



Charleston Area Regional Transportation Authority

CARTA BOARD MEETING

November 20, 2019

1:00 PM

Barrett Lawrimore Conference Room
5790 Casper Padgett Way
North Charleston, SC 29406

AGENDA

1. Call to Order
2. Consideration of Board Minutes – September 18, 2019 Meeting
3. Financial Status Report – Robin Mitchum
4. Accounting Policies and Procedures Revision – Request for Approval – Robin Mitchum
5. Wildwood Construction Contract Modification – Request for Approval
6. Lowcountry Rapid Transit – Project Update – Sharon Hollis
7. Electric Bus Project – Project Update
8. Marketing/Outreach Report – Michelle Emerson
9. Executive Director's Report
10. Other Business, If Any
11. Public Comments, If Any
12. Board Comments, If Any
13. Adjournment

Please note that the next regularly scheduled meeting of the CARTA Board will be January 15, 2020 at the BCDCOG Office, 5790 Casper Padgett Way, North Charleston, SC 29406. 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
September 18, 2019

The Charleston Area Regional Transportation Authority (CARTA) Board of Directors met on Wednesday, September 18, 2019, at the North Charleston Transit Center located at 4565 Gaylor Avenue in North Charleston, South Carolina.

MEMBERSHIP: Ed Astle; Mary Beth Berry; Bob Brimmer; Ron Brinson; Dwayne Green; Alfred Harrison; Anna Johnson; James Lewis; Pat O'Neil; Jim Owens; Christie Rainwater; Vic Rawl; Michael Seekings; Elliott Summey; Keith Summey; John Tecklenburg; Jimmy Ward; Craig Weaver

MEMBERSHIP PRESENT: Ron Brinson; Dwayne Green; James Lewis; Jim Owens; Michael Seekings

PROXIES: Dennis Turner for Christie Rainwater; Jerry Lahm for Elliott Summey; Ray Anderson for Keith Summey; Keith Benjamin for John Tecklenburg; Kristen Hess for Vic Rawl; Doug Wurster for Anna Johnson; Stephanie Tillerson for Craig Weaver

STAFF PRESENT: Ron Mitchum; Andrea Kozloski; Robin Mitchum; Jon Dodson; John Lambert; Belen Vitello; Michelle Emerson; Kristin Burrows; Kim Coleman

OTHERS PRESENT: David Bonner (Transdev); Marquel Coaxum (Rawle-Murdy Associates); Scott Donahue (SCDOT); Patrick Huff (Charleston Regional Business Journal); William Hamilton (public); Julia Hamilton (public)

1. Call to Order

Chairman Seekings called the CARTA Board of Directors Meeting to order at 1:05 p.m. followed by a moment of silence. Chairman Seekings welcomed and introduced new Board Member, City of North Charleston Councilmember Ron Brinson.

2. Consideration of Board Minutes: August 21, 2019 Meeting

Mr. Owens made a motion to approve the August 21, 2019 Meeting Minutes as presented and Mr. Lewis seconded the motion. The motion was unanimously approved.

3. Financial Status Report – Robin Mitchum

Robin Mitchum, Deputy Director of Finance and Administration, presented the financial status report for the period ending August 31, 2019. Ms. Mitchum noted that the agency ended the month with an excess of revenue of \$416,543 and reviewed the following activities for FY19:

- **Revenues:**
 - Farebox is the fares collected on the revenue vehicles.
 - HOP Lot Parking Fees are the parking fees received at the HOP lot.
 - Community Pride is the remaining balance in the project from Palmetto Pride for the annual statewide clean-up initiative.
 - The Federal revenue includes operating and capital for the year-to-date. Federal revenue is recorded as eligible expenditures are incurred.
 - The State Mass Transit Funds revenue is the funds available and expended as match to the Federal 5307 operating funds.

