



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

CARTA BOARD MEETING

March 15, 2017
1:00 PM

Lonnie Hamilton III Public Service Building
4045 Bridgeview Drive, Room B-225
North Charleston, SC 29405

AGENDA

1. Call to Order
2. Consideration of Board Minutes – February 22, 2017 Meeting
3. Financial Status Report – Robin Mitchum
4. Farebox Management System RFP – Request for Approval
5. Website Design, Development and Hosting RFP – Request for Approval
6. Conflict of Interest Policy – Request for Approval – Robin Mitchum
7. Accounting Policies and Procedures Revision – Request for Approval – Robin Mitchum
8. Bus Rapid Transit Project – Presentation – Sharon Hollis
9. Park-N-Ride Locations – Discussion
10. Intermodal Facility Project Update – Sharon Hollis
11. Marketing/Outreach Report – Daniel Brock
12. Executive Director's Report
13. Other Business, If Any
14. Public Comments, If Any
15. Board Comments, If Any
16. Adjournment

*Please note that the next **regularly scheduled** meeting of the CARTA Board will be WEDNESDAY, April 19, 2017 in Room B-225 of the Lonnie Hamilton III Public Service Building, 4045 Bridgeview Drive, North Charleston, SC 29405. Notice, including agenda documentation, will be sent to Board Members in advance of the meeting, as well as posted on www.ridecarta.com.*

CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
February 22, 2017

The Charleston Area Regional Transportation Authority (CARTA) Board of Directors met on Wednesday, February 22, 2017, at the CARTA facility located at 3664 Leeds Avenue in North Charleston, South Carolina.

MEMBERSHIP: Ed Astle; Mary Beth Berry; Marty Bettelli; Michael Brown; Alfred Harrison; James Lewis; Brad Morrison; Minnie Newman; Pat O'Neil; Linda Page; Vic Rawl; Dickie Schweers; Michael Seekings; Elliott Summey; Keith Summey; John Tecklenburg; Craig Weaver

MEMBERSHIP PRESENT: Ed Astle; Mary Beth Berry; Marty Bettelli; Michael Brown; Alfred Harrison; Brad Morrison; Linda Page; Vic Rawl; Michael Seekings

PROXIES: Dennis Turner for Minnie Newman; Michael Mathis for John Tecklenburg; Warwick Jones for Dickie Schweers; Charles Drayton for Keith Summey

STAFF PRESENT: Ron Mitchum; Andrea Kozloski; Robin Mitchum; Michelle Emerson; Rainee Kearney; Ryan McClure; Sharon Hollis

OTHERS PRESENT: Daniel Brock (Rawle Murdy Associates); Ginger Stevens (Transdev); Kristen Carter (Transdev); William Clark (Clark, Eustace Wagner); Alfred Waldrep (Public); William Hamilton (Public)

1. Call to Order

Chairman Seekings called the CARTA Board Meeting to order at 1:00 p.m. followed by a moment of silence.

2. Consideration of Board Minutes – January 18, 2017 Meeting

Ed Astle made a motion to approve the January 18, 2017 Meeting Notes as presented and Marty Bettelli seconded the motion. The motion was unanimously approved.

3. Audit Presentation – Chris Clark, CPA – Clark Eustace Wagner, PA

Chris Clark, CPA with Clark Eustace Wagner, PA presented the Independent Auditor's Report. Mr. Clark commended Robin Mitchum and the Finance Staff for their work on the audit. He summarized the report and stated there were no findings, weaknesses or issues with management to disclose. Mr. Clark noted the restatement of Operating and Capital Grants Revenue on page 11 of the report. Operating Grants increased to \$6,111,964 and Capital Grants decreased to \$2,917,811 with a net change of \$3,104,568. This restatement did not change the Net Position of CARTA. Chairman Seekings thanked Mr. Clark for his report and recognized the Finance Staff for their work on the audit.

Ed Astle made a motion to approve the Audit Presentation as amended and Michael Brown seconded the motion. The motion was unanimously approved.

4. Financial Status Report – Robin Mitchum

Robin Mitchum, Deputy Director of Finance & Administration, presented the financial status report for the period ending January 31, 2017. Ms. Mitchum noted that the budget to actual revenues were below projections. She reviewed the following: farebox revenue fell short of projections; the actual federal revenue includes operating and capital for the year to date; the Charleston County EOC revenue is for services provided for Hurricane Matthew evacuations (these funds will be provided from Charleston

County through FEMA reimbursement); insurance proceeds are a result of accidents; sale of assets reflect the proceeds of the sale of five Cut-a-Way buses and two 40-foot express buses on GovDeals; this line item also includes the scrap bus sold to Transdev for \$3,601. Ms. Mitchum also noted that budget to actual expenditures were mostly on target with projections with the exception of the following: dues/publications are slightly over budget at 12% for the month primarily due to annual payment for dues to the Charleston Metro Chamber of Commerce; office equipment maintenance (OEM) is over budget by 49% due to unexpected maintenance on the mobile radios (the budget will be adjusted in the first revision); advertising is over budget by 126% due to the DASH promotion and refurbished bike giveaways (the budget will be adjusted in the first revision); contract services (IGA & Management) is over budget by 16% primarily due to the extensive services provided to CARTA (the budget will be adjusted in the first revision as necessary); operating fees and licenses is 25% over budget due to annual stormwater management fees; insurance includes the cost of liability insurance provided by the Insurance Reserve Fund (the amount reflected is the bulk once a year renewal invoice); security/cameras include installation of security cameras on buses and at the facilities. These items are expected to come back into line since some of these expenses do not occur consistently every month. We will continue to monitor line items and recommend changes through budget revisions as deemed necessary. Overall, the agency ended the month with an excess of revenue of \$580,526.

The Board received the financial status report as information.

5. Invitation for Bids (IFB) – Integrated Broadband Router – Request for Approval

The Integrated Broadband Router committee met on February 2, 2017, and reviewed two proposals received for the Integrated Broadband Router IFB. Bids were received from RCN Technologies and Clever Devices. The Integrated Broadband Router committee recommends that CARTA negotiate a contract with RCN Technologies for the Integrated Broadband Router installation based off knowledge of the requirements and being the lower bid.

Linda Page made a motion to approve the Integrated Broadband Router IFB as presented and Ed Astle seconded the motion. The motion was unanimously approved.

6. Business Continuity and Disaster Recovery Plan – Request for Approval – Andrea Kozloski

Andrea Kozloski, Deputy Director of Operations & Support, presented the Business Continuity and Disaster Recovery Plan. Ms. Kozloski noted that as a result of the recent Financial Management Oversight, minor changes were needed in order to comply with the review. She reviewed the changes in detail.

Ed Astle made a motion to approve the Business Continuity and Disaster Recovery Plan as presented and Linda Page seconded the motion. The motion was unanimously approved.

7. IT Policies and Procedures – Request for Approval – Andrea Kozloski

Andrea Kozloski presented the IT Policies and Procedures manual. There were no changes to the policy or any procedures; however, to be in compliance with the recent Financial Management Oversight, the IT Policies and Procedures manual is to be a separate document.

Linda Page made a motion to approve the IT Policies and Procedures manual as presented and Michael Brown seconded the motion. The motion was unanimously approved.

8. Bus Rapid Transit Project – Status Report

Ron Mitchum, Executive Director, updated the Board on the Bus Rapid Transit project. Mr. Mitchum noted that on February 14th 2017, he met with the Regional FTA Office in Atlanta. The regional staff, including a staff member from Washington, DC, was very supportive of the preliminary check list of plans for BRT. Sharon Hollis will update the Board at the March meeting regarding next steps and the timeline of the project.

The Board received the Bus Rapid Transit Project Status Report as information.

9. Marketing/Outreach Report – Daniel Brock

Daniel Brock, with Rawle Murdy & Associates, presented the Marketing/Outreach Report. Mr. Brock reported on the MV-1 Rollout, recent media coverage, the Chairman's Letter, airport signage, the hospitality survey regarding bus usage and the Etiquette Campaign.

The Board received the Marketing/Outreach Report as information.

10. Ridership Report

Chairman Seekings recommended that the Ridership Report be reviewed once the appropriate system is in place to deliver accurate data.

11. Intermodal Facility Project Update – Sharon Hollis

Sharon Hollis, Principal Planner, updated the Board on the Intermodal Facility Project. Ms. Hollis highlighted completed activities since the last Board meeting held on January 18th and noted upcoming activities, impacts to the project schedule and any issues or concerns.

The Board received the Intermodal Facility Project Update as information.

12. Executive Director's Report

Ron Mitchum highlighted the following matters:

- Met with SCDOT Secretary Christy Hall who wanted to verify CARTA's progress and receive a briefing on the BRT project before acknowledging CARTA's progress and needs in her State of the DOT presentation to the Senate Transportation Committee.
- FTA grant applications have been submitted and are pending approval for 5307 formula, 5339 formula and 5339 discretionary programs.
- All ten MV-1's have been received and will be put into service. The ten Amerivans have been delayed 60 days due to manufacturing delays. Expected delivery is now mid-April.
- The application for funding the remaining three MIDIs has been submitted and we are awaiting approval. The vehicles will be ordered once we receive the grant award.
- Installation of on-board camera systems on all vehicles has been completed.
- The vendor is beginning the installation of the Automatic Passenger Counters (APCs) in the DASH vehicles. Expected timeframe to be fully operational and generating useful data is mid-May.
- Staff continues to review the underperforming routes to identify ways to improve ridership.
- Staff is working to develop written, formal agreements with existing Park & Ride lots and is developing a map of potential new, future Park & Ride lots that can be pursued.
- On-Time Performance on the fixed route was 89%; there were 12 accidents; 41 complaints and 5 compliments. A new safety manager has been hired to work preventing future accidents.

- We did not receive any responses to the recent solicitation for shelters, benches and solar lighting. We will revise the scope and re-issue RFPs within the next two weeks.
- We are awaiting encroachment permit approvals from SCDOT prior to issuing IFBs on the Ashley Phosphate/Dorchester Road shelter projects.

The Board received the Executive Director's report as information.

13. Other Business, If Any

- A schedule of upcoming events was distributed as information.

There was no other business discussed.

14. Public Comments, If Any

Two public comments were made: one regarding traffic flow and commuter rail; the other regarding Best Friends of Lowcountry Transit's recent grant award.

The public comments were noted for the record.

15. Board Comments, If Any

- Chairman Seekings introduced the two new CARTA Board Members. He welcomed Mt. Pleasant Mayor Linda Page back to the Board and introduced Mt. Pleasant Transportation Director, Brad Morrison.
- Chairman Seekings updated the Board on a recent meeting regarding private sector funding of Route 20.

There were no additional Board comments.

16. Adjourn

The meeting adjourned at 2:15 p.m.



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Board of Directors

FROM: Robin W. Mitchum, Deputy Director of Finance & Administration *RM*

SUBJECT: February 28, 2017 Financial Report Overview

DATE: March 8, 2017

Please find attached the February 28, 2017 Financial Report. Below is a brief overview of the activities for FY17.

Revenues

The budget to actual revenues for the month were below our projections.

- The farebox revenue fell short of projections.
- The actual federal revenue includes operating and capital for the year to date.
- The Charleston County EOC revenue is for services provided for Hurricane Matthew evacuations.
- Insurance proceeds are a result of accidents.
- Sale of Assets reflects the proceeds of the sale of five Cut-a-Way buses and two 40-foot express buses on GovDeals. This line item also includes the scrap bus sold to TransDev for \$3,601.

