,117	\$ 201,117
City of St. Louis - Northside/Southside MetroLink Conceptual Design	-	-	1,388,162	-	-	1,388,162	1,388,162
St. Louis Area Regional Response System	-	-	56,819	-	-	56,819	56,819
Total	-	-	1,646,098	-	-	1,646,098	1,646,098
TOTAL ALL GRANTS AND FEES	\$ 6,570,806	\$ 289,360	\$ 1,798,588	\$ 237,545	\$ 441,087	\$ 9,337,386	\$ 9,337,386
OPERATING FUND	-	10,670	533,436	-	(382,541)	161,565	277,171
TOTAL	\$ 6,570,806	\$ 300,030	\$ 2,332,024	\$ 237,545	\$ 58,546	\$ 9,498,951	\$ 9,614,557

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

**SCHEDULE OF CUMULATIVE RECEIPTS AND EXPENDITURES AND COMPUTATION OF PROJECT GRANT
BALANCE ON COMPLETED FEDERAL PROJECTS
YEAR ENDED DECEMBER 31,**

2018	Missouri Dept. of Trans. Consolidated Planning Grant MP 51801C	Illinois Department of Transportation (FHWA-PL) 1775105401	Missouri Department of Natural Resources A3001-18	Missouri Department of Health and Senior Services CS180062001
Receipts:				
Federal grants	\$ 3,411,110	\$ 807,895	\$ 16,547	\$ 323,259
State grants	-	201,974	19,014	-
Other local grants	160,865	-	-	1
Local cash contributions	435,013	-	-	-
In-kind contributions	256,900	-	-	-
Total receipts	\$ 4,263,888	\$ 1,009,869	\$ 35,561	\$ 323,260
Expenditures:				
Salaries and wages	\$ 1,384,794	\$ 428,450	\$ 16,117	\$ 85,857
Employee benefits	752,332	232,833	9,192	48,139
Indirect costs	885,384	273,894	10,028	53,947
Consultants/contractual	941,285	58,451	-	72,680
Professional service	-	-	-	-
Voice and data communications	42	78	-	-
Equipment rental and maintenance	-	-	-	-
Equipment	-	-	-	-
Outside computer services	9,175	3,214	-	-
Computer software licenses and maintenance	6,741	2,368	-	-
Postage/delivery	390	132	3	-
Printing	5,241	1,797	13	-
Public notice	1,211	1,904	-	1,912
Supplies and general expense	128	45	-	54,465
Periodicals and subscriptions	-	-	-	-
Organizational dues	4,775	1,678	-	-
Meetings and conferences	3,072	1,079	-	1,345
Parking	1,630	480	169	7
Travel	10,788	3,466	39	4,907
Training	-	-	-	-
In-kind services/materials	256,900	-	-	-
Total expenditures	\$ 4,263,888	\$ 1,009,869	\$ 35,561	\$ 323,259
Federal participation in project costs	80%	80%	47%	100%
Pursuant to contract, the federal grant may not exceed the percentage participation shown above, or	<u>\$ 4,115,236</u>	<u>\$ 1,048,492</u>	<u>\$ 16,562</u>	<u>\$ 333,044</u>
Accordingly, the federal grant allowable is	\$ 3,411,110	\$ 807,895	\$ 16,547	\$ 323,259
Less federal grant payments	<u>3,411,110</u>	<u>807,895</u>	<u>16,546</u>	<u>323,259</u>
Federal grant receivable (payable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

**SCHEDULE OF CUMULATIVE RECEIPTS AND EXPENDITURES AND COMPUTATION OF PROJECT GRANT
BALANCE ON COMPLETED FEDERAL PROJECTS - CONTINUED
Year ended December 31,**

