



**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**

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## **CARTA BOARD MEETING**

**February 21, 2018**

**1:00 PM**

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

### **AMENDED AGENDA**

1. Call to Order
2. Consideration of Board Minutes – January 17, 2018 & January 24, 2018 Meetings
3. FY17 Audit Presentation – Chris Clark, CPA
4. Financial Status Report – Robin Mitchum
5. Project Status Reports
  - a. Regional Transit Framework Plan – Sharon Hollis
  - b. Regional Park and Ride Study – Sharon Hollis
  - c. Intermodal Center – Sharon Hollis
  - d. Park and Ride Lots – Andrea Kozloski
  - e. Enough Pie Awakening Projects – Andrea Kozloski
6. Marketing/Outreach Report - Daniel Brock
7. Executive Director's Report
8. Other Business, If Any
9. Public Comments, If Any
10. Board Comments, If Any
11. Adjournment

*Please note that the next regularly scheduled meeting of the CARTA Board will be Wednesday, March 21, 2018 in Room B-225 of the Lonnie Hamilton III Public Service Building, 4045 Bridgeview Drive, North Charleston, SC 29405. Notice, including agenda documentation, will be sent to Board Members in advance of the meeting, as well as posted on [www.ridecarta.com](http://www.ridecarta.com).*

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**BOARD OF DIRECTORS MEETING**  
**January 17, 2018**

The Charleston Area Regional Transportation Authority (CARTA) Board of Directors met on Wednesday, January 17, 2018, at the Lonnie Hamilton III Public Service Building located at 4045 Bridgeview Drive, Room B-225 in North Charleston, South Carolina.

**MEMBERSHIP:** Ed Astle; Mary Beth Berry; Bob Brimmer; Dwayne Green; Alfred Harrison; Virginia Jamison; James Lewis; Minnie Newman; Pat O'Neil; Jim Owens; Vic Rawl; Dickie Schweers; Michael Seekings; Elliott Summey; Keith Summey; John Tecklenburg; Jimmy Ward; Craig Weaver

**MEMBERSHIP PRESENT:** Ed Astle; Mary Beth Berry; Bob Brimmer; Dwayne Green; Alfred Harrison; Virginia Jamison; James Lewis; Jim Owens; Vic Rawl; Michael Seekings; Jimmy Ward

**PROXIES:** Dennis Turner for Minnie Newman; Warwick Jones for Dickie Schweers; Jerry Lahm for Elliott Summey; Stephanie Tillerson for Craig Weaver; Ray Anderson for Keith Summey; Keith Benjamin for John Tecklenburg

**STAFF PRESENT:** Ron Mitchum; Andrea Kozloski; Robin Mitchum; Michelle Emerson; Sharon Hollis; Kim Coleman

**OTHERS PRESENT:** Amy Jenkins (MGC); David Bonner (Transdev); Jason Woznac (Transdev); Alisha Wigfall (Transdev); Robert Delengo (Transdev); Patrice Gilliam-Miller (Transdev); Megan Madden (Transdev); Shannon Cooper (Transdev); Daniel Brock (Rawle Murdy Associates); Michael Stettner (Rawle Murdy Associates); Lynn Christian; William Hamilton (public); Don Smith (public); Eugenia Felsing (public); Bennett Jones (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. He wished everyone a Happy New Year and thanked Board Members for attending today's meeting. Chairman Seekings moved the "Board Comments" portion of the agenda to the beginning of the meeting and asked Board Members to introduce themselves since there are newly appointed Board Members. Board Members then introduced themselves. Chairman Seekings announced that City of Charleston Councilmember Lewis was recently elected as Mayor Pro-Tem and Congratulated Mr. Lewis. Chairman Seekings also welcomed new Board member, Jimmy Ward, Councilmember from the City of the Isle of Palms. Executive Director, Ron Mitchum, then introduced David Bonner, General Manager of Transdev. Mr. Bonner introduced the Transdev Management Team who were in attendance today's Board Meeting.