Expenditures

The budget to actual expenditures for the month were mostly on target with our projections with the exception of a few items.

- Accounting (Auditing) exceeded the projections by 6%. This increase is due to additional work required for GASB 68 pension plan schedules.
- Office Equipment Rental exceeded the budget due to the buyout (return) of the Ricoh copier at John Street office.
- Office Equipment Maintenance (OEM) is over budget by 44%. We had maintenance on the mobile radios that was unexpected. We will adjust the budget in the first revision.
- Advertising is over budget by 168% due to promotion of the "DASH" and refurbished bike giveaways. We will adjust the budget in the first revision is necessary.

- **Contract Services (IGA & Management)** is over budget by 13%. The overage is primarily due to the extensive services provided to CARTA. We will adjust the budget in the first revision as necessary.
- **Operating Fees & Licenses** is 25% over budget. This overage is due to annual Stormwater management fees.
- **Insurance** includes the cost of liability insurance provided by the Insurance Reserve Fund. The amount reflected is the bulk once a year renewal invoice. While we will receive premium adjustments throughout the year as we add and remove assets, this amount reflects the bulk of the expenditure for the year.
- **Miscellaneous** includes bank/credit card fees, solid waste fee and other items.
- **Security/Cameras** include the installation of security cameras on buses & at our facilities. In addition to installing cameras at the super stop, CARTA has purchased AngelTrax Digital Video Recording Systems for installation on the fleet. This purchase reflects in the percentage overage for this line item since it was a one-time large purchase.

We expect these items to come back into line since some of these expenses do not occur consistently every month. We will continue to monitor our line item budget and recommend changes through budget revisions as deemed necessary.

Overall, the agency ended the month with an excess of revenue of \$1,564,992.

If you have any questions, please contact me at 843-529-0400 ext. 213 or robinm@bcdco.com.

Amount owed to Transdev as of 2/28/17 is \$1,099,518.13.

CARTA
Statement of Revenues & Expenditures
For the Month Ending February 28, 2017

Time elapsed:
42%

	<u>FY17 Budget</u>	<u>Actual</u>	<u>% of Budget</u>
<u>Revenues</u>			
Farebox	2,696,890	975,678	36%
Passes	585,388	257,336	44%
COC Shuttle	452,580	192,473	43%
MUSC	807,000	323,411	40%
City of Charleston - DASH	516,600	209,100	40%
City of North Charleston	1,151,630	-	0%
Federal	18,279,154	4,105,770	22%
State Mass Transit Funds	661,636	617,440	93%
Sales Tax - Charleston County	8,147,000	3,303,021	41%
Charleston County EOC	-	47,316	N/A
Charleston County Intermodal	1,241,870	-	0%
Advertising	825,000	325,347	39%
Interest	300	42	14%
Insurance Proceeds	-	46,472	N/A
Sale of Assets	-	17,207	N/A
TOTAL REVENUES	<u>35,365,048.00</u>	<u>10,420,613</u>	29%
<u>Expenditures</u>			
Staff Salaries	147,327	62,143	42%
Supplies	15,000	9,607	64%
Printing	100,000	20,019	20%
Marketing	70,000	14,210	20%
Automotive	2,880	1,167	41%
Accounting (Auditing)	20,000	21,250	106%
Postage	2,500	1,131	45%
Dues/Publications	1,100	500	45%
Training/Travel	2,000	-	0%
Office Equipment Rental	17,496	36,049	206%
Office Equipment Maintenance	18,000	15,540	86%
Rent	11,963	5,289	44%
Communications	105,500	19,015	18%
Utilities	10,500	4,041	38%
Advertising	5,500	11,544	210%
Public Notices	3,500	365	10%
Money Counting	6,000	1,976	33%
Professional Services	36,000	4,820	13%
Contract Services	850,000	471,604	55%
Paratransit Certification	31,000	-	0%

CARTA
Statement of Revenues & Expenditures
For the Month Ending February 28, 2017

Time elapsed:
42%

	<u>FY17 Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Vehicle Maintenance	376,000	83,438	22%
Operating Fees & Licenses	17,000	11,406	67%
Insurance	538,147	514,351	96%
Fuel	1,300,000	460,359	35%
Fixed Route	12,084,000	4,648,432	38%
Paratransit	2,282,343	877,170	38%
Miscellaneous	12,500	10,944	88%
Intermodal Infrastructure - Construction	11,467,500	721,237	6%
Rolling Stock	1,866,627	475,600	25%
Support Vehicles	250,661	-	0%
Bus Shelter Construction/Bench Install	668,864	23,919	4%
Security/Cameras	344,084	229,084	67%
Fareboxes	1,000,000	-	0%
Signage	70,015	24,767	35%
Automated Vehicle Locator	919,237	-	0%
Capital (IT, Facility Repairs/Maint)	250,000	74,644	30%
Engineering	50,000	-	0%
Leeds Ave. (FTA Payback)	411,804	-	0%
TOTAL EXPENDITURES	<u>35,365,048</u>	<u>8,855,621</u>	25%
 Excess (Deficit) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>1,564,992</u>	

CARTA
Statement of Revenues & Expenditures
For the Month Ending February 28, 2017

	Administration	Operating	Capital	TOTAL
EXPENDITURES:				
Salaries & Benefits	29,126	33,017		62,143
Total Direct Personnel	29,126	33,017	-	62,143
Supplies	7,947	1,660		9,607
Printing	-	20,019		20,019
Marketing	14,210			14,210
Automotive	1,167			1,167
Accounting (Outside Services & Auditing)	21,250			21,250
Postage	1,077	54		1,131
Dues/Publications	500	-		500
Training/Travel	-	-		-
Office Equipment Rental	36,049			36,049
Office Equipment Maintenance	15,540			15,540
Rent	2,789	2,500		5,289
Telephone/Communications	2,196	16,819		19,015
Utilities		4,041		4,041
Advertising	1,894	9,650		11,544
Public Notices	-	365		365
Money Counting		1,976		1,976
Other Professional Services	2,070	2,750		4,820
Contract Services		471,604		471,604
Paratransit Certification				-
Low Income Fare Determination		-		-
Bus Shelter Cleaning		-		-
Consultant Fees - Vehicles				-
Vehicle Maintenance		83,438		83,438
Operating Fees & Licenses	1,198	10,208		11,406
Insurance	9,331	505,020		514,351
Fuel		460,359		460,359
Fixed Route		4,648,432		4,648,432
Paratransit		877,170		877,170
Miscellaneous	10,944			10,944
Intermodal Infrastructure - Construction			721,237	721,237
Rolling Stock			475,600	475,600
Support Vehicles				-
Bus Shelter Construction/Bench Install		23,919		23,919
Security Cameras		5,264	223,820	229,084
Fareboxes				-
Signage		24,767	-	24,767
Automated Vehicle Locator				-
Capital (IT, Facility Repairs/Maint)	3,194	71,450		74,644
Engineering		-		-
Leeds Ave. (FTA Payback)				-
TOTAL EXPENDITURES	160,482	7,274,482	1,420,657	8,855,621

CARTA
Statement of Revenues & Expenditures
For the Month Ending February 28, 2017

	Administration	Operating	Capital	TOTAL
REVENUE				
Farebox		975,678		975,678
Passes		257,336		257,336
COC Shuttle		192,473		192,473
MUSC		323,411		323,411
City of Charleston - DASH		209,100		209,100
City of North Charleston				-
Federal		2,925,547		2,925,547
Federal SC-90-X307			60,222	60,222
Federal SC-04-0010			576,990	576,990
Federal SC-90-X0259	1,893			1,893
Federal SC-90-X0287		1,801	57,006	58,807
Federal SC-16-X010		43,519		43,519
Federal SC-16-X013		49,815		49,815
Federal SC-2016-001-00			8,497	8,497
Federal SC-2016-016-00			380,480	380,480
State Mass Transit Funds		617,440		617,440
Sales Tax - Charleston County	1,723,539	1,242,020	337,462	3,303,021
Charleston County Intermodal				-
Charleston County EOC		47,316		47,316
Advertising		325,347		325,347
Interest	42			42
Insurance Proceeds		46,472		46,472
Sale of Assets		17,207		17,207
TOTAL REVENUES	1,725,474	7,274,482	1,420,657	10,420,613
EXCESS OF REVENUES OVER EXPENDITURES	1,564,992	-	-	1,564,992

**CARTA
BALANCE SHEET
2/28/2017**

ASSETS

ASSETS

GENERAL OPERATING (BB&T)	2,516,261.90
SAVINGS (BB&T)	1,241,953.12
INTERMODAL (BB&T)	4,700,000.50
CAPITAL (BB&T)	631,260.00
PETTY CASH	380.60
ACCOUNTS RECEIVABLE	3,373,887.38
HEALTH INS ADVANCE DEPOSIT	3,362.60
INVENTORY - FUEL	29,104.31
DEFERRED OUTFLOWS: ER CONTR	144,620.00
LAND	539,509.00
IDLE VEHICLES	2,343,698.77
CIP	1,555,789.00
VEHICLES	23,298,310.33
EQUIPMENT	1,203,236.00
FAREBOXES	875,095.84
SHELTERS	2,301,692.43
BUS SIGNAGE	62,555.32
FACILITIES	8,918,112.77
ACCUMULATED DEPRECIATION	(29,220,872.49)
PREPAID EXPENSES	125,717.68
UNRESTRICTED NET POSITION	6,295,325.00
RESTRICTED NET POSITION	(5,941,682.00)
TOTAL ASSETS	<u>24,997,318.06</u>

LIABILITIES & EQUITY

LIABILITIES

PAYROLL	5,304.05
ACCOUNTS PAYABLE	1,295,621.27
COMPENSATED ABSENCES	21,829.67
UNEARNED REVENUE	621,000.00
DUE TO FEDERAL GOVERNMENT	1,647,216.00
OPEB LIABILITY	12,600.00
DEFERRED INFLOWS: PENSION INVEST	329,480.00
PENSION PLAN	1,101,528.00
TOTAL LIABILITIES	<u>5,034,578.99</u>

EQUITY

CURRENT YEAR FUND BALANCE	1,564,992.03
INVEST IN CAPITAL ASSETS	10,867,655.53
FUND BALANCE	7,530,091.51
TOTAL EQUITY	<u>19,962,739.07</u>

TOTAL LIABILITIES & FUND EQUITY 24,997,318.06



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Board of Directors

FROM: Ron Mitchum, Executive Director

SUBJECT: Farebox Management System & Website RFP's

DATE: March 8, 2017

Attached are recommendations for contractors for the Farebox Management System RFP as well as the Website Design, Development and Hosting RFP.

I am recommending that CARTA negotiate a contract with Genfare for the Farebox Management System project due to best value based upon the requirements of the RFP. This contract will not exceed 5 years and may be renewed annually.

I am recommending that CARTA negotiate a contract with Rawle-Murdy for the Website Design, Development and Hosting project due to best value based upon the requirements of the RFP. This contract will not exceed 5 years and may be renewed annually.

If you have any questions, please don't hesitate to contact me.