2018	Missouri State Office of Homeland Security (UASI) EMW- 2015-SS-0020- S01-024	Missouri Association of Councils of Governments - Jefferson City
Receipts:		
Federal grants	\$ 2,849,996	\$ 26,413
State grants	-	-
Other local grants	-	-
Local cash contributions	5	-
In-kind contributions	-	-
	<u> </u>	<u> </u>
Total receipts	<u>\$ 2,850,001</u>	<u>\$ 26,413</u>
Expenditures:		
Salaries and wages	\$ 466,016	\$ 12,117
Employee benefits	242,646	6,312
Indirect costs	306,761	7,919
Consultants/contractual	346,860	-
Professional service	-	-
Voice and data communications	10,281	-
Equipment rental and maintenance	435	-
Equipment	1,194,377	-
Outside computer services	13,532	-
Computer software licenses and maintenance	144,150	-
Postage/delivery	56	-
Printing	51	4
Public notice	5,652	-
Supplies and general expense	23,303	-
Periodicals and subscriptions	-	-
Organizational dues	-	-
Meetings and conferences	28,968	-
Parking	1,230	4
Travel	8,255	57
Training	57,428	-
In-kind services/materials	-	-
	<u> </u>	<u> </u>
Total expenditures	<u>\$ 2,850,001</u>	<u>\$ 26,413</u>
Federal participation in project costs	100%	100%
Pursuant to contract, the federal grant may not exceed the percentage participation shown above, or	<u>\$ 2,850,000</u>	<u>\$ 59,200</u>
Accordingly, the federal grant allowable is	\$ 2,849,996	\$ 26,413
Less federal grant payments	<u>2,849,996</u>	<u>26,411</u>
Federal grant receivable	<u>\$ -</u>	<u>\$ 2</u>

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

SCHEDULE OF CUMULATIVE RECEIPTS AND EXPENDITURES AND COMPUTATION OF PROJECT GRANT BALANCE ON COMPLETED FEDERAL PROJECTS - CONTINUED

Year ended December 31,

2017	Dept. of Trans. Consolidated Planning Grant SPR17CPS	Illinois Department of Transportation (FHWA-PL) SPR-PL- 3000(089)	Illinois Department of Transportation (FTA Sec. 5303) SPR-PL- 3000(089)	Missouri Department of Natural Resources G16-NPS-05
Receipts:				
Federal grants	\$ 2,912,373	\$ 616,995	\$ 194,358	\$ 74,620
State grants	-	154,249	48,589	15,000
Other local grants	65,238	-	-	24,798
Local cash contributions	427,009	-	-	9,949
In-kind contributions	235,846	-	-	-
Total receipts	\$ 3,640,466	\$ 771,244	\$ 242,947	\$ 124,367
Expenditures:				
Salaries and wages	\$ 1,313,930	\$ 328,574	\$ 77,921	\$ 52,434
Employee benefits	655,688	163,950	38,882	26,263
Indirect costs	891,114	222,884	52,852	35,309
Consultants/contractual	492,888	41,997	69,999	-
Professional service	43	12	3	-
Telephone service	167	29	7	4
Equipment	-	-	-	-
Computer usage and access costs	17,266	4,878	1,162	-
Computer software licenses and maintenance	9,215	2,615	623	-
Postage/delivery	432	119	28	7
Public notice	6,253	1,417	337	-
Supplies and general expense	151	43	10	-
Periodicals and subscriptions	41	12	3	-
Meetings and conferences	3,720	1,003	239	-
Travel	7,326	1,971	468	296
Dues/memberships	4,774	1,356	322	-
Training	-	-	-	-
Parking	1,612	384	91	105
In-kind services/materials	235,846	-	-	9,949
Total expenditures	\$ 3,640,466	\$ 771,244	\$ 242,947	\$ 124,367
Federal participation in project costs	80%	80%	80%	80%
Pursuant to contract, the federal grant may not exceed the percentage participation shown above, or	\$ 3,715,485	\$ 806,500	\$ 229,820	\$ 75,000
Accordingly, the federal grant allowable is	\$ 2,912,373	\$ 616,995	\$ 194,358	\$ 74,620
Less federal grant payments	2,912,373	616,995	194,358	74,620
Federal grant receivable (payable)	\$ -	\$ -	\$ -	\$ -

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

**SCHEDULE OF CUMULATIVE RECEIPTS AND EXPENDITURES AND COMPUTATION OF PROJECT GRANT
BALANCE ON COMPLETED FEDERAL PROJECTS - CONCLUDED**