- HOP lot revenue includes the Charleston Area Convention and Visitors Bureau and the City of Charleston contributions towards the operation of the HOP route. This is their contributions from October 2018 through December 2018.
 - Capital Revenue is local private capital contributions towards bench or shelter preparation and construction sites. The current amount is a contribution towards shelter construction at the Roper Hospital location and capital contributions from the Highland Exchange Apartments.
 - Interest is interest received from the SC Department of Revenue. CARTA has to submit for reimbursement of the SC Fuel Excise Tax each month. SCDOR periodically pays interest earned on the funds they have held in the reimbursement process.
 - Insurance proceeds are a result of accidents.
 - Sale of Assets includes the sale of 5 Trolleys, 4 Cutaways and 16 Flexible Metros.
 - Miscellaneous revenue is a fee received from a motion picture company for use of a bus for a commercial.
- **Expenditures:**
 - Supplies includes office supplies and facility maintenance supplies.
 - Printing includes costs of printing route maps, brochures and passes.
 - Marketing includes costs associated with promoting the transit system. This includes the promotional supplies from the Community Pride Project which was part of the Great American Clean-Up project in our region.
 - Automotive costs include both parking expenses and mileage reimbursements to employees.
 - Dues/Memberships is CARTA's annual membership with the Charleston Metro Chamber of Commerce.
 - Office Equipment Rental includes the quarterly postage meter rental fee and the cost of the portable toilet rental for the HOP lot.
 - Office Equipment Maintenance (OEM) includes the Swiftly Transit Time & Insights Software, the NetCloud Essentials for mobile routers and Zscaler internet security renewal, in addition to other IT support.
 - Rent includes the Ashley Phosphate Park & Ride lot, Leeds Avenue lot lease from SCE&G, SC Works Trident lease space and document storage.
 - Communications is the cost of phone, internet and radio services at both the facilities and on the buses.
 - Accounting (Auditing) is the cost for CARTA's annual financial audit and NTD Audit reporting.
 - Other Professional Services include payroll processing system fees, inspection costs and moving costs associated with the closure of the Morrison Hop Lot guard.
 - Shared Contract Services (IGA & Management) is the extensive services BCDCOG provides to CARTA.
 - Shelter/Bench Contract Services is engineering services provided through the IGA with BCDCOG for the Shelter/Bench Projects.
 - Melnick Property Contract Services is engineering services provided through the IGA with BCDCOG for the Melnick Property.
 - Money Transport is the cost of the armored guard service, GARDA, to pick-up and transport cash deposits to the bank.
 - Vehicle Maintenance is the cost to maintain the fleet.
 - Facility Repair & Maintenance is the cost of outside vendors to maintain facilities.
 - Operating Fees & Licenses include credit card transaction fees and vehicle title and registration fees.
 - Insurance includes the cost of liability insurance provided by the Insurance Reserve Fund. The amount will increase and decrease throughout the year as we add and remove items on the policy, but the amount shown is the bulk of the expenditure for the year.
 - Interest is the interest accrued on the Melnick Park and Ride Loan.

- **Capital Expenditures (Balance Sheet):**

- Rolling Stock is the purchase of the 2018 Ford Starcraft Allstar Cutaway, two 2019 Ford Starcraft Allstar cutaways, the 2018 Eldorado Amerivan, 19 Gillig Buses, four 2019 Champion LF Transport E450s and one 2013 Alexander Dennis Enviro 200.
- The Melnick PNR is the cost to construct the park & ride lot. CARTA obtained a loan to purchase the land and contribute towards up-fitting.
- Bus Shelter Construction/Bench Install is the cost to purchase and install shelters and benches.
- Security Cameras and Equipment are to purchase security equipment at our facilities and on rolling stock.
- Capital includes funds for capital assets related to the operation of the transit system. Some of the projects completed this fiscal year include marketing videos, a gravel lot, garage door replacements, bus wash unfitting, radio shop lighting and associated hardware for rolling stock.

Ms. Mitchum also reviewed the HOP expenditures. As of August 31, 2019, total expenditures for the HOP program were \$869,729. Ms. Mitchum addressed questions and comments. The Board received the Financial Status Report as information.

4. FY20 Budget – Request for Approval – Robin Mitchum

Ms. Mitchum presented the FY20 Budget. She noted that this is the budget that the Board approved at the June 2019 Board of Directors meeting. All the member government agencies have approved the proposed budget; therefore, final approval is required by the Board. Ms. Mitchum addressed questions and comments and noted that the budget will continue to be monitored to ensure revenues and expenditures remain aligned and recommended revisions will be made as needed.

Mr. Lahm made a motion to approve the FY20 Budget as presented and Mr. Green seconded the motion. The motion was unanimously approved.

5. Armored Transport Services RFP – Request for Approval

Ron Mitchum, Executive Director, noted that Invitations for Bids were received on September 10, 2019 from two contractors to provide Armored Transport Services for farebox collections. Bids were received from GARDA USA, Inc. and Brink's, Inc. Upon review of the bids, it is recommended that CARTA award a contract to Brink's, Inc. based upon lowest cost. Mr. Mitchum then addressed questions and comments.

Mr. Lewis made a motion to approve the Armored Transport Services RFP as presented and Chief Turner seconded the motion. The motion was unanimously approved.