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

DATE: March 7, 2017

TO: Ron Mitchum, Executive Director

FROM: Jason McGarry, Procurement/Contracts Administrator 

SUBJ: Farebox Management System RFP

The Farebox Management System Committee (Ron Mitchum, Andrea Kozloski, and Sharon Hollis) met on March 6, 2017 and reviewed two (2) proposals received for the Farebox Management System RFP. Proposals were received from Genfare and BEA Transit Technologies.

- Genfare \$2,035,027.00
- BEA Transit Technologies \$1,628,350.28

The Selection Committee is recommending that CARTA negotiate a contract with Genfare for the Farebox Management System project due to best value based upon the requirements of the RFP.

If you have any questions or need additional information, please let me know.



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

DATE: March 7, 2017

TO: Ron Mitchum, Executive Director

FROM: Jason McGarry, Procurement/Contracts Administrator 

SUBJ: Website Design, Development & Hosting RFP

The Website Design, Development & Hosting Committee (Andrea Kozloski, Sharon Hollis, Kristin Burrows) met on March 7, 2017 and reviewed four (4) proposals for the Website Design, Development & Hosting RFP. Two additional Proposals were received but were deemed Non-Responsive.

Proposals were received from Advance 360, Blind Acre, Motivated Marketing, Provectus, Rawle-Murdy, and Redmon Group. Advance 360 and Blind Acre were deemed non-responsive.

	Motivated Marketing	Provectus	Rawle-Murdy	Redmon
Website Development	\$65,000 - 85,000	\$40,200.00	\$59,800.00	\$50,486.90
Hosting	\$165.00 per hour		\$70.00-150.00 per hour	\$8,242.44 Annual
Maintenance	\$350.00 - 500.00 per month		\$750-1,500 per month or \$105.00 per hour	
Phase 2	Did not provide	\$15,200.00	\$14,725.00	\$17,493.18

The Selection Committee is recommending that CARTA negotiate a contract with Rawle-Murdy for the Website Design, Development & Hosting project due to best value based upon the requirements of the RFP.

If you have any questions or need additional information, please let me know.



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Board of Directors

FROM: Robin W. Mitchum, Deputy Director of Finance & Administration

SUBJECT: Conflict of Interest Policy

DATE: March 8, 2017

Attached is the proposed Conflict of Interest policy for CARTA. The proposed policy was developed as recommended in Clark Eustace Wagner, PA; letter to Management dated February 20, 2017. In addition, 2 CRF Part 200 Subpart B 200.112 states "The non-federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity".

I am requesting approval of this policy.



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

CONFLICT OF INTEREST POLICY

SECTION 1. PURPOSE:

CARTA is a regional transit authority, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. CARTA is subject to close scrutiny by federal, state and local government agencies and bodies. It is of utmost importance that its directors, officers, and employees act lawfully and ethically at all times and that they avoid conflicts of interest.

B Directors, officers, and employees also have the responsibility of administering the affairs of CARTA honestly and prudently, and of exercising their best care, skill, and judgment in the best interests of CARTA. They shall not use their positions with CARTA, or knowledge gained therefrom, for their personal benefit. The best interests of the organization must be the first priority in all director, officer and employee decisions and actions.

SECTION 2. PERSONS CONCERNED:

This statement is directed not only to CARTA directors and officers, but also to all employees of CARTA (collectively referred to as "Covered Individuals").

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of Covered Individuals with any of the following third parties:

1. Persons, entities, and firms supplying goods and/or services to CARTA.
2. Persons, entities, and firms from whom CARTA leases property and/or equipment.
3. Persons, entities, and firms with whom CARTA is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting CARTA.



6. Agencies, organizations, and associations which affect, or have the power or authority to affect, the operations of CARTA.
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons, entities, agencies, organizations, associations, or firms mentions in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with CARTA.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with CARTA.
3. Receiving remuneration for services with respect to individual transactions involving CARTA.
4. Using CARTA's time, personnel, equipment, supplies, or good will for other than CARTA-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with CARTA. Receipt of any gifts is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the Covered Individuals will recognize other types of potential or actual conflict by reason or analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of CARTA.

However, it is the policy of the board that the existence of any on the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of Covered Individuals to scrutinize their transactions and outside



business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed consistent with this policy;
2. The person with the conflict of interest is excluded from the discussion and approval of such transactions;
3. A competitive bid or comparable valuation exists, as applicable; and
4. The board has determined that the transaction is not adverse to the best interests of the organization.

Disclosure by any employee within the organization should be made to the Executive Director (or if he or she is the one with the conflict, then the board chair), who shall bring the matter to the attention of the board. Disclosure involving directors or officers should be made to the board chair, (or if he or she is the one with the conflict, then the board vice-chair) who shall bring these matters to the board.

The board shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to CARTA. The decision of the board on these matters will rest in their sole discretion, and their concern must be the best interests of CARTA and the advancement of its purpose.



CONFLICT OF INTEREST DISCLOSURE STATEMENT

In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed "Affiliated Person" and include the following:

- a) your spouse, domestic partner, parent, child or spouse of a child, or a brother, sister or spouse of a brother or sister ("Family Member");
- b) any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- c) any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. NAME OF EMPLOYEE OR BOARD MEMBER: (Please Print)

2. CAPACITY:

board of directors

executive committee

officer

committee member

staff (position): _____

3. Have you or any of your Affiliated Persons provided services or property to CARTA in the past year?

YES

NO

If yes, please describe the nature of the services or property and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:



4. Have you or any of your Affiliated Persons purchased services or property from CARTA in the past year?

_____ YES

_____ NO

If yes, please describe the purchased services or property and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:

5. Please indicate whether you or any of your Affiliated Persons had any direct or indirect interest in any business transaction(s) in the past year to which CARTA was or is a party?

_____ YES

_____ NO

If yes, describe the transaction(s) and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:

6. Were you or any of your Affiliated Persons indebted to pay money to CARTA at any time in the past year (other than travel advance or the like)?

_____ YES

_____ NO

If yes, please describe the indebtedness and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:



7. In the past year, did you or any of your Affiliated Persons receive, or become entitled to receive, directly or indirectly, any personal benefits from CARTA or as a result of your relationship with CARTA, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to CARTA?

_____ YES _____ NO

If yes, please describe the benefit(s) and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:

8. Are you or any of your Affiliated Persons a party to or have an interest in any pending legal proceedings involving CARTA?

_____ YES _____ NO

If yes, please describe the proceeding(s) and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship with that person:

9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future, regardless of whether such event, transaction, or arrangement involves you personally, that you believe should be examined by CARTA's board in accordance with the terms and intent of CARTA's conflict of interest policy?

_____ YES _____ NO

If yes, please describe the situation(s) and if an Affiliated Person is involved, the identity of the Affiliated Person and your relationship to that person:



I HEREBY CONFIRM that I have read and understand CARTA’s conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I (if a CARTA employee) will notify Ronald E. Mitchum, Executive Director immediately, or I (if a director or officer) will notify the chairperson of CARTA’s board immediately.

Signature

Date

DRAFT



GIFT POLICY AND DISCLOSURE FORM

As part of its conflict of interest policy, CARTA requires that its directors, officers, and employees decline to accept certain gifts, consideration, or remuneration from individuals or companies that currently do business with CARTA or seek to do business with CARTA in the future. This policy disclosure form is intended to implement that prohibition on gifts.

Section 1. “Responsible Person” is any person serving as a director, officer, or employee of CARTA.

Section 2. “Family Member” is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister or spouse of a brother or sister, of a Responsible Person.

Section 3. “Contract or Transaction” is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to CARTA is not a “contract” or “transaction.”

Section 4. Prohibited gifts, gratuities, and entertainment. Except as approved by the Chairman of the Board or his/her designee, or for gifts of value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does business or seeks to do business with CARTA or,
2. Has received, is receiving, or is seeking to receive a Contract or Transaction with CARTA.

GIFT STATEMENT

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment, or other favors from any individual or entity, which would be prohibited by the above policy. I agree to alert each Family Member of this policy within ten (10) days of my execution of this policy and request that each such Family Member also fully comply with this policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors in violation of this policy during the preceding year.

Signature

Date



CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Board of Directors

FROM: Robin W. Mitchum, Deputy Director of Finance & Administration

SUBJECT: Accounting Policies and Procedures

DATE: March 8, 2017

Attached is the proposed Accounting Policies & Procedures for CARTA. These proposed policies & procedures supersede the Financial Accounting and Reporting (FAR) manual updated September 1, 2015.

The outdated FAR was identified in the Financial Management Oversight (FMO) program in September 2016. The revisions include the significant deficiencies found during the FMO and incorporate FTA regulations in effective controls over federal assets.

I am requesting approval of this proposed policies and procedures. Upon approval, the policies and procedures will be submitted to FTA.

ACCOUNTING POLICIES AND PROCEDURES

Charleston Area Regional Transportation Authority
CARTA

REVISED 3.15.17

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY
CARTA**

ACCOUNTING POLICIES AND PROCEDURES

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. THE FINANCIAL MANAGEMENT SYSTEM	
A. GENERAL PRINCIPLES	3
B. UNIFORM ADMINISTRATIVE REQUIREMENTS	7
C. FUNDS AND ACCOUNT GROUPS	9
D. COST OBJECTIVES	10
E. COST STANDARDS	13
III. FINANCIAL AND ACCOUNTING RECORDS	18
IV. PAYROLL AND PERSONNEL RECORDS	22
V. OPERATING BUDGET AND COST ALLOCATION PLAN	25
VI. CHART OF ACCOUNTS	28
VII. ACCOUNTING PROCEDURES	33
VIII. FINANCIAL REPORTS	38
IX. GRANTS ADMINISTRATION	43
X. PROPERTY MANAGEMENT	44
XI. RECORD RETENTION	46

INTRODUCTION

The Charleston Area Regional Transportation Authority (CARTA) is a multi-funded public agency, receiving revenues through Federal and State grants and contracts as well as from local sources. Because CARTA “exists for public purposes,” a variety of governing bodies, as well as the general public, has a direct interest in the CARTA’s financial position and results of operations. Therefore, CARTA’s financial management system must include information, which assures fair and adequate disclosure of its financial position, and also provide a means for evaluating performance of past and present positions in order to make decisions for future programs.

Generally accepted accounting principles (GAAP) are those standards, which govern the preparation of financial statements. However, CARTA must also comply with other accounting and reporting standards which are prescribed by various state, federal and local laws, and which may or may not be consistent with GAAP. To eliminate any potential problems that may arise when legal compliance conflicts with GAAP, the CARTA follows established governmental accounting standards by preparing financial statements in conformity with GAAP and using supporting schedules to demonstrate compliance with other legal and contractual provisions.

Checks and balances are incorporated into CARTA’s financial management system to assure the effective and efficient use of its resources and to provide a system of accountability for, and internal control over, all funds, property, and other assets.

CARTA has a contractual relationship with the BCD Council of Governments for accounting and financial management services for CARTA. The system is administered by the BCDCOG Deputy Director of Finance & Administration, who is responsible for the accuracy and stewardship of all accounting records, and it is subjected to extensive and critical review from both internal and external sources.

The Executive Director receives interim financial statements at least monthly and is responsible for internal review, control and the evaluation of all elements of the system. It is through this office that CARTA’s financial position and results of operations are reported to the Board of Directors on a periodic basis.