**2. Consideration of Board Minutes – November 29, 2017 Meeting**

***Mr. Anderson made a motion to approve the November 29, 2017 Meeting Notes as presented and Mr. Astle 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 December 31, 2017. Ms. Mitchum noted that due to the recent inclement weather, the financial status report is in draft format. Ms. Mitchum noted that the agency ended the month with an excess of revenue of \$1,268,746.

- The budget to actual revenues for the month was mostly on target with projections:
  - The actual federal revenue includes operating and capital for the year-to-date.
  - The State Mass Transit Funds are being used as a match for urban funds and bus facility funds.

- Insurance proceeds are a result of accidents.
- The budget to actual expenditures for the month was mostly on target with projections with the exception of the following items:
  - Marketing includes costs associated with promoting the transit system.
  - Automotive costs include both parking expenses and mileage reimbursements to employees.
  - Accounting (Auditing) cost is a portion of the fee for the annual audit.
  - Dues include the annual membership fee to the Charleston Metro Chamber of Commerce.
  - Office Equipment Rental includes the quarterly postage meter rental fee.
  - Rent includes the Rivers Avenue Park-N-Ride lot, Ashley Phosphate Park-N-Ride lot, Leeds Avenue lot lease from SCE&G, SC Works Trident lease space, and document storage.
  - Contract Services (IGA & Management) is the extensive services provided to CARTA.
  - Vehicle Maintenance is the cost to maintain the fleet.
  - Operating Fees & Licenses include credit card transaction fees, DMV fees, storm water fees and solid waste fees.
  - Insurance includes the cost of liability insurance provided by the Insurance Reserve Fund. The amount reflected is the fiscal year 2018 portion of December 2016's renewal invoice. The renewal invoice is for January through December so we expect the bulk annual invoice in the next month. We will also receive premium adjustments throughout the year as we add and remove assets.
  - Security cameras include the purchase of additional cameras at the Super Stop, Leeds Avenue and additional security cameras for rolling stock.

Ms. Mitchum noted that the Audit is approximately 90% complete and is scheduled to be presented at the February Board Meeting. The Board received the financial status report as information.

#### **4. Executive Session – Contract & Operational Issues**

***Mr. Astle made a motion to convene for an Executive Session for Contract and Operational matters and Mr. Lewis seconded the motion. The motion was unanimously approved.***

***Following the Executive Session, Mr. Lewis made a motion to reconvene the Board of Directors meeting and Mr. Lahm seconded the motion. The motion was unanimously approved. No action items were taken during Executive Session.***

#### **5. Hospitality on Peninsula (HOP) Park-N-Ride Project – Andrea Kozloski**

Andrea Kozloski, Deputy Director of Operations and Support, presented the Hospitality on Peninsula (HOP) program. CARTA has partnered with the City of Charleston, Charleston County and the Charleston Visitor's Bureau for the project. Ms. Kozloski summarized the stop locations and highlighted the following aspects of the program:

- First Park-N-Ride on the Peninsula
- Located on Morrison Drive
- \$5 fee to park at the lot; there is no charge to ride the shuttle
- 130 parking spaces
- HOP shuttle will operate from 6am to 3am and service will be every 15 minutes; adjustments will be made as needs and patterns are determined
- Security cameras, bright lighting and an on-site attendant for safety measures

Mr. Mitchum commended the City and County for their efforts in the partnership to help make the program a successful one so that the agency may expand the service. Mr. Jones inquired about the cost to run the program. Mr. Mitchum responded that the program is a work in progress but costs will be shared

among the partners. Chairman Seekings also thanked the City of Charleston, Charleston County and the CVB for partnering in this important initiative. The Board received the HOP program update as information.