6. Bus Wrap Advertising RFP – Request for Approval

Mr. Mitchum noted that one Invitation for Bid was received on September 10, 2019 from a vendor to provide Bus Wraps and Shelter Advertising-Installation/Removal Services for CARTA and TriCounty Link. The bid was received from Red Falcon Ink, LLC. Upon review of the bid, it is recommended that CARTA award a contract to Red Falcon Ink, LLC based upon understanding of the scope and being the most responsive and responsible bidder. Mr. Mitchum addressed questions and comments.

Mr. Lewis made a motion to approve the Bus Wrap Advertising RFP as presented and Mr. Lahm seconded the motion. The motion was unanimously approved.

7. Business Continuity Plan Update – Request for Approval – Andrea Kozloski

Andrea Kozloski, Deputy Director of Operations and Support, presented the Business Continuity Plan Update. She explained that the Plan is reviewed annually and any changes are presented for the Board's approval. Ms. Kozloski stated that during this year's review, two changes are being presented: (1) Dissemination of Internal and Public Communications – Ms. Kozloski recommended that they method in which information is disseminated to the public

be updated to include contacting Customer Services and/or check the news media or social media. The Marketing Department will distribute the information to all channels; (2) Deletion of Back-Up Tapes as backup is completed in the Cloud. Ms. Kozloski then addressed questions and comments.

Mr. Lahm made a motion to approve the Business Continuity Plan update as presented and Mr. Owens seconded the motion. The motion was unanimously approved.

8. IT Security Incident Response Policy and Procedures – Request for Approval – Andrea Kozloski

Ms. Kozloski presented the IT Security Incident Response Policy and Procedures. She explained that it is a new policy that is recommended to be included in the IT Policies and Procedures. She noted that during the Fiscal and Management Oversight Review, a recommendation was made to incorporate such a policy. The policy outlines roles and responsibilities for the investigation and response of computer security incidents and data breaches. Ms. Kozloski then addressed questions and comments.

Mr. Owens made a motion to approve the IT Security Incident Response Policy and Procedures as presented and Mr. Lewis seconded the motion. The motion was unanimously approved.

9. The Challenges of Bus Stop/Shelter Placement – Presentation – Ron Mitchum

Mr. Mitchum first introduced Belen Vitello, a new Planner who will focus on transit. He then presented a video regarding the many challenges of bus stops and shelter placement. Safety issues are a tremendous concern. He highlighted several areas and intersections that are very dangerous, especially for pedestrians. Mr. Mitchum discussed the issues that resulted from the closing of the former Super K-Mart Park & Ride on Rivers Avenue. He also discussed the issues with a neighborhood association regarding their displeasure with bus stops. Mr. Mitchum explained that the bus stops are necessary to serve residents in that area and that the stops do not disrupt the flow of traffic in the area. Mr. Mitchum then addressed questions and comments. The Board received the presentation on the Challenges of Bus Stops/Shelter Placement as information.

10. Marketing/Outreach Report – Michelle Emerson

Michelle Emerson, Marketing and Communications Manager, presented the Marketing/Outreach Report. She updated the Board on the App statistics for the last four weeks as well as Social Media engagements and link clicks. Ms. Emerson also highlighted public outreach promotions, the Ribbon Cutting Ceremony at the new North Charleston Transit Center and upcoming events. Ms. Emerson also discussed the procedures taken before, during and after Hurricane Dorian. She then addressed questions and comments. Chairman Seekings commended management and staff on their efforts and actions leading up to Hurricane Dorian and throughout the storm. The Board received the Marketing/Outreach Report as information.

11. Executive Director's Report

Mr. Mitchum discussed the following matters:

- Ridership and passengers per hour were up 0.1% and 3%, respectively.
- The HOP shuttle had 13,115 riders and resulted in \$4,060 in parking revenue.
- The system-wide cost per passenger was \$3.35.
- Farebox recovery for the system was 24.89%

In addition, reports were distributed prior to the start of the meeting which included ridership summary statistics and the monthly performance snapshot. The Board received the Executive Director's Report as information.

12. Other Business, If Any

There was no other business to discuss.

13. Public Comments, If Any

There was one public comment:

- William Hamilton, Executive Director of Best Friends of Lowcountry Transit, thanked the Board for the work on cleaning up the SuperStop and the Mary Street stop. He expressed his concerns regarding the Lowline. Mr. Hamilton also discussed “Climate Strike Charleston” and the upcoming events.