The Board of Directors is the designated body empowered to conduct the general day-to-day business of CARTA and whose responsibilities include, but are not

necessarily limited to, the adoption of a budget and the review and approval of requests for federal and state grants or contracts.

Additional checks and balances are obtained through the submission of monthly financial reports to the various grantor agencies, and the performance of an annual comprehensive audit by an independent Certified Public Accountant.

The purpose of this manual is to discuss the governmental accounting and financial reporting principles which apply to CARTA's operations and to describe the specific policies and procedures utilized by the CARTA to adhere to these principles through the application of its financial management techniques.

Sources for Standards and Regulations

- S.C. Code of Laws; Section 58-25-80: Nature and purposes of authority; exemption from state and local taxes; participation in state programs.
- Governmental Accounting Standards Board: Codification of Governmental and Financial Reporting Standards
- Federal policy Circulars: 2 CFR Part 200; Uniform Guidance

THE FINANCIAL MANAGEMENT SYSTEM

GENERAL PRINCIPLES

In order to assure consistent and uniform accountability and to maintain compliance with the laws and regulations which govern CARTA's federally assisted and other programs, CARTA adheres to the following principles and standards as they apply to its operations.

- **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND LEGAL COMPLIANCE**

CARTA's accounting system must make it possible both: (a) to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

- **FUND ACCOUNTING**

Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and change therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. [NGAS 1, 16]

CARTA's current financial reporting model is organized and operated on the basis of government-wide financial statements. The following fund types and account groups are those primarily in use by CARTA.

- Government Wide Financial Statements
 - Basic Financial Statements
 - Statement of Net Assets
 - Statement of Activities
- Fund Financial Statements
 - General Fund

The Statement of Net Assets presents information on all of CARTA's assets and liabilities, with the difference between the two reported as net assets. Capital

Assets, CARTA's property, plant, and equipment, are accounted for in these statements. If CARTA were to incur any Long-Term Liabilities, they would be reflected in these statements. Increases or decreases in net assets contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of CARTA is improving or deteriorating.

The Statement of Activities presents information showing how net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

- **BASIS OF ACCOUNTING**

Governmental fund revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due. [NCGAS 1, ¶57, as amended by GASBS 6, ¶15]

CARTA uses the modified accrual basis of accounting for its General fund. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt which is recorded when due, are recorded when the liability is incurred, if measurable.

- **BUDGET AND BUDGETARY ACCOUNTING**

- a. An annual budget(s) should be adopted by every governmental unit.
- b. The accounting system should provide the basis for appropriate budgetary control.
- c. A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund. [NCGAS 1, ¶76 and ¶23]

CARTA's *Annual Budget* coordinates its financial plan with its work program to provide the necessary information for planning, control, and evaluation. Actual results of assigned objectives are compared with budgeted amounts at various levels of operation and problem areas are identified and isolated for appropriate corrective action through the fiscal year. The budget is prepared on a modified accrual basis consistent with the administration of its accounting system.

- **CLASSIFICATION AND TERMINOLOGY**

Governmental fund revenues should be classified by fund and source.

Expenditures should be classified by fund, function (or program), organization unit, activity, character and principal classes of objects. [NCGAS 1, 99]

A common terminology and classification should be used consistently through the budget, the accounts, and the financial reports of each fund [NCGAS 1, 123]

Revenues are defined as “increases in governmental fund type net current assets from grant programs or other sources other than expenditure refunds and residual equity transfers.”

Expenditures are defined as “decreases in net financial resources and include operating expenses which require the current or future use of net current assets, debt service and capital outlays.”

To properly classify and account for revenues and expenditures, the CARTA defines its activities in terms of cost objectives, a cost objective being the lowest level of detail desired to identify and accumulate costs by function or program. Revenues associated with a particular cost objective are identified by source. Expenditures are identified by function and type.

- **FINANCIAL REPORTING**

- a. Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes.**
- b. Basic financial statements of the reporting entity may be issued instead of the comprehensive annual financial report. Such statements should include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial position and results of operations (and cash flows of those fund types and discretely presented component units that use proprietary fund accounting). Those statements may also be required to be accompanied by required supplementary information, essential to financial reporting of certain entities.**
- c. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the fund types and account groups of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.**

- d. **The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit...) serves as the nucleus of its own reporting entity when it issues separate financial statements...[NCGAS 1, ¶129; GASBS 9, ¶6; GASBS 10, ¶50; GASBS 14, ¶11, ¶12, ¶19, ¶43, ¶65 and ¶66}**
- e. **The comprehensive annual financial report should include Management's Discussion and Analysis supplementary information as required by Governmental Accounting Standards Board (GASB).**

Fund financial statements as a component of basic financial statements and reports are prepared at least monthly to report CARTA's financial position and to compare actual financial results with budgetary estimates and limitations. These reports are primarily generated for internal management review and control and are used to plan future operations as well as to evaluate the current financial status and results of operations.

As a multi-funded agency, CARTA must provide specific financial information to a variety of grantor agencies. The timing and content of these fiscal reports is varied and CARTA's financial management system must be able to accommodate all reporting requirements as they arise. Therefore, CARTA's financial management system is a consolidated system of accounts and related records which provide current and year-to-date financial data from which specific information relating to a particular type of fund or account group, or a specific program area, can be extrapolated at any given time.

Monthly "Project Status Reports" provide supplemental information for internal review procedures to identify the source and application of funds relating to grant-supported activities. These reports separately identify transactions from current and prior accounting period(s)—in cases where funding periods do not coincide with CARTA's fiscal year—and show the net financial results on a cumulative, year-to-date basis for all activities which fall within the specified program period.

A comprehensive audit of CARTA's financial statements is conducted annually by an independent Certified Public Accountant. This audit is performed in accordance with federal audit guidelines and with generally accepted auditing standards covering financial and compliance audits. Copies of the auditor's report are submitted to all governing bodies and agencies that have a direct interest in the financial results of CARTA's operations.

Uniform Administrative Requirements

The Uniform Administrative Requirements prescribes standards for financial management systems of grant-supported activities. In general, these standards correspond with generally accepted accounting principles. However, where simultaneous compliance is not achieved, these standards are incorporated into the system and such supplemental records that may be required to provide adequate documentation of compliance are maintained. The provisions are summarized below:

- **FINANCIAL REPORTING**
Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant.
- **ACCOUNTING RECORDS**
Grantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.
- **INTERNAL CONTROL**
Effective control and accountability must be maintained for all grant cash, real and personal property, and other assets. Grantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- **BUDGET CONTROL**
Actual expenditures or outlays must be compared with budgeted amounts for each grant. Financial information must be related to performance or productivity data.
- **ALLOWABLE COST**
Applicable cost principles, agency program regulations, and the terms of grant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

- **SOURCE DOCUMENTATION**

Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contracts and grant award documents.

- **CASH MANAGEMENT**

Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

DRAFT

FUNDS AND ACCOUNT GROUPS

The primary purpose of governmental fund accounting is to reflect revenues and expenditures—the sources and uses of financial resources—and those designated assets, related liabilities, and net financial resources which are available for subsequent appropriation and expenditure.

CARTA's resources are allocated to and accounted for in separate funds and account groups based upon the purposes for which they are to be spent and the means by which their activities are controlled. The types of funds and account groups discussed in this section are limited to those usually utilized by CARTA.

- **GENERAL FUND**

The General Fund is CARTA's general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. Accounting for this type of fund, centers on control of resource flows rather than on matching revenues with expenditures. Actual inflows and outflows are compared with budgeted amounts in order to determine compliance with regulations and restrictions governing the use of the fund resources.

COST OBJECTIVES

CARTA's activities are defined in terms of cost objectives—the lowest level of detail desired to identify and accumulate costs. In general, performance and productivity are measured by monitoring staff time and other activities associated with fulfilling the obligations of CARTA's grants and contracts (Program Level) or with the performance of desired levels of service (Service Level). These divisions provide a general basis for assigning specific activities to current programs or desired service levels.

- **PROGRAM LEVEL**

In order to establish accountability for programs financed in whole or in part with grant or contract funds, cost objectives are primarily defined by funding source. In cases where more than one grant from a particular funding source will be active during a fiscal year, the individual grants are defined as separate cost objectives. Grant agreements with federal and state agencies contain the criteria for determining the allowable grant-related activities.

- **SERVICE LEVEL**

Cost objectives may also be established for major work activities under which the accumulation of costs is desirable but for which there are no associated grants or contracts. The general rule in assigning such activities to a cost objective is to establish a level which meets the desired degree of control in monitoring these activities and identifying them with related services.

- **COMPONENTS OF COST OBJECTIVES**

Grant agreements with federal and state agencies contain the criteria, usually in the form of grant budgets, for determining allowable grant-related activities and for identifying that portion of the total cost of those activities to be borne by either the grantor agency as grant revenue or by CARTA as the matching share. In order to maintain compliance with the terms and conditions of a grant agreement, cost objectives are structured in the financial system to provide information on the following general components.

- **Program Costs**
 - Direct staff salaries
 - Employee benefits applied
 - Indirect costs applied
 - Other direct costs

- **Program Revenues**
 - Grant (Contract) revenues
 - Program income
 - Matching share

- **PROGRAM COSTS**

Program costs are all necessary charges made by CARTA in accomplishing the major activities of a particular program, as defined by a cost objective. Costs are identified by type and include salaries, employee benefits, indirect costs applied, and direct operating costs directly associated with and identifiable to the cost objective.

When a cost objective relates to a specific grant, the program costs eligible to be covered by grant revenues are limited to the allowable types of costs as prescribed in 2 CFR Subpart D 200.405, and may be further limited in nature and amount by the terms of the grant agreement.

- **GRANT (CONTRACT) REVENUES**

Grant revenues represent the grantor agency's share of program costs and are recognized in the accounting period when earned; that is, when they become available and are measurable. The grant agreement specifies the maximum dollar amount available and/or the ratio to be applied to allowable program costs for determining the grantor agency's share.

- **PROGRAM INCOME**

CARTA records the receipt and expenditure of other sources of revenue as a part of grant-related transactions when such revenues are directly generated by a grant supported activity or are earned only as a result of the grant agreement during the grant period. 2 CFR Subpart D 200.307 identifies such revenues as program income. This definition applies to income from sources other than the grantor agency share of program costs and may include income from service fees, sales of

commodities, usage or rental fees, and royalties on patents and copyrights. It does not include interest earned on advances, which must be remitted to the federal agency.

Ordinarily net program income earned during a grant period is deducted from the total allowable program costs for the purpose of determining the net allowable costs on which the grantor share will be based. Other alternatives may apply under specific authorization from the federal grantor agency.

- **MATCHING SHARE**

A matching share—that portion of total program costs not borne by the grantor agency—is generally required under federal or state grants. A minimum percentage is usually stated in the grant agreement and CARTA must provide the comparable amount through either cash contributions or, when authorized in the grant agreement, through in-kind contributions.

1. **Cash Contributions** are CARTA's cash outlay from charges incurred as program costs, less the grantor agency share.
2. **In-kind Contributions** are the value of non-cash contributions provided by either CARTA or other public agencies or individuals. They may consist of charges for real property and equipment, as a depreciation expense, or the value of donated goods and services directly benefiting and specifically identifiable to the grant program.