## 6. Project Status Report – Sharon Hollis/Michelle Emerson

- A. **Transit Framework:** Sharon Hollis, Principal Planner, presented the Regional Transit Framework Plan noting the Plan’s purpose of identifying and prioritizing a transit network that will serve the needs of Berkeley, Charleston and Dorchester Counties between now and 2040. Ms. Hollis discussed the stakeholder committee meetings, the market and service analysis and the online public meeting. She outlined the next steps, invited Board members and guests to attend the upcoming Transit Charrette and reviewed the timeline.
- B. **Park-N-Ride Study:** Ms. Hollis delivered an update on the Regional Park-N-Ride Study noting that a comprehensive plan will be developed which will identify suitable sites for permanent Park-N-Ride facilities throughout the region. She reviewed the timeline and announced that employer and stakeholder meetings will be held on February 7<sup>th</sup>.
- C. **Lowcountry Rapid Transit:** Ms. Hollis discussed Lowcountry Rapid Transit and reviewed the timeline from pre-project development through construction in 2023-2025. She explained NEPA and FTA guidelines/processes.
- D. **Intermodal Center:** Ms. Hollis delivered an update on the Intermodal Center noting that site-work continues despite weather delays. She discussed the project schedule and does not anticipate any issues or concerns at this time.
- E. **Lowcountry Go Website and App:** Michelle Emerson, Marketing and Communications Manager, presented the Lowcountry Go Website and App purpose and features. The purpose is to connect people with commuter solutions in the Tri-County Region. The Web App provides an interactive dashboard for commuters to identify an improved commute.

Ms. Hollis, Ms. Emerson and Mr. Mitchum addressed questions and comments. The Board received the Project Status Report as information.

## 7. Marketing/Outreach Report – Daniel Brock

Daniel Brock, with Rawle Murdy Associates, presented the Marketing/Outreach Report. He updated the Board on Social Media engagements and link clicks as well as App usage noting the amount of users, number of downloads and sessions per users. Mr. Brock also discussed outreach at recent community events. He reported on the Charleston International Airport Ribbon Cutting Ceremony for the new Bus Shelter and the refurbished bicycle give-a-way during the month of December. He then addressed Mr. Jones’ comments regarding the new website, noting work is still in progress in transferring from the old site to the new site and will be completed soon. The Board received the Marketing/Outreach report as information.

## 8. Executive Director’s Report

Mr. Mitchum highlighted the following matters:

- The agency is in the process of hiring a new transit planner who will focus on system improvements.
- Due to the inclement weather during the beginning of January, there were approximately 2100 hours of operating loss.

- Mr. Mitchum presented a brief video of the one MV-1 that was involved in an accident during the ice/snow storm. There were no passengers on board; the driver sustained minor injuries; the vehicle was totaled.
- One 40-foot bus was hit by another vehicle; there were no injuries; the bus had minor damage.
- Shelter and bench installations will occur soon.
- A calendar of events was distributed to Board Members depicting upcoming activities and events as well as campaign projects and status. Mr. Mitchum delivered an open-invitation to all Board Members to attend any and all events. He reminded Board Members to contact us for details on any specific event they may be interested in so that they are not inundated with emails.

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

#### **9. Other Business, If Any**

There was no other business discussed.

#### **10. Public Comments, If Any**

There were 3 public comments:

- Ms. Eugenia Felsingher of Mt. Pleasant spoke on behalf of elderly and handicapped individuals. She commended the Lowcountry Go initiative stating it is a tremendous need in the community. She spoke about the Tel-A-Ride application process and the operations of Tel-A-Ride. She expressed how much the Tel-A-Ride service is needed in the community.
- Bennett Jones, Community Manager with Enough Pie. Mr. Jones commented that Enough Pie will partner with Charleston Moves to present a series of projects that will focus on efficient and safe methods of travel in the community.
- William Hamilton, of Best Friends of the Lowcountry Transit, distributed a flyer and spoke about the ConChaCo event to be held on May 12<sup>th</sup>. He also expressed his opinion regarding the need for a sidewalk at the Citadel Mall Park-N-Ride location. Mr. Hamilton expressed his concerns regarding resuming transit services to local beaches. He then thanked the Board for their community service.

#### **11. Board Comments, If Any**

- Ms. Jamison requested more information regarding the Rivers Avenue Park-N-Ride. Mr. Mitchum invited her to meet with him after the meeting to discuss the matter in further detail.
- Mr. Benjamin commented further on the Enough Pie Awakening event noting that the City is excited to be assisting them with their efforts, particularly on the Eastside of the Peninsula.