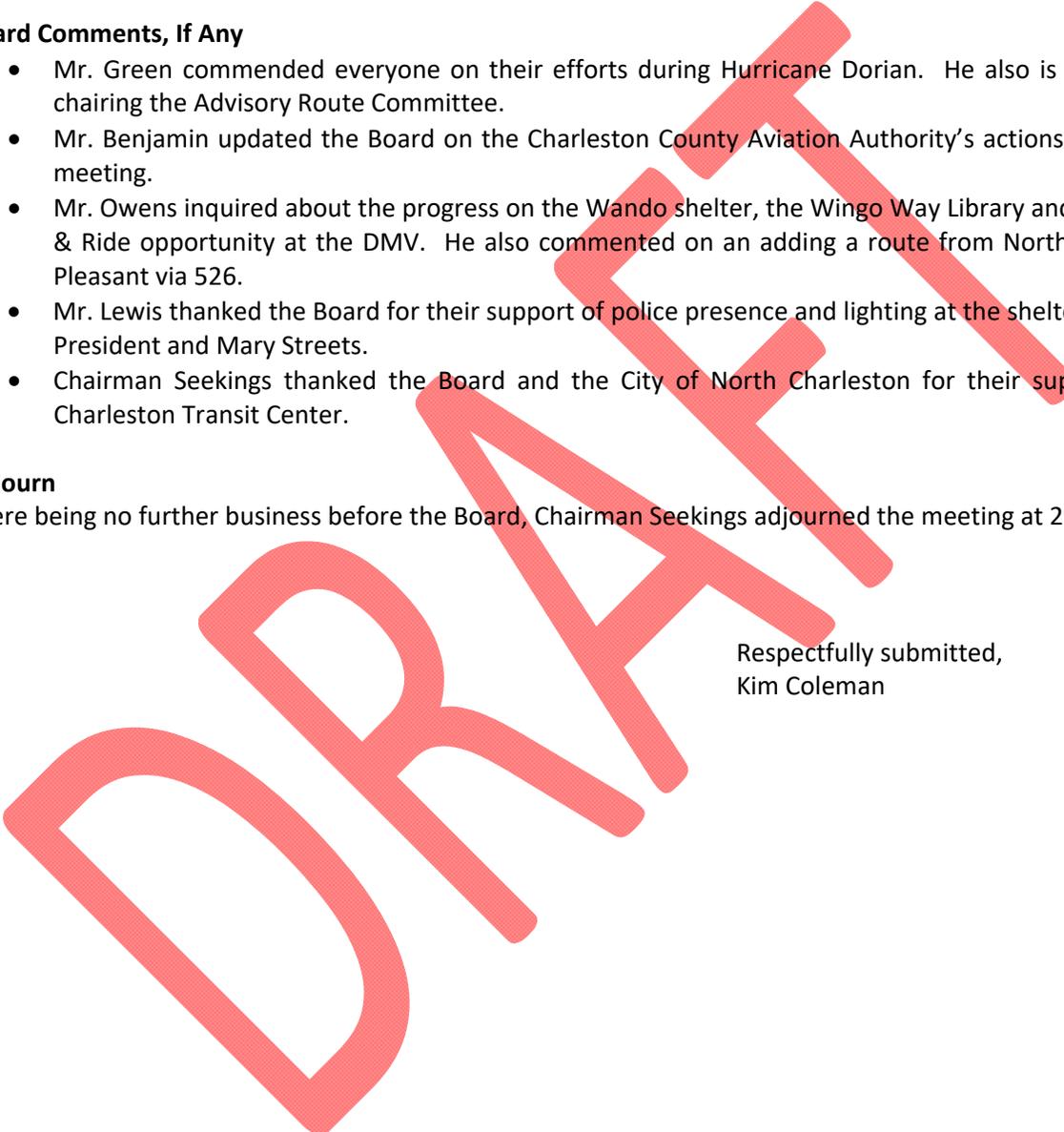
14. Board Comments, If Any

- Mr. Green commended everyone on their efforts during Hurricane Dorian. He also is looking forward to chairing the Advisory Route Committee.
- Mr. Benjamin updated the Board on the Charleston County Aviation Authority’s actions as their last board meeting.
- Mr. Owens inquired about the progress on the Wando shelter, the Wingo Way Library and the potential Park & Ride opportunity at the DMV. He also commented on an adding a route from North Charleston to Mt. Pleasant via 526.
- Mr. Lewis thanked the Board for their support of police presence and lighting at the shelters located on Line, President and Mary Streets.
- Chairman Seekings thanked the Board and the City of North Charleston for their support of the North Charleston Transit Center.

15. Adjourn

There being no further business before the Board, Chairman Seekings adjourned the meeting at 2:20 p.m.

Respectfully submitted,
Kim Coleman





Charleston Area Regional Transportation Authority

MEMORANDUM

TO: Board of Directors

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

SUBJECT: October 31, 2019 Financial Report Overview

DATE: November 13, 2019

Please find attached the October 31, 2019 Financial Report. Below is a brief overview of the activities for FY20.