Specific procedures for placing a value on in-kind contributions are described in 2 CFR 200 Subpart D. However, all in-kind contributions must meet the following general criteria to be acceptable as part of the matching share.

- Be authorized in the grant agreement.
- Be identifiable in CARTA's records.
- Not be included as contributions for any other federally-assisted program; and,
- Be necessary and reasonable for proper and efficient accomplishment of program objectives.

COST STANDARDS

The policy established by CARTA for determining which costs are eligible to be charged to grant program revenues adheres to the principles and standards established in 2 CFR Part 200. The total cost for a cost objective is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits. However, under all circumstances, the contract is the final authority for determining the eligibility of any particular cost under a specified program.

- **ALLOWABLE COSTS**

2 CFR Part 200 Subpart E identifies selected items of cost which are allowable and allocable to grant programs. To be determined allowable, costs must meet the following general criteria.

1. Be reasonable for the performance of the award and be allocable thereto under these principles.
2. Be allocable to federal awards under the provision of 2 CFR Part 200 Subpart E 200.405.
3. Be authorized or not prohibited under state or local laws or regulations.
4. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
5. Be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.
6. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
7. Except as otherwise provided for in the Circular, be determined in accordance with generally accepted accounting principles (GAAP).
8. Not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period.
9. Be net of all applicable credits.
10. Be adequately documented.

- **REASONABLE COSTS**

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the federal award.
2. The restraints or requirements imposed by such factors as; sound business practices; arm's length bargaining; federal and state laws and regulations; and terms and conditions of the federal award.
3. Market prices for comparable goods or services for the geographical area.
4. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the federal Government.
5. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the federal award's costs.

- **ALLOCABLE COSTS**

2 CFR 200 Subpart E 200.405 prescribes to the following guidelines for determining the allocability of costs.

- a) A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
- b) Benefits both the federal award and other work of the non-federal entity and can be distributed in proportions that may be approximated using reasonable methods.
- c) Is necessary to the overall operations of the non-federal entity and is assignable in part to the federal award in accordance with the principals in Subpart E.
- d) All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
- e) Any cost allocable to a particular federal award or cost objective under the principles provided for in Subpart E may not be charged to other federal awards to overcome funding deficiencies, or to avoid restrictions imposed by

law or by the terms of the federal awards or for other reasons. However, this prohibition would not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements.

- f) Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan will be required.

- **UNALLOWABLE COSTS**

Some costs, by their nature, are unallowable for inclusion as grant program costs and are therefore not chargeable to a grant program either directly or indirectly. However, defining these costs as unallowable does not necessarily prohibit their occurrence or reasonableness. In fact, costs may be incurred which are either unavoidable or necessary for general operations but which are not considered beneficial to the continuation of grant programs. Such costs must be financed in whole by unrestricted general funds. These costs include, but are not necessarily limited to:

1. Any losses arising from uncollectible accounts and other claims.
2. Contributions and donations.
3. Costs for entertainment, amusements, social activities, and related incidental costs such as meals, beverages, lodgings, transportation, and gratuities.
4. Fines and penalties resulting from violations of, or failure to comply with federal, state, and local laws and regulations.

- **APPLICABLE CREDITS**

Applicable credits refer to those receipts, or reductions which offset or reduce items of expense. Examples of such transactions are:

1. Purchase discounts;
2. Rebates or allowances;
3. Recoveries or indemnities on losses;
4. Insurance refunds or rebates;
5. Adjustments of overpayments or erroneous charges.

- **CLASSIFICATION OF COSTS**

There is no express rule for classifying costs as either direct or indirect. A cost is direct with respect to some specified service or line-item expense category, but may be defined as indirect with respect to a particular grant program or other cost objective.

In this manual, the term “direct costs” refers to those costs which can be specifically identified and charged to a particular cost objective at the time of occurrence. “Indirect costs” means those costs which are accumulated in a cost pool and subsequently allocated, on an equitable basis, to all benefiting cost objectives. Once identified it is essential that a particular item of cost be treated consistently as either a direct or an indirect cost in order to ensure that all costs associated with a particular cost objective are recognized, and to ensure that all common costs have been fairly and equitably distributed.

- ***DIRECT COSTS***

In general, direct costs are those that can be identified specifically with a particular cost objective. These costs are charged directly to grants, contracts or to other programs against which costs are finally lodged. Typical direct costs are:

1. Costs for personnel time devoted specifically to the execution of a particular cost objective.

Amounts charged for personal services, regardless of whether treated as direct or indirect, are based on payrolls documented and approved in accordance with generally accepted practice. Payrolls are supported by time and attendance records for individual employees. Salaries and wages which are chargeable to more than one cost objective in a given time frame are supported by appropriate time distribution records to produce an equitable distribution of time and effort.

2. Costs for materials acquired, consumed, or expended or other items of expense incurred specifically for the purpose of a particular cost objective.
3. Equipment and other approved capital expenditures.
4. Travel expenses incurred specifically to carry out the program.

- **INDIRECT COSTS**

Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

The concept of materiality is the primary basis for establishing an indirect cost rate. It can be reasonably assumed that any inequities produced by using an indirect cost rate are not material in relation to the cost and effort required to directly cost each item. Therefore, if an individual cost item is directly associated with a particular cost objective **and** is sufficient in amount so that a material difference would result by directly charging the item, it should be classified as a direct cost to that cost objective. However, if the cost is not material, or if directly charging the cost would result in its fragmentation over more than one cost objective to the degree that it is no longer material for any one cost objective, the benefit derived from directly charging the cost would not be proportional to the time and effort required and the cost should normally be classified as indirect. 2 CFR Part 200 specifically addresses the treatment of minor items of costs.

- **Minor items.** Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.

Allowable indirect costs are accumulated in the Indirect Cost Pool maintained in the General Ledger and are distributed to the benefiting cost objectives on the basis of direct personnel time (salaries plus applied benefits). The actual allocation of indirect costs adheres to two basic concepts.

1. A cost objective must have direct salary costs before it can be charged with indirect costs; and,
2. Costs incurred for a particular cost objective, but which cannot be charged to that cost objective because of the terms of the grant agreement, cannot be allocated to other cost objectives and cannot be included in the Indirect Cost Pool.

FINANCIAL AND ACCOUNTING RECORDS

CARTA's formal books of account, supporting documents, and all other financial and accounting records pertinent to CARTA's operations are maintained in the BCD Council of Governments Finance Department. Direct access to these records is restricted to authorized Finance Department personnel and the Executive Director, although the records are open for inspection and examination during regular business hours upon requests submitted to and approved by the Executive Director. The Executive Director is the official custodian of CARTA's financial and accounting records and the BCD Council of Governments Deputy Director of Finance & Administration is the individual designated to carry out the duties and responsibilities of maintenance and stewardship under his/her general supervision.

Supporting documents and all other financial and accounting records pertinent to a grant or contract should be retained for a period of at least five (5) years. **All ledgers and journals are to be kept permanently.** The retention period starts from the date of submission of the final expenditure report or, for grants that are renewed annually, from the date of the submission of the annual financial status report. However, when any claims, litigation, or audits involving the records are outstanding, the records must be retained beyond the five-year period until all items in question are fully resolved.

CARTA follows General Records Retention Schedules as identified by the South Carolina Department of Archives and History.

- **SOURCE DOCUMENTS**

Source documents are evidences of, and provide supporting documentation for, original transactions. All financial transactions must be recorded in the accounting records and supported by appropriate source documents. The most commonly found sources of supporting documentation maintained in the BCD Council of Governments Finance Department are:

1. Written policies
2. Contracts and grant awards
3. Time and payroll distribution records
4. Paid checks and supporting vouchers
5. Bank statements
6. Deposit receipts and supporting invoices

Under approval and direction of the Board of Directors, all current fiscal year records are kept in-house until year-end. All prior years records are maintained at an off-site location. The location is managed by an outside firm and records are maintained in accordance with guidelines as set forth by the South Carolina Department of Archives and History.

- **FINANCIAL RECORDS FILES**

Financial records files are maintained on a fiscal year (October 1 through September 30) basis and include the following:

1. Payroll and time sheet records: filed monthly by pay period.
2. Paid checks with supporting vouchers: filed by month in ascending numerical order.
3. Expenditure account files: duplicate checks and vouchers are maintained by line-item expenditure for each fiscal year. This system provides additional back-up information for cash disbursements by cross-referencing expenditures by type.
4. Cash receipts vouchers: filed by month and then by deposit.
5. Bank statements: filed with reconciliation statements.

- **PROJECT FILES**

All grants and contracts received by CARTA are filed within the appropriate grantor agency file by grant period.

1. **Grant Applications/Contracts:** This file contains the application for funds, grant award, and all correspondence pertaining to the project.
2. **Financial Reports:** Fiscal and progress reports submitted to the grantor agency are filed with computational working papers and supporting documents for direct costs charged to the project. These files are maintained by reporting period.

- **GENERAL FILE**

Documentation such as rental agreements, insurance policies, and general correspondence pertinent to CARTA's financial operations are maintained in the Finance Department.

- **BOOKS OF ORIGINAL ENTRY**

CARTA's books of original entry are computerized accounting registers and journals in which the accounting information is first isolated from the other details of the transactions and recorded. Accounting information is recorded from the source documents or supporting schedules to one of the following books of original entry.

- **ACCOUNTS PAYABLE JOURNAL**

Accrued invoices and cash disbursements, in the form of checks, are recorded to this journal through the *Accounts Payable Posting Register*. Entries are identified by expense account and cost objective code and automatically posted to the General Ledger.

- **ACCOUNTS RECEIVABLE JOURNAL**

Accrued grant and contract revenues, accrued invoices and daily deposits to CARTA's bank accounts are recorded in this journal through the *Accounts Receivable Posting Register*. Checks entered for deposit are identified by the applicable account receivable code or revenue cost objective code, as appropriate, and posted automatically to the General Ledger.

- **GENERAL JOURNAL**

All other transactions are posted to the General Ledger through the Journal Entry Posting Register. Examples of such transactions are salary distributions from the *Payroll Summary*, employee benefits and indirect cost allocations, appropriations allocations, and adjusting and correcting entries.

All journal entries will be approved by the Deputy Director of Finance & Administration or the Executive Director.

- **BOOKS OF FINAL ENTRY**

CARTA's books of final entry are the principal records from which financial and management reports are prepared. These books are composed in a manner that classifies information according to CARTA's Chart of Accounts.

- **GENERAL LEDGER**

The General Ledger contains all real and nominal account classifications and provides cumulative totals for the applicable fiscal year. The revenue and expense

accounts contained in the General Ledger are also identified by cost objective. This format allows for the accumulation of revenues, direct costs, and applicable indirect costs for each cost objective, as identified by a pre-assigned four-digit code.

- ***SUPPORTING SCHEDULES AND WORKSHEETS***

The following schedules and worksheets are maintained regularly and provide a system of checks and balances for amounts reported in the General Ledger.

- ***Statement of Employee Benefits***
- ***Statement of Indirect Costs, if used***

These schedules report the total benefits and indirect costs which have accumulated and are to be allocated to the various cost objectives. The rates to be applied are calculated and shown on these statements. These rates are based on actual cumulative year-to-date costs incurred as of a specified date and are adjusted monthly.