#### **12. 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**  
**TELEPHONIC MEETING OF THE BOARD OF DIRECTORS**  
**January 24, 2018**

The Charleston Area Regional Transportation Authority (CARTA) Board of Directors met on Wednesday, January 24, 2018, via a telephonic meeting held at 10:00 a.m.

**MEMBERSHIP:** Ed Astle; Mary Beth Berry; Marty Bettelli; Bob Brimmer; Dwayne Green; Alfred Harrison; Virginia Jamison; James Lewis; Minnie Newman; Pat O'Neil; Jim Owens; Vic Rawl; Dickie Schweers; Michael Seekings; Elliott Summey; Keith Summey; John Tecklenburg; Craig Weaver

**MEMBERSHIP PRESENT:** Ed Astle; Mary Beth Berry; Virginia Jamison; Pat O'Neil; Jim Owens; Vic Rawl; Michael Seekings

**PROXIES:** Warwick Jones for Dickie Schweers; Jerry Lahm for Elliott Summey; Stephanie Tillerson for Craig Weaver; Ray Anderson for Keith Summey; Lynn Christian for Alfred Harrison

**STAFF PRESENT:** Ron Mitchum; Robin Mitchum; Kim Coleman

**1. Call to Order**

Chairman Seekings called the CARTA Telephonic Board of Directors Meeting to order at 10:00 a.m. followed by roll call and a moment of silence.

**2. North Charleston Park and Ride BB&T Bank Loan Revision – Request for Approval – Ron Mitchum**

Ron Mitchum, Executive Director, noted that on June 21, 2017, the Board approved a \$2,000,000 from BB&T for the purchase and improvements of 5.56 acres located at Melnick Drive and South Antler Drive in North Charleston. The property will be developed as CARTA's new Park-N-Ride lot (previously the Super K-Mart site). The loan commitment was approved by the Board for 15 years with a fixed interest rate of 2.86%. Due to unforeseen circumstances, the agency was unable to close on the loan with BB&T in a timely manner. On January 18, 2018, CARTA received a revised commitment letter from BB&T. As a result of changes in Federal corporate tax rates which affected the lending rate, there has been an increase in the fixed interest rate to 3.50%. The new commitment will continue to be for 15 years. (A copy of the commitment letter from BB&T was sent to the Board in advance of the telephonic meeting for review and consideration.) Mr. Mitchum noted that the agency is finalizing the purchase of the property and setting a loan closing date with BB&T and that Board approval of acceptance of the new terms with BB&T is required prior to proceeding.

***Mr. Jones made a motion to approve the North Charleston Park and Ride BB&T Bank Loan Revision as presented and Ms. Jamison seconded the motion. The motion was unanimously approved.***

**3. Other Business, If Any**

There was no other business discussed.

**4. Public Comments, If Any**

There were no public comments.

**5. Board Comments, If Any**

There were no additional Board Comments.

**6. Adjourn**

There being no further business before the Board, Chairman Seekings adjourned the meeting at 10:10 a.m.

Respectfully submitted,  
Kim Coleman

DRAFT



**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**

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MEMORANDUM

TO: Board of Directors

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

SUBJECT: January 31, 2018 Financial Report Overview

DATE: February 14, 2018

Please find attached the January 31, 2018 Financial Report. Below is a brief overview of the activities for FY18.

**Revenues**

The budget to actual revenues for the month was mostly on target with our projections.

- The actual federal revenue includes operating and capital for the year to date.
- The State Mass Transit Funds are being used as match for urban funds and bus facility funds.
- Insurance proceeds are a result of accidents.
- Sales of Assets include the sale of four (4) support vehicles and one (1) cutaway.

**Expenditures**

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

- Marketing includes costs associated with promoting the transit system.
- Automotive costs include both parking expenses and mileage reimbursements to employees.
- Accounting (Auditing) cost is a portion of the fee for the annual audit.
- Dues include our annual membership fee to the Charleston Metro Chamber.
- Office Equipment Rental includes the quarterly postage meter rental fee.
- Rent includes the Rivers Avenue Park & Ride lot, Ashley Phosphate Park & Ride Lot, Leeds Avenue lot lease from SCE&G, SC Works Trident lease space, and document storage.
- Contract Services (IGA & Management) is the extensive services provided to CARTA.
- Vehicle Maintenance is the cost to maintain the fleet.