Revenues

- Farebox is the fares collected on the revenue vehicles.
- HOP Lot Parking Fees are the parking fees received at the HOP lot.
- The Federal revenue includes operating and capital for the year to date. Federal revenue is recorded as eligible expenditures are incurred.
- Interest is interest received from SC Department of Revenue. CARTA submits for reimbursement of the SC Fuel Excise Tax each month. SCDOR periodically pays interest earned on the funds they have held in the reimbursement process.
- Insurance proceeds are a result of accidents.
- Sale of Assets includes the sale of a Flexible Metro vehicle.

Expenditures

- Supplies includes office and facility maintenance supplies.
- Printing includes costs of printing route maps, brochures, and passes.
- Automotive costs include the maintenance on the administrative vehicle and mileage reimbursements to employees. In October, the 2013 Ford Explorer required a new battery.
- Dues/Memberships is CARTA's annual membership with the Charleston Metro Chamber of Commerce.
- Office Equipment Rental includes the quarterly postage meter rental fee and the cost of the portable toilet rental for the HOP Lot.
- Office Equipment Maintenance (OEM) includes the FY20 portion of the Swiftly Transit Time and Insights Software (through 06/28/20), the FY20 portion of the Cradlepoint NetCloud Essentials for mobile routers and Zscaler internet security renewal (through 07/25/20), in addition to other IT support. This is the bulk of the FY20 expenditure for the Transit Time & Insights and the Cradlepoint software maintenance.

- Rent includes the Ashley Phosphate Park & Ride Lot, Leeds Avenue lot lease from SCE&G, SC Works Trident lease space, and document storage.
- Communications is the cost of phone, internet, and radio services at both the facilities and on the buses.
- Utilities includes electric and water at the Superstop, Melnick Park and Ride, and the Radio Shop at Leeds Avenue. CARTA received a refund for an origination and tap fee for the Melnick Property, which is reflected in the credit balance for the expenditure at October 31.
- Custodial services is the cost of janitorial services at the Melnick Park and Ride location.
- Other Professional Services include payroll processing system fees and new bus inspection services.
- Shared Contract Services (IGA & Management) is the extensive services BCDCOG provides to CARTA.
- Vehicle Maintenance is the cost to maintain the fleet.
- Facility Repair & Maintenance is the cost of outside vendors to maintain facilities. CARTA repaired the hardscape pavers at the Superstop.
- Operating Fees & Licenses include credit card transaction fees and vehicle title & registration fees.
- Insurance includes the cost of liability insurance provided by the Insurance Reserve Fund. The amount will increase and decrease throughout the year as we add and remove items on the policy. The amount shown is the FY20 portion of the 2020 policy period.
- Interest is the interest accrued on the Melnick Park and Ride Loan.

Overall, the agency ended the month with excess of revenues of \$177,698.

If you have any questions, please contact me at 843-529-2126 or robinm@bcdkog.com.

Amount owed to Transdev as of 10/31/19 is \$1,422,993.36.

Amount expended on the HOP for FY20 as of 10/31/19 is \$73,611.

HOP Expenditures		
Expenditures	Description	Total
Equipment Rental	Portable Toilet	65
Fuel	Diesel Fuel	5,033
Fixed Route	Transdev Service	68,513
TOTAL EXPENDITURES		73,611

CARTA
Statement of Revenues & Expenditures
For the Month Ending October 31, 2019

	Original FY20 Budget	Actual	8% % of Budget
<u>Operating Revenues</u>			
Farebox	2,240,483	127,029	6%
Passes	552,551	45,315	8%
HOP Lot Parking Fees	-	3,222	N/A
COC Shuttle	457,600	31,623	7%
MUSC	815,455	70,450	9%
City of Charleston - DASH	553,280	48,412	9%
Federal	12,714,213	743,611	6%
State Mass Transit Funds	1,040,472	-	0%
Sales Tax - Charleston County	12,439,250	1,027,500	8%
Advertising	700,000	52,521	8%
Interest	-	47	N/A
Insurance Proceeds	-	3,716	N/A
Sale of Assets	5,000	1,500	30%
TOTAL OPERATING REVENUES	31,518,304	2,154,946	7%
<u>Operating Expenditures</u>			
Staff Salaries & Benefits	160,578	9,016	6%
Supplies	15,200	2,054	14%
Printing	47,500	2,941	6%
Marketing	10,000	-	0%
Automotive	650	275	42%
Postage	1,200	-	0%
Dues/Memberships	500	-	0%
Office Equipment Rental	675	227	34%
Office Equipment Maintenance	211,156	98,420	47%
Rent	22,900	1,425	6%
Communications	170,381	7,915	5%
Utilities	12,650	(199)	-2%
Advertising	5,000	-	0%
<i>Professional Services</i>			
Auditing	28,800	-	0%
Legal	7,500	-	0%
Custodial	-	1,935	N/A
Other	22,965	2,553	11%
<i>Contract Services</i>			
Shared Services - IGA	2,037,021	146,322	7%
Shelter/Bench Contract Services	226,481	-	0%
Melnick Property Contract Services	55,259	-	0%
Fixed Route	13,610,808	1,173,120	9%
Money Transport	7,500	-	0%
Vehicle Maintenance	250,000	20,347	8%
Facility Repair & Maintenance	-	1,100	N/A
Operating Fees & Licenses	27,500	1,476	5%
Insurance	630,780	147,665	23%
Fuel	1,494,728	123,583	8%
Paratransit	2,822,384	229,526	8%