- ***Schedule of Capital Assets***

All Capital asset acquisitions are maintained on a master list which is updated and reconciled at the close of the fiscal year to show new acquisitions, the annual equipment use charge and the subsequent loss, disposal or obsolescence of the asset. This schedule supports the balance in General Capital Assets Account Group and is used as a means of control when the periodic inventory of CARTA's capital assets is conducted.

CARTA capitalization threshold is \$5,000.00.

PAYROLL AND PERSONNEL RECORDS

All personnel records are maintained in the BCDCOG Finance Department. The Executive Director has sole responsibility for initiating and implementing any and all changes in CARTA's personnel records, subject to the appropriate Board of Director's authorization, including new hires, rehires, terminations, changes in salary or changes in employee status.

- **PAYROLL RECORDS**

The BCD Council of Governments, through an agreement with CARTA, handles all payroll functions for CARTA, including the preparation of biweekly paychecks and the accumulation, payment and reporting for all payroll deductions and reports on earnings. As a consequence, all original payroll records are maintained by the BCD Council of Governments.

- **EMPLOYEES' PERSONNEL FILES**

Employees' personnel files are maintained in the BCDCOG Finance Department for every employee on CARTA's payroll and are filed alphabetically in a locked file cabinet. Direct access to this cabinet is restricted to only authorized personnel.

Individual employees may request to review their file at any time during normal working hours; however, the employee must review their file in the presence of authorized personnel. Employees may obtain a copy of any of the information contained in their individual file by making a request to the Executive Director.

The contents of an employee's file must contain only those documents approved by the Executive Director, and any and all changes in, or additions to, an employee's file must be fully documented and authorized by the Executive Director with the exception of letters, memorandums, certificates, etc. presented to authorized personnel by an employee for inclusion in his/her individual file. However, no employee may request that any item be removed from his/her individual file without the express permission of the Executive Director. The employee's file includes the following documents.

- **DEDUCTIONS, BENEFITS AND CONTRIBUTIONS**

CARTA maintains a copy of all forms applicable to each employee for payroll deductions, fringe benefits, and contributions. These forms are prepared by the appropriate authorized personnel. These forms include, but are not limited to:

1. W-4 form for employee withholdings;
2. State Retirement System forms;
3. Group health and life insurance forms;
4. State Deferred Compensation Program forms;
5. Direct deposit forms.

- **OTHER DOCUMENTS ON FILE**

Other documents which are maintained to provide a complete employment history include:

1. Employment application/resume;
2. Signed Disclaimer for Personnel Policies and Procedures
3. Drug-Free Workplace Acknowledgement
4. I-9 Form (Immigration) Note: This form is kept in a separate file.
5. Criminal Background Check (SLED)

- **INACTIVE EMPLOYEE FILES**

Employee files are maintained permanently; however, files for individuals no longer in CARTA's employment are removed from the active file and placed in secured storage with access limited to authorized personnel only. Terminated personnel files are maintained for a period of three years. The Finance Department will maintain a list of terminated employees for future reference.

- **EMPLOYEES' LEAVE RECORDS**

Annual leave, sick leave, and compensatory leave ledgers which show the total accrued leave hours earned but not yet taken are maintained in the BCDCOG Finance Department for each employee with access restricted to the Executive Director and authorized personnel. Employees may request the status of their accrued leave hours at any time during normal working hours by making a request to an authorized employee.

The BCDCOG Finance Department is responsible for recording the monthly accruals and charges to an employee's leave records in accordance with the policies established in CARTA's personnel procedures. Leave taken and compensatory time earned and taken are reconciled to the employees' biweekly time sheets.

- **EMPLOYEES' TIME RECORDS**

All employees are required to submit biweekly time sheets to their Supervisor. The Administrative staff is responsible for collecting and filing the time sheets; however, responsibility for the actual completion of the form and the approval of hours recorded and distributed lies with the individual employee and the Executive Director.

These records document each employee's daily hours worked or on leave and provide the necessary information for allocating costs to the applicable cost objectives. The BCD Council of Governments Finance Department verifies the mathematical accuracy of the time sheets as submitted and vouches time shown as leave taken against the approved leave request form.

- **JOB DESCRIPTIONS**

The Executive Director is responsible for maintaining the Job Descriptions and for maintaining and updating the supporting Position Pay Schedule subsequent to authorization by the Board of Directors. Access to the originals on file is restricted to the Executive Director and the authorized personnel only.

Any changes to the Job Descriptions must be initiated and approved by the Executive Directors. Changes to the Position Pay Schedule which occur as a result of an across-the-board cost of living increase are approved by the Board of Directors through the budget process. The Executive Director is generally responsible for ranking and assigning levels to new or existing positions subject to Board approval.

OPERATING BUDGET AND COST ALLOCATION PLAN

A Cost Allocation Plan is prepared simultaneously with, and incorporated in, CARTA's *Annual Budget*, since each document is dependent on the other for support. These documents act as a system of control and a means against which progress can be measured.

- **KEY FACTORS IN THE BUDGET PROCESS**
- **BUDGET PREPARATION**

The Executive Director and Deputy Director of Finance & Administration, under general authorization from the Board of Directors, is responsible for initiating and implementing the preparation and submission of CARTA's *Annual Budget*. The Deputy Director of Finance & Administration conducts a preliminary review of the status of ongoing programs which may be required to be carried over into the next fiscal year, assesses new programs and funding sources which may become available, and gathers specific request for items to be included in the line-item budget. Preliminary solicitations to CARTA's various funding agencies are made during this state to ascertain the potential sources and amounts of funding for the coming year and to determine the probability of receiving those funds.

- **BUDGET ADOPTION**

CARTA's *Annual Budget* is submitted to the Board of Director for their review and approval generally by June of the preceding fiscal year or when otherwise determined and called for by the Board of Directors. The Annual Budget is submitted to the local governments for adoption. Once the majority of the local governments have approved the budget, the CARTA Board of Director's approve a final budget, with necessary changes, if any.

- **BUDGET ELEMENTS**

Estimated grant revenues and other financing sources prescribe limits within which expenditures may be estimated and allocated. Revenue components are gathered and compiled by the Deputy Director of Finance & Administration and the Executive Director based upon information obtained during the preliminary stages of preparation.

Estimated expenditures must be reasonable and realistic and every effort is made to confine costs within the limits of those sources that will be available during the fiscal year. Expenditures are compiled based on historical costs and reasonably determinable estimated future needs, and are compared in total against anticipated revenue sources. Expenditures allocated to specific work programs are compared to probable funding sources for those programs to assess that all requirements may be met on a reasonable cost benefit basis.

- **BUDGET MONITORING**

The Executive Director receives interim financial reports at least monthly to monitor the rate of expenditures and earned revenues, compared to approved budgeted line-item amounts. Progress reports on CARTA's budgetary and fiscal status are periodically submitted to the Board of Directors during the fiscal year. Significant variations are explained, problem areas and the probable solutions are identified, and the necessity to amend the budget may be assessed.

- **BUDGET AMENDMENTS**

Either the Deputy Director of Finance & Administration or the Executive Director may determine that it is necessary to amend an existing budget at any time during the fiscal year. No budget revision or modification will be implemented in the accounting records without first obtaining specific approval of the revised elements from the Board of Directors.

Revisions may be considered to reflect:

1. Changes made by the addition of new grant awards not anticipated in preparing the initial budget;
2. Additional costs incurred as a result of increased work activities; or,
3. Unanticipated costs which have occurred beyond normal operating control.

- **ANNUAL PROGRAM AND BUDGET**

- **Budget Summary**

- Annual Budgeted Revenues

- Annual Budgeted Expenditures

- **Budget Detail**

- Operating Expenditures Detail

- **BUDGET SUMMARY**

Annual Budgeted Revenues identifies total estimated revenues to be earned during the fiscal year as a result of activities. Revenues are identified by category and funding source.

Annual Budgeted Expenditures is CARTA's financial plan for operations and consists of a line-item summary of expenditures to be incurred during the fiscal year.

- **BUDGET DETAIL**

The **Operating Expenditures Detail** identifies the composition of line-item costs for non-personal expenditures and for assigning these costs. Costs are based on historical data and estimated future needs. The individual grant requirements or specified work activities provide a base for determining the direct costs applicable to each cost objective.

- **SUPPORTING SCHEDULES AND WORKSHEETS**

Worksheets and supporting schedules prepared by the BCD Council of Governments Finance Manager during the budget process are maintained in the BCD Council of Governments Finance Department. The worksheets are developed and prepared as needed to support the information presented in the budget.

CHART OF ACCOUNTS

CARTA’s Chart of Accounts provides the means by which all accounting events or transactions are classified and recorded. Its framework is designed in the same format and level of detail as that used in the *Annual Budget* in order to relate the accounting information with CARTA’s financial plan.

- **ACCOUNT CODE STRUCTURE**

The coding system permits identification of individual accounts, facilitates referencing entries to supporting documents and other records, and aids in reflecting account relationships. CARTA’s General Ledger accounts are identified by an eight-digit number: a four-digit account number identifies the specific account identification, and a four-digit account number identifies revenues and expenditures by the objective code.



The accounts are numbered sequentially within the relevant range of numbers for each type of account.

Type of Account	Range of Numbers
Assets and Other Debits	1000 – 1999
Liabilities	2000 – 2999
Fund Equities	3000 – 3999
Revenues and Other Financing Sources	4000 – 4999
Expenditures and Other Financing Uses	5000 – 9999

- **DESCRIPTION OF GENERAL LEDGER ACCOUNTS**

The following accounts described below represent the standard accounts usually used by CARTA. The system is flexible and accounts may be added as account activity and reporting requirements dictate.

- **GENERAL FUND ACCOUNTS**

1010 Checking: General Operating

Debit balance asset account which reflects the unrestricted cash balance in CARTA's general operating fund checking account.

1015 Savings

1020 Money Market

1025 Capital

Debit balance sheet account which reflects the restricted cash balance in CARTA's cash accounts.

1200 Accounts Receivable

Debit balance asset account which reflects total outstanding revenues from governmental and other sources which have been earned but not yet received.

2010 Accounts Payable

2011 Accrued Payroll and Benefits

Credit balance liability accounts, which reflect unpaid obligations against CARTA's General Fund at the end of the accounting period.

2090 Accrued Compensated Absences

Credit balance liability account reflecting CARTA's obligation for annual leave and compensatory time earned but not taken at the end of the fiscal year. The amount is supported by a written personnel policy and detailed records maintained for each employee.

3010 Fund Balance

This account reflects the unreserved, undesignated fund balance of the General Fund.

3020 Fund Balance: Non-spendable

This account reflects the reserved, designated fund balance of the General Fund.

4160 Gain/Loss on Sale of Asset

4050 Farebox Revenues

4051 Pass Revenue

4000 Contract Revenue

4100 Miscellaneous Revenue

Credit balance revenue accounts, which reflect, earned revenues from other sources. Farebox/Pass revenues are used to offset allowable reimbursed expenditures from federal/state grants. Contract revenue is used as local match required by federal/state grants.

4010 Federal Grants

4015 Federal Grants passed through Local

4020 State Grants

Credit balance revenue accounts which reflect earned revenues from federal, state, or local grants and contracts for the current fiscal year. Each grant, contract, or funding source is assigned a separate account number which begins with the first five digits of the appropriate revenue account followed by the identifying two-digit cost objective code.