Year ended December 31,

2017	Missouri Department of Natural Resources A3001-17	Missouri Department of Health and Senior Services CS160899001	Bi-State Development Agency MO- 37-X037	Bi-State Development Agency MO- 57-X006
Receipts:				
Federal grants	\$ 15,396	\$ 423,931	\$ 26,618	\$ 51,823
State grants	17,692	-	-	-
Other local grants	-	-	-	-
Local cash contributions	-	408	-	-
In-kind contributions	-	-	-	-
Total receipts	\$ 33,088	\$ 424,339	\$ 26,618	\$ 51,823
Expenditures:				
Salaries and wages	\$ 15,176	\$ 63,360	\$ 12,309	\$ 23,269
Employee benefits	7,648	31,684	5,901	11,466
Indirect costs	10,098	42,801	8,331	16,914
Consultants/contractual	-	99,992	-	-
Professional service	-	-	-	-
Telephone service	-	313	-	23
Equipment	-	162,660	-	-
Computer usage and access costs	-	-	-	-
Computer software licenses and maintenance	-	12,090	-	-
Postage/delivery	39	6	-	14
Public notice	-	2,338	-	-
Supplies and general expense	-	416	-	-
Periodicals and subscriptions	-	-	-	-
Meetings and conferences	24	1,990	-	-
Travel	19	5,136	77	77
Dues/memberships	-	-	-	-
Training	-	1,516	-	-
Parking	84	37	-	60
In-kind services/materials	-	-	-	-
Total expenditures	\$ 33,088	\$ 424,339	\$ 26,618	\$ 51,823
Federal participation in project costs	47%	100%	100%	100%
Pursuant to contract, the federal grant may not exceed the percentage participation shown above, or	\$ 16,562	\$ 443,569	\$ 26,620	\$ 51,830
Accordingly, the federal grant allowable is	\$ 15,396	\$ 423,931	\$ 26,618	\$ 51,823
Less federal grant payments	15,396	423,931	26,618	51,823
Federal grant receivable (payable)	\$ -	\$ -	\$ -	\$ -



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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
East-West Gateway Council of Government

We have audited, in accordance with the 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, the financial statements of East-West Gateway Council of Governments, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise East-West Gateway Council of Governments' basic financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East-West Gateway Council of Governments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East-West Gateway Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of East-West Gateway Council of Governments' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East-West Gateway Council of Governments' financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keuler, Eck & Braeckel LLP

St. Louis, Missouri
June 24, 2019



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
East-West Gateway Council of Governments

Report on Compliance for Each Major Federal Program

We have audited East-West Gateway Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East-West Gateway Council of Governments' major federal programs for the year ended December 31, 2018. East-West Gateway Council of Governments' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of East-West Gateway Council of Governments' major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 East-West Gateway Council of Governments' 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 on compliance for each major federal program. However, our audit does not provide a legal determination of East-West Gateway Council of Governments' compliance.

Opinion on Each Major Federal Program

In our opinion, East-West Gateway Council of Governments, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of East-West Gateway Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered East-West Gateway Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 East-West Gateway Council of Governments' 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keenan, Eck & Braeckel LLP