CARTA
Statement of Revenues & Expenditures
For the Month Ending October 31, 2019

	Original FY20 Budget	Actual	8% % of Budget
Miscellaneous	7,741	-	0%
Interest	64,080	5,637	9%
Non-Capitalized Assets	-	1,909	N/A
TOTAL OPERATING EXPENDITURES	21,951,937	1,977,247	9%
Excess (Deficit) of Revenues Over (Under) Expenditures		177,699	
<u>Capital Expenditures</u>			-
Rolling Stock	7,839,674	-	
Bus Facilities/Charging Stations	580,000	-	
Bus Shelter Construction/Bench Install	400,504	-	
Security/ Cameras & Equipment	452,102	-	
Capital (IT, Facility Repairs/Maint)	294,087	-	
TOTAL CAPITAL EXPENDITURES	9,566,367	-	0%

**CARTA
BALANCE SHEET
10/31/2019**

ASSETS

ASSETS		
GENERAL OPERATING (BB&T)		6,806,916.35
PETTY CASH		180.00
ACCOUNTS RECEIVABLE		457,402.34
HEALTH INS ADVANCE DEPOSIT		1,054.80
INVENTORY - FUEL		29,573.20
DEFERRED OUTFLOWS: ER CONTR		62,972.00
LAND		1,982,309.83
VEHICLES		33,096,925.04
EQUIPMENT		1,586,177.96
FAREBOXES		2,045,112.84
SHELTERS		3,664,963.56
BUS SIGNAGE		62,555.32
FACILITIES		11,968,681.89
ACCUMULATED DEPRECIATION		(27,558,247.76)
	TOTAL ASSETS	<u>34,206,577.37</u>

LIABILITIES & EQUITY

LIABILITIES		
ACCOUNTS PAYABLE		2,962,320.44
NOTE PAYABLE - BB&T		1,896,349.86
ACCRUED INTEREST		47,278.83
COMPENSATED ABSENCES		19,049.60
DUE TO FEDERAL GOVERNMENT		411,804.00
OPEB LIABILITY		184,325.00
DEFERRED INFLOWS: PENSION INVEST		847,863.00
PENSION PLAN		260,684.00
	TOTAL LIABILITIES	<u>6,629,674.73</u>
EQUITY		
CURRENT YEAR FUND BALANCE		177,699.16
INVEST IN CAPITAL ASSETS		23,943,812.28
FUND BALANCE		3,455,391.20
	TOTAL EQUITY	<u>27,576,902.64</u>
	TOTAL LIABILITIES & FUND EQUITY	<u>34,206,577.37</u>

ACCOUNTING POLICIES AND PROCEDURES

Charleston Area Regional Transportation Authority
CARTA

| [Board Approved 3.15.17 Revised 9.2019](#)

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY
CARTA**

ACCOUNTING POLICIES AND PROCEDURES

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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, 1199]

A common terminology and classification should be used consistently through the budget, the accounts, and the financial reports of each fund [NCGAS 1, 1123]

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.

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, are 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**

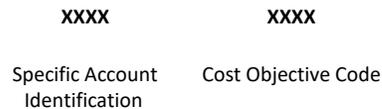
Worksheets and supporting schedules prepared by the BCD Council of Governments Finance Manager during the budget process are maintained in the BCD Council of Governments Finance Department. The worksheets are developed and prepared as needed to support the information presented in the budget.

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

(Two signers are required for general operating checks; Executive Director and designated staff as approved by the Board of Directors are authorized signers).

<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.~~ 7. 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.
- ~~6-7.~~ 7. Daily accounts payable processes are distributed to appropriate staff. The detailed processes for processing cash disbursements are separate from this policy.
8. Reconciliations of Accounts Payable subsidiary ledger to the General Ledger are prepared at a minimum quarterly. Detailed processes are included in a separate policy (Accounts Payable Processing).