6010 Salaries and Wages

Debit balance expenditure accounts which record the salary costs charged and distributed to each cost objective in the General Fund. Also identified within this category are "release time" expenditures which comprise part of the Employee Benefits Cost Pool.

6610 Employer's FICA Expense

6600 Employer's Retirement Expense

6580 Employer's Group Insurance

Debit balance expense accounts which reflect CARTA's cost for group insurance, workers compensation insurance, state retirement contribution, and the employer's share of payroll taxes. These costs comprise part of the Employee Benefits Cost Pool.

- 6650 Fuels and Lubricants**
- 6665 Licenses & Fees**
- 6680 Automotive**
- 6690 Advertising**
- 6691 Promotional**
- 6695 Marketing**
- 6700 Professional Services**
- 6701 Contract Services**
- 6710 Postage**
- 6720 Dues and Memberships**
- 6730 Equipment Rental**
- 6740 Agency Insurance**
- 6755 Repairs & Maintenance**
- 6760 Travel**
- 6770 Publications**
- 6780 Office Equipment Maintenance**
- 6790 Office Supplies**
- 6800 Printing**
- 6810 Rent**
- 6815 Utilities**
- 6820 Communications**
- 6830 Training and Education**
- 7380 Miscellaneous**

Debit balance operating expenditure accounts identified by type. These accounts are assigned the applicable five-digit code numbers for accumulation by cost objective.

- 6905 Non-Capitalized Assets**
- 6910 Capital Assets**

Debit balance expense accounts which show the total expenses incurred for capital assets acquired during the fiscal year. Such acquisitions, unless specifically included in a grant agreement, are purchased with unrestricted funds, and the expenditure is recorded to the General Administration cost objective.

7360 Depreciation

Debit balance expense account which reflects the allowable and allocable cost for capital assets purchased by CARTA.

CAPITAL ASSETS

- 1500 Land**
- 1501 Idle Vehicles**
- 1502 Construction in Progress (CIP)**
- 1503 Vehicles**
- 1504 Equipment**
- 1508 Facilities**

Debit balance account which reflects the accumulated balance of CARTA's tangible, non-expendable property. Capital assets are acquired for general purposes and are recorded as expenditures to the General Fund when purchased and capitalized at cost in the Capital Assets record.

GENERAL LONG TERM DEBT ACCOUNT GROUP

- 2030 Notes Payable**

Credit balance account which reflects the unmatured principal balance for CARTA's long-term debts.

NOTE: From time to time, it is necessary for the accounting department to make changes to the Chart of Accounts as needed for current activities. These changes can be made without prior approval of the Board of Directors. The accounting department will provide a current Chart of Accounts as needed or requested.

ACCOUNTING PROCEDURES

CASH TRANSACTIONS

- **CASH DISBURSEMENTS**

Cash disbursement functions are separated to the extent of staff capacity. The responsibilities performed by individual staff members are:

<i>Administrative Staff</i>	Receiving invoices (US Mail)
<i>Staff Accountant</i>	Processing invoices Processing and disbursing checks
<i>Finance Manager</i>	Approves Claim for Payment Approves cost objective codes
<i>Deputy Director of Finance & Admin</i>	Approves Claim for Payment Approves cost objective codes
<i>Executive Director</i>	Approves Claim for Payment Verifies check amounts Approves cost objective codes Signs checks Review reconciliations
<i>(Two signers are required for general operating checks; Executive Director and designated staff as approved by the Board of Directors are authorized signers).</i>	
<i>Finance Manager</i>	Daily verification of amounts and cost objective codes.
<i>Deputy Director of Finance & Admin</i>	Prepares Bank Reconciliations

GENERAL GUIDELINES AND PROCEDURES

1. All payments, except minor purchases made through the Petty Cash Fund, will be made by check.
2. The BCD Council of Governments Finance Department will maintain control and provide security for blank checks.
3. Checks shall never be made available in blank and shall be released only when properly completed and related to an approved voucher.
4. Checks shall always be made payable to a specific payee and checks will not, under any circumstances, be made payable to "Cash."
5. Checks, which have been made void for any reason, are to be defaced and kept on file in the BCD Council of Governments Finance Department.
6. No invoice will be processed for payment without prior approval from the Executive Director. The Executive Director will sign or initial each invoice or voucher form to provide evidence of approval.

Unclaimed Check(s) – All checks returned to CARTA as undeliverable or unclaimed by a vendor or an employee shall be returned to the Finance Department. The Finance Department may make a good faith effort to contact the vendor/employee for disbursement.

Reporting Unclaimed Property to the Office of the State Treasurer Procedure

1. State Law determines when to report unclaimed property to the Office of the State Treasurer. Outstanding checks have a 5-year dormancy period. However, the property can be reported before the dormancy period ends. BCD RTMA records are reviewed annually to determine if they are subject to reporting. The Office of the State Treasurer can be found at the following website:
<http://www.treasurer.sc.gov/unclaimed-property/report-unclaimed-property/>
2. Once it has been determined that the property can be reported as unclaimed use UPExchange reporting software.
<http://www.byetm.com/index.php/upx?referral=switchboard%20>
3. Follow UPExchange instructions to submit your report. See Attachment A.
4. Remit funds for the report and complete Remittance Information Form.
<http://www.treasurer.sc.gov/unclaimed-property/report-unclaimed-property/remittance-information/>
5. Request a check for the funds.
6. Mail the Remittance Information Form, SC Verification, and Checklist along with the check to Office of the State Treasurer PO Box 11778 Columbia SC 29211.

Petty Cash – The control of petty cash is assigned by the Deputy Director of Finance & Administration. Petty cash may be disbursed for items requiring cash or small purchases. The staff member requesting petty cash must have an approved purchase requisition. The employee receiving the cash must return a receipt and change to the custodian. If the staff member does not return a receipt, the staff member may be responsible for reimbursing petty cash at their own expense. Petty cash should be reconciled at least quarterly, but no less than annually.

- **CASH RECEIPTS**

CARTA's cash receipts are in the form of cash from farebox collection and pass sales. The agency receives check through US Mail from advertising vendors and contracts. The agency receives the majority of grant reimbursements by ACH. Although separate bank accounts are generally not required under federally funded programs, these funds are identified separately in the accounting records. Therefore, CARTA's financial system is structured to provide for the accountability and verifiability of these funds on an individual basis. Each grant or contract is designated as a cost objective and assigned a separate code number in the General Ledger to provide a trail for identifying accrued revenues earned and the subsequent receipt of funds for each cost objective.

Grant related receipts are generally received through one of the following methods:

1. **Reimbursement of Expenditures:** Cash received after all expenditures for a specified time (usually monthly) have been made and reported. The amount of each payment received is verified and matched to the Request for Payment or invoice form in the applicable Project File.
2. **Incoming Cash/Checks:** Cash/Checks received from Pass Sales, Advertising, and Contracts. These items are received by US Mail or in person.
3. **Credit Card Payments:** Payments received for pass sales and advertising sales.
4. **Farebox Revenue:** Each driver is responsible for collecting farebox revenue. The collection and reconciliation of these revenues is as follows:

- Designated Staff are responsible for removing the farebox from the bus.
- Two designated staff members are responsible for counting the farebox. These staff members perform their duties in a secure location, separated from other staff members. In addition, these staff members are responsible for preparing the bank deposit slip for each farebox.
- CARTA uses outside contractor for making deposit of farebox collections. Farebox revenue is deposited at least twice per week.
- Staff Account member is responsible for reconciliation of the deposits.
- The BCDCOG staff is responsible for posting and reconciling farebox revenue to general ledger.

Seven different individuals perform the overall function of collecting, reconciling, and processing farebox revenues. Under no circumstances, will there be the same staff member performing more than one duty as listed above.

The responsibilities performed by individual staff members are:

<i>Administrative Staff</i>	Receiving checks (US Mail)
<i>Various Staff</i>	Receives Cash/Checks/Credit Cards for Pass Sales
<i>Staff Accountant</i>	Processes all cash receipts in general ledger. Reconciles credit card sales
<i>Cash Clerks</i>	Prepares farebox deposits
<i>Deputy Director of Finance & Admin</i>	Prepares Deposits for all cash and checks received from US mail or pass sales.
<i>Executive Director</i>	Review reconciliations
<i>Finance Manager</i>	Daily verification of amounts and cost objective codes.
<i>Deputy Director of Finance & Admin</i>	Prepares Bank Reconciliations

- **CREDIT CARD USE**

CARTA has one major credit card. The authorized user and holder of this card is the Executive Director. This use of this card includes, but is not limited to the following:

- Travel Arrangements – Includes hotel reservations, meals and other travel related expenses.
- Website Hosting – Includes monthly fee and cost of maintaining the website
- Online purchasing
- Emergency purchases

FINANCIAL REPORTS

Prior to issuing financial reports, the account balances in the General Ledger must be brought up to date, reconciled with supporting documents, and critically reviewed for completeness to ensure that all transactions have been accounted for and were properly recorded, and that all costs and earned revenues have been correctly determined and allocated to the appropriate cost objectives.

- **RECONCILIATION PROCEDURES**

The BCD Council of Governments Finance Manager's monthly reconciliation process should include the following basic procedures:

1. Verify that the General Ledger balances for the cash in bank accounts agree with the balances on the bank reconciliation statements.
 - Trace any discrepancies between the bank balances and the General Ledger;
 - Investigate outstanding checks and take appropriate action.
1. Review the Aged Accounts Receivable Report for unusual or significant balances.
 - Trace cash receipts vouchers to credit entries to ensure that the grants or contracts were properly credited;
 - Trace current period revenue adjustments from the "Accrued Revenues Worksheet" to ensure that the adjustments were properly recorded to the grant, contract, or other funding source.
3. Vouch billings, subsequent receipts on billings and unbilled accruals documented in the Financial Reports Files with the project revenue account balances in the General Ledger.

CARTA records accrued revenues when earned, however billing periods are controlled by the terms and conditions of each grant or contract. Source documents located in the respective Financial Reports Files (invoice forms and/or standardized request for payment forms) should be reviewed to ensure that the correct amounts have been billed in a timely manner according to the terms and conditions of the grant or contract and that any unbilled balance is in agreement with the total amount of earned revenues accrued and outstanding but not currently reported to the grantor agency.

4. Verify the liability account totals with the cumulative totals of unpaid vouchers on file.
5. Reconcile cost distribution worksheets with General Ledger balances for each cost objective.
 - Vouch timesheets to salary distribution worksheets
6. Verify that operating expenditures have been properly classified and recorded to the correct line-item account.
 - Compare the cumulative total of the documents within each Expense Account file to the line-item balances in the General Ledger
 - Vouch expenditures charged directly against a cost objective to supporting documents contained within the Financial Report Files to ensure that they were properly recorded and are in compliance with the terms and conditions of the grant agreement.

The Executive Director periodically reviews the Trial Balance, Accounts Receivable Report, and Accounts Payable Report.

- **FINANCIAL REPORTS**

Interim financial statements are prepared monthly and are submitted to the Deputy Director of Finance & Administration and the Executive Director for internal analysis and control. These reports emphasize comparisons of actual financial results with budgetary estimates and limitations and are primarily used to:

1. Control current operations
2. Determine and demonstrate compliance with legal and budgetary limitations; and,
3. Anticipate changes in financial resources and requirements resulting from events which were unforeseen at the time the original budget was prepared.