St. Louis, Missouri
June 24, 2019

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2018

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Award Amount	2018 Expenditures	Unexpended Balance	Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION:						
Passed through the Bi-State Development Agency						
Federal Transit Formula Grants	20.507	MO-2017-033	\$ 3,600,000	\$ 240,332	\$ 3,359,668	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MO-16-X048	51,929	7,501	13,008	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MO-2017-008	21,876	-	21,876	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MO-2017-034	28,590	-	28,590	
				<u>247,833</u>	<u>3,423,142</u>	\$ -
Passed Through the Illinois Department of Transportation						
FHWA: Highway Planning and Construction	20.205	SPR-PL-3000(122)	1,048,492	428,876	240,597	
FHWA: Highway Planning and Construction	20.205	90JF(279)	1,089,787	425,782	664,005	
FHWA: Highway Planning and Construction	20.205	QLUE(009)	479,485	-	479,485	
				<u>854,658</u>	<u>1,384,087</u>	42,600
Passed Through the Missouri Highway and Transportation Commission						
FHWA: Highway Planning and Construction	20.205	MP51801C	4,115,236	1,817,452	704,127	
FHWA: Highway Planning and Construction	20.205	MP51901C	3,722,526	1,369,346	2,353,180	
				<u>3,186,798</u>	<u>3,057,307</u>	117,400
Total FHWA: Highway Planning and Construction Program				<u>4,041,456</u>	<u>4,441,394</u>	
TOTAL U. S. DEPARTMENT OF TRANSPORTATION				<u>4,289,289</u>	<u>7,864,536</u>	<u>160,000</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Passed Through the Missouri Department of Natural Resources						
EPA: Performance Partnership Grants	66.605	A3001-18	16,562	14,790	16	
EPA: Performance Partnership Grants	66.605	A3001-19	35,595	3,631	31,964	
				<u>18,421</u>	<u>31,980</u>	-
Passed Through the Illinois Environmental Protection Agency						
EPA: Performance Partnership Grants	66.605	FA-17114	70,000	22,594	819	
EPA: Performance Partnership Grants	66.605	FA-17114	35,000	14,108	20,892	
Total EPA: Performance Partnership Grants				<u>55,123</u>	<u>53,691</u>	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				<u>55,123</u>	<u>53,691</u>	-

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2018

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Award Amount	2018 Expenditures	Unexpended Balance	Passed Through to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY						
Direct from Federal Emergency Management Agency Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00101-S01	1,474,716	270,484	1,204,232	-
Passed Through the Missouri State Emergency Management Agency Hazard Mitigation Grant	97.039	FEMA-DR-MO-4317-0002	101,590	4,201	97,389	-
Passed Through the Missouri Office of Homeland Security DHS: Homeland Security Grant Program	97.067	EMW-2015-SS-00020-S01-024	2,850,000	643,146	6	
DHS: Homeland Security Grant Program	97.067	EMW-2016-SS-00049	2,795,400	904,439	1,180,809	
DHS: Homeland Security Grant Program	97.067	EMW-2017-SS-00047	2,691,400	338,613	2,352,787	
DHS: Homeland Security Grant Program	97.067	EMW-2018-SS-00044	2,835,000	-	2,835,000	
Total DHS: Homeland Security Grant Program				1,886,198	6,368,602	205,731
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				2,160,883	7,670,223	205,731
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES HEALTH RESOURCES & SERVICE ADMINISTRATION						
Passed Through the Missouri Department of Health and Senior Services DHHS: Hospital Preparedness Program (HPP) EBOLA Preparedness and Response Activities	93.817	CS180062001	58,979	27,041	29,890	
DHHS: National Bioterrorism Hospital Preparedness Program	93.889	CS180062001	333,044	272,977	9,786	
DHHS: National Bioterrorism Hospital Preparedness Program	93.889	CS180062001-001	256,176	71,210	184,966	
Total DHHS: National Bioterrorism Hospital Preparedness Program				344,187	194,752	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				371,228	224,642	-
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through the Mid-America Regional Council Food Insecurity Nutrition Incentive Grants Program	10.331	20167002525249	98,540	26,785	46,535	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed Through the Missouri Department of Economic Development Community Development Block Grants/ State's Program & Non-Entitlement Grants in Hawaii	14.228	N/A	59,200	5,983	32,787	-
TOTAL FEDERAL FINANCIAL ASSISTANCE (from grants)				6,909,291	15,892,414	365,731
TOTAL FEDERAL FINANCIAL ASSISTANCE (All Types)				\$ 6,909,291	\$ 15,892,414	\$ 365,731

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of East-West Gateway Council of Governments (the Council) under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowable or are limited as to reimbursement.

The Council has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report issued on financial statements: Unmodified opinion

Internal Control over financial reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors’ report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

The program tested as a major program is as follows:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
20.205	Highway Planning and Construction
20.507	Federal Transit Formula Grants

The dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal awards.