~~7.~~

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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:

Administrative Staff	Receiving checks (US Mail)
Various Staff	Receives Cash/Checks/Credit Cards for Pass Sales
Staff Accountant	Processes all cash receipts in general ledger. Reconciles credit card sales
Cash Clerks	Prepares farebox deposits
Deputy Director of Finance & Admin	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.

The Deputy Director of Finance & Administration is responsible for taking prompt action on instance of non-compliance identified, including noncompliance identified in audit findings (200.303(d)). The Executive Director is responsible for ensuring that the noncompliance issues have been addressed as soon as reasonably necessary.

All financial audits will be submitted to OMB, as outlined in 200.327-200.329, 200.507, 30 days after receipt of the audit report but no longer than nine months after the end for the fiscal year.

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GRANTS ADMINISTRATION

In general, the Board of Director's are 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:

	<i>Executive Director</i>	<i>Appropriate Staff</i>	<i>Finance Department</i>
Application for Funds	Reviews applica-tion 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 items
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 purchased with federal funds require approval from federal agency prior to disposal.

- ~~1.~~2. 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.~~3. 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.



Charleston Area Regional Transportation Authority

MEMORANDUM

TO: CARTA BOARD OF DIRECTORS
FROM: RONALD E. MITCHUM, EXECUTIVE DIRECTOR
SUBJECT: CONTRACT RENEWAL – BUS SHELTER INSTALLATION
DATE: NOVEMBER 12, 2019

BCD Council of Governments is requesting approval to amend the Wildwood Contractors, Inc. contract # CARTA2016-06 for an additional year pursuant to the renewal terms outlined in the contract.

The contract was awarded on December 12, 2017 for a term of two (2) years with the option to renew for three (3) consecutive years. This amendment will extend the contract from December 12, 2019 – December 11, 2020.

CARTA Monthly Performance Snapshot – October 2019

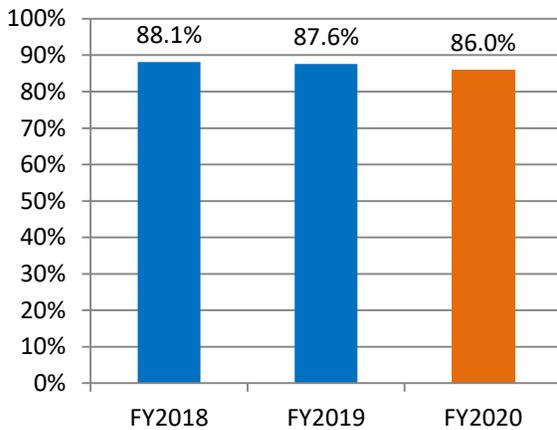
Fixed Route Performance:

- Passengers per Hour: 15.8
- On Time Performance: 86%
- Complaints per 100,000 Passengers: 1.6
- Compliments per 100,000 Passengers: 1.3
- Miles between Road Calls: 18,950
- Revenue Vehicle Accidents per 100,000 Miles: 4.9
- Preventable Accidents per 100,00 Miles: 2.3

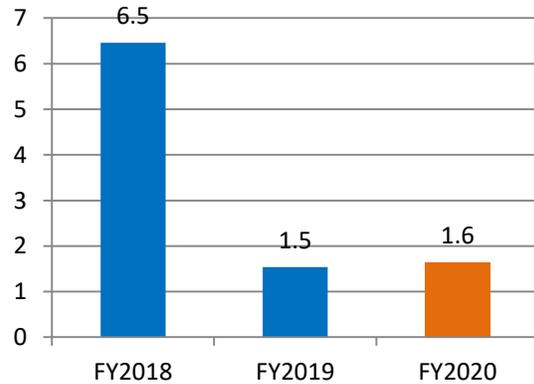
Fixed Route Annual Trends FY 2018¹ – FY2020²

(Notes: 1- FY2018 Ridership Measures do not include Oct17. 2-FY2020 is partial year data)