- **BALANCE SHEET**

The *Balance Sheet* is a summary report of CARTA's financial position as of a specified date. The report is automatically generated through the accounting system

under which the General Ledger is maintained. The Deputy Director of Finance & Administration and the Executive Director reviews this report to monitor acceptable levels of asset and liability ratios and to search for unexplained changes in account balances. The fund balance is monitored monthly by the Management Staff and periodically by the Board. The status of all fund types and account groups are presented on this statement.

- **STATEMENT OF REVENUES AND EXPENDITURES**

The *Statement of Revenues and Expenditures* is a cumulative year-to-date budget versus actual report of line-item revenues earned and expenditures incurred. The report includes the following information for each line-item category:

1. The current approved budgeted amount for each line-item category
2. The cumulative year-to-date amounts expended or earned for each line item category; and,
3. The percent of total budget earned or expended to date.

The Deputy Director of Finance & Administration will review this report to ensure that expenditures are in compliance with budgeted line-item amounts and overall operations. By analyzing the current unexpended balance, with consideration given to future costs, the Deputy Director of Finance & Administration may reasonably assess that charges have been properly classified and recorded, that costs have been incurred in line with established goals, and that future costs will be adequately supported.

All significant variations must be explained and judged for reasonableness. Variations in the rate of expenditures will be considered acceptable, on a short-term basis, to the extent that they were the result of:

1. Unanticipated costs incurred, but necessary in order to meet the terms of a grant award or an increased demand in level of service; or,
2. Additional costs incurred due to increased rates outside CARTA's control but considered necessary to ensure uninterrupted operations.

In considering such variations, the Deputy Director of Finance & Administration should ascertain that:

1. Prior knowledge and authorization of the costs existed before actual charges were incurred;
2. The costs can be fully explained and are adequately documented; and,
3. The costs can be supported by the existing budget without unfavorable results in overall operations until such time that they can be incorporated into any subsequent budget revisions for the fiscal year.

Earned revenues reported are reviewed to ensure that they are in line with budgeted projections, have been properly recorded and classified in accordance with the applicable cost objective, are being realized at a rate comparable to their associated expenditures, and that operating costs are being adequately supported.

Consideration of the remaining revenue balances allows the rate of earnings for overall operations to be monitored; however, the timing for individual grants does not always correspond with CARTA's fiscal year. Grants and contracts with project starting and ending dates different from CARTA's fiscal year should be noted and the differences considered when reviewing line-item categories.

All significant variations must be fully explained and adequately documented. Variations in earnings will be considered acceptable, on a short-term basis, to the extent that they were the result of:

1. The addition of a grant award or contract not previously included in the current budget; or,
2. The failure to receive an anticipated source of funds for reasons beyond CARTA's control.

In either case, these variations should be considered for the overall impact on operations and the Deputy Director of Finance & Administration and the Executive Director should ascertain that:

1. Additional costs associated with the receipt of a new grant award or contract can be adequately supported by the subsequent earned revenues. In some instances, additional costs may not be required and grant terms may be met through the reallocation of costs and staff participation from a cost objective with a lower priority status without unfavorable results.
2. Costs incurred on the anticipation of grant awards or contracts which are subsequently not implemented can be supported through local unrestricted funds, or other allowable sources, and

such charges will continue only if the services provided are deemed necessary for operations; and,

3. Funding sources which are not implemented will be written off in any subsequent budget revisions, and the associated budgeted expenditure amounts will be either appropriately decreased or reallocated when applicable.

- **REPORTS TO GRANTOR AGENCIES**

Fiscal reports to grantor agencies are prepared according to conditions set forth in the respective grants and contracts, usually on a quarterly basis. External reporting requirements and procedures are detailed and varied and are discussed, in general, in the *Grants Administration* section of this manual. The individual grant files contain instructions for reporting to the respective grantor agency.

Unless specifically stated otherwise under the terms of an agreement, amounts reported to the grantor agency are for actual costs incurred and agree with the costs reported under the associated cost objective.

- **ANNUAL AUDITS**

State law and federal regulations require annual audits of CARTA's financial statements. An audit of CARTA's basic financial statements is conducted annually by an independent Certified Public Accountant. The audit is performed in accordance with generally accepted auditing standards and federal regulations covering financial and compliance audits.

The Deputy Director of Finance & Administration is responsible for the preparation of draft financial statements and supplementary schedules. Standard statements, schedules, confirmation requests, and supporting documents are made available to the auditor at the commencement of the auditor's fieldwork. Copies of the auditor's report are submitted to CARTA's Board of Director's, member counties, and municipalities as well as all funding agencies and the Single Audit Clearinghouse.

GRANTS ADMINISTRATION

In general, the Board of Director's is responsible for the review and approval of CARTA's work programs and budgets. Requests for grants-in-aid are reviewed and approved by the Board of Director's either through the adoption of CARTA's *Annual Program and Budget*, which identifies grants associated with the applicable work programs, or through direct approval of a particular application for funds when required by the funding agency.

Application procedures and reporting requirements for federally assisted programs are conducted by CARTA in a manner to assure the existence of an adequate system of checks and balances and internal control over program performance. The basic duties and responsibilities are summarized below:

	Executive Director	Appropriate Staff	Finance Department
Application for Funds	Reviews application for relevance and feasibility. Approves work program criteria.	Assembles and submits application package. Prepares draft work program.	Documents and prepares financial data and budget for application.
Award and Authorization	Reviews and signs contract.	Implements project	Sets up accounts for financial reporting.
Fiscal and Performance Reports - Internal	Monitors programs. Reviews reports for compliance with terms and special conditions.	Prepares program performance reports.	Prepares financial status reports.
Fiscal and Performance Reports - External	Reviews and signs reports.	Prepares narrative progress reports to grantor agency.	Prepares financial reports to grantor agency.
Grant Close Out	Conducts final review for performance and compliance.	Assembles and submits all products subject to terms and conditions of grant.	Submits final financial reports and request for payments.

Program staff is responsible for adequately reporting progress to the federal awarding agency and overseeing sub-recipient contracts, if applicable. CARTA has developed a separate sub-recipient monitoring policies and procedures document.

PROPERTY MANAGEMENT

Acquisitions for nonexpendable personal property are charged to CARTA's line-item accounts for capital purchases: land, vehicles, construction in progress (CIP), equipment, fareboxes, shelters, bus signage, and facilities. These purchases are generally for those items having a useful life of more than one year and an acquisition cost of more than \$5,000 per unit; however, the final determinant in classifying an acquisition as nonexpendable personal property is the nature of the item and its intended use.

- **PROPERTY RECORDS**

The BCDCOG Finance Department maintains a Capital Assets listing of all property in CARTA's possession and/or to which CARTA holds title. CARTA's property records include the following information:

1. Property decal number
2. Description and location
3. Manufacturer's serial number or other identification number
4. Source of funds/Percentage of funds
5. Acquisition cost for capitalized items
6. Accumulated depreciation for capitalized
7. Ultimate disposition.
8. Condition

- **PHYSICAL INVENTORY**

A physical inventory of all property is taken at least every two years and the results are reconciled to the Capital Assets listing. The physical inventory is intended to verify the existence of the property, its current use and location and the continued need for the property. All differences will be investigated and any loss, damage, or theft will be fully explained and documented.

A staff accountant is responsible for maintaining the assets and shall not perform the count.

The verification of the count will be certified in writing.

- **DEPRECIATION**

CARTA records capital acquisitions as expenditures to the General Fund at the time of purchase, unless a purchase is specifically authorized under a particular grant or contract. These acquisitions become part of the Capital Assets records. A copy of the “Out of Service Notification” should be submitted to the Finance Department to ensure that depreciation is stopped, in compliance with federal requirements, while the vehicle remains out of service.

- **ASSETS ACQUIRED THROUGH GRANTS OR CONTRACTS**

Purchases are primarily paid for from grant funds, CARTA will account for those purchases according to the following guidelines.

These purchases will be included on CARTA’s Capital Assets list in order to maintain accountability for all items in CARTA’s possession.

The following restrictions apply on the use and disposition of property purchased in whole or in part with federal funds:

- **Use:** The property will be used in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original project or program, CARTA shall use the property in connection with its other federally sponsored activities in the following order or priority.
 1. Activities sponsored by the same federal agency;
 2. Activities sponsored by other federal agencies.
- **Disposition:** When the property is no longer needed as provided for above, the property may be used for other activities in accordance with the following standards:
 1. Property with current per unit fair market value of less than \$5,000 may be used for other activities without reimbursement to the federal government or may be sold and the proceeds may be retained by CARTA.
 2. Property with a current per unit fair market value in excess of \$5,000 may be retained by CARTA for other uses or sold, provided that compensation is made to the original federal agency or its successor. The amount of compensation is computed by applying

the percentage of federal participation in the cost of the original project or program to the current fair market value of the proceeds on the sale.

RECORD RETENTION

Record Retention Policy:

As required by 2 CFR Part 200, CARTA will maintain grant related financial records, supporting documentation and other records pertinent to an award for a period of three years from the date of submission of the final expense report with the following exceptions:

- Three years from resolution and final action pertaining to litigation, claim, audits involving the records
- Three years final disposition for real property and equipment acquired with Federal funds
- Three years from the date sub-recipients submits indirect cost rate proposals, cost allocation plans to the recipient.

All other records shall be maintained in accordance with Section 30-1-90 (B) of the Code of Laws of South Carolina, 1976, as amended. These records include, but are not limited to, personnel, accounting, and purchasing records. All records are stored by an outside vendor with limited access to such records.

CARTA

Charleston Area Regional Transportation Authority

MEMORANDUM

TO: Ronald E. Mitchum, CARTA Executive Director
FROM: Sharon Hollis, Principal Planner
DATE: March 6, 2017
SUBJECT: Intermodal Center Project Update
CC: file

The following presents an update on the Intermodal Center project to include completed activities since the last Board meeting on February 22, 2017. This update also includes any relevant upcoming activities, impacts to the project schedule, and issues or concerns.

Completed Activities

- Bid documents were advertised on February 19, 2017.
- A pre-bid meeting was held on March 2, 2017 at the Amtrak station, which was well attended.

Planned Activities

- The City is finalizing a solicitation for a Construction Manager for the project.
- Bid opening is scheduled for February 28, 2017 at 2:30 p.m. at North Charleston City Hall.
- The Construction Contract Award is anticipated to occur in April 2017.
- **A tentative ground breaking to be organized by the City has been set for Thursday, May 11, 2017.**

Project Schedule

- Overall, the project is tracking fifteen months behind the original schedule.
- Current scheduled project completion date is **summer 2018**.

Anticipated Issues or Concerns

- None at this time.
- Staff continues to communicate with FTA regarding our progress.

Please feel free to contact me with any questions or for further information.

CARTA

Charleston Area Regional Transportation Authority

Upcoming Events

- March 11th – Black Expo
- March 18th – Transit Driver Appreciation Day
- March 23rd – MUSC Senior Fair
- March 23rd – City of North Charleston Business Expo
- March 26th – Kids Fair
- April 12th – MUSC Earth Day
- April 24th-VA Earth Day
- May 31st – Senior Ride Free Day (National Senior Health & Fitness Day)
- August 21st-Senior Ride Free Day (National Senior Citizen Day)
- November 11th – Veterans Ride Free Day
- December 8th - Seniors Ride Free Day