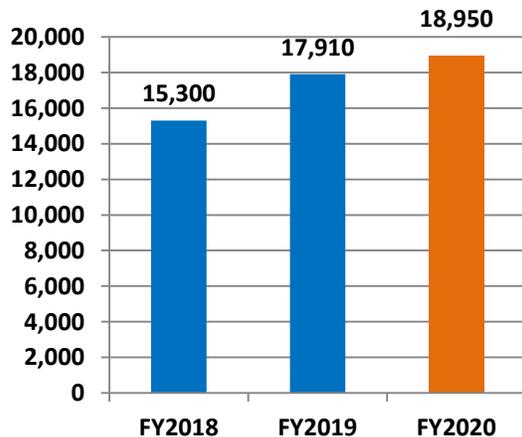
On Time Performance



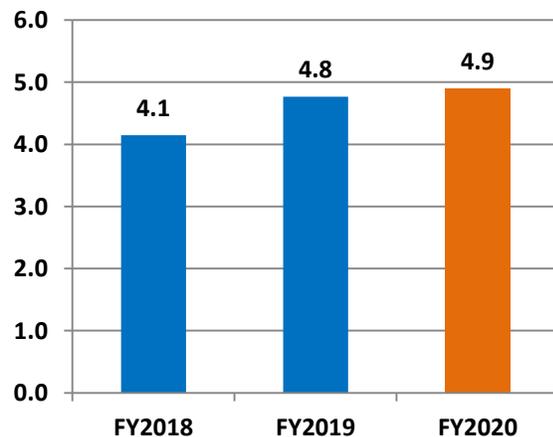
Complaints per 100,000 Psgrs



Total Miles b/w Road Calls



Accidents per 100,000 Miles



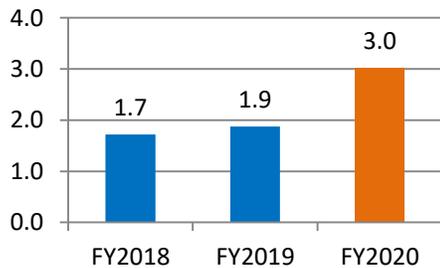
Paratransit Performance:

- Total Passengers: 6,874; Passengers per Hour: 1.7
- Cancellations at Door: 141; No Shows: 170
- On-Time Performance: 89%
- Complaints per 1,000 Passengers: None; Compliments per 1,000 Passengers: 0.4
- Miles between Road Calls: 65,979
- Total Revenue Accidents per 100,000 Miles: 3.0; Preventable Accidents per 100,000 Miles: 0

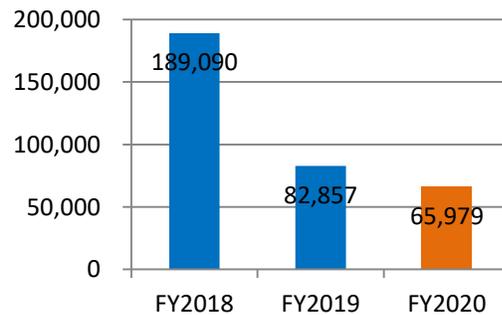
Paratransit Annual Trends - FY 2018 – FY2020²

(Notes: 2 - FY2020 is partial year data)

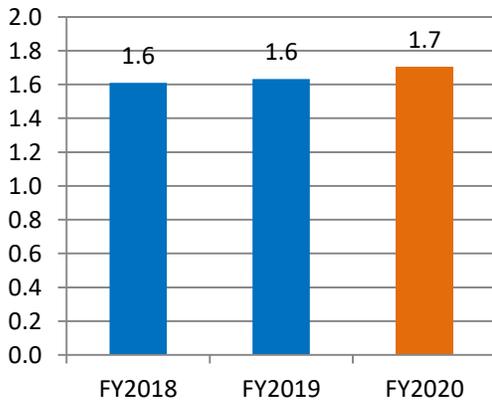
Accidents per 100,000 Miles



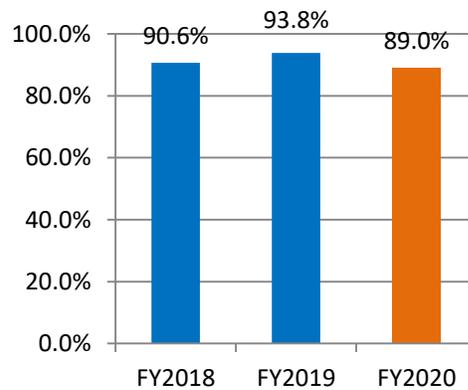
Miles b/w Road Calls



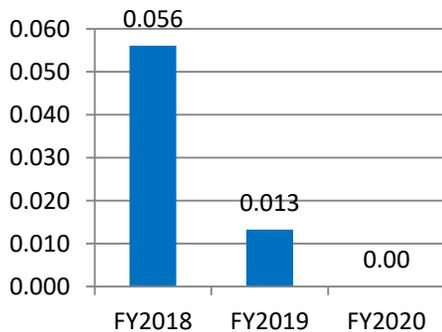
Passengers per Hour



On Time Performance



Complaints per 1,000 Passengers



Cancelled at door (dark blue) No Show (light blue)