- Operating Fees & Licenses include credit card transaction fees, DMV fees, storm water fees, and solid waste fees.
- Insurance includes the cost of liability insurance provided by the Insurance Reserve Fund. The amount reflected is the bulk once a year renewal invoice. While we will receive premium adjustments throughout the year as we add and remove assets, this amount reflects the bulk of the expenditure for the year.
- Security cameras include the purchase of additional cameras at the Super Stop, Leeds Avenue, and additional security cameras for rolling stock.
- Depreciation includes the first quarter fiscal year 2018 depreciation expense. We will begin recording this quarterly. The budget amount will be adjusted with the next budget revision.

**Overall, the agency ended the month with an excess of revenue of \$831,293.**

If you have any questions, please contact me at 843-529-0400 ext. 213 or [robinm@bcdcog.com](mailto:robinm@bcdcog.com).

**Amount owed to Transdev as of 01/31/18 is \$1,060,303.28.**

**CARTA**  
**Statement of Revenues & Expenditures**  
**For the Month Ending January 31, 2018**

Time elapsed:  
33%

	<u>FY18 Budget</u>	<u>Actual</u>	<u>% of Budget</u>
<b><u>Revenues</u></b>			
Farebox	2,370,254	736,935	31%
Passes	585,388	181,265	31%
COC Shuttle	452,580	151,821	34%
MUSC	807,000	270,434	34%
City of Charleston - DASH	516,600	167,280	32%
City of North Charleston	551,623	-	0%
Federal	22,657,159	3,461,095	15%
State Mass Transit Funds	963,467	643,541	67%
Sales Tax - Charleston County	10,606,750	3,835,333	36%
Charleston County Intermodal	1,200,000	-	0%
Capital Revenue (on hand)	600,000	-	0%
Advertising	900,000	270,610	30%
Interest	-	42	N/A
Insurance Proceeds	-	33,013	N/A
Miscellaneous	-	771	N/A
Sale of Assets	50,000	10,876	22%
<b>TOTAL REVENUES</b>	<b><u>42,260,821</u></b>	<b><u>9,763,016</u></b>	<b>23%</b>
<b><u>Expenditures</u></b>			
Staff Salaries	150,718	49,827	33%
Supplies	15,000	6,281	42%
Printing	60,000	15,908	27%
Marketing	10,000	4,374	44%
Automotive	1,945	929	48%
Accounting (Auditing)	21,250	17,063	80%
Postage	2,500	608	24%
Dues/Publications	750	500	67%
Office Equipment Rental	601	279	46%
Office Equipment Maintenance	124,174	18,547	15%
Rent	21,710	18,984	87%
Communications	112,810	35,280	31%
Utilities	10,500	3,574	34%
Advertising	20,000	-	0%
Money Counting	6,000	2,065	34%
Professional Services	11,000	3,210	29%
Contract Services	1,434,511	555,101	39%
Vehicle Maintenance	200,000	75,735	38%
Operating Fees & Licenses	28,706	9,707	34%
Insurance	561,000	530,705	95%
Fuel	1,105,340	414,982	38%

**CARTA**  
**Statement of Revenues & Expenditures**  
**For the Month Ending January 31, 2018**

Time elapsed:  
33%

	<u>FY18 Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Fixed Route	12,084,000	3,791,529	31%
Paratransit	2,352,486	763,026	32%
Miscellaneous	12,000	315	3%
Intermodal Infrastructure - Construction	13,500,000	1,264,216	9%
Rolling Stock	7,902,000	705,314	9%
Bus Shelter Construction/Bench Install	605,560	325	0%
Security/Cameras	120,682	50,783	42%
Fareboxes	1,035,027	114,700	11%
Capital (IT, Facility Repairs/Maint)	700,551	103,481	15%
Engineering	50,000	-	0%
Depreciation	-	374,375	N/A
<b>TOTAL EXPENDITURES</b>	<u>42,260,821</u>	<u>8,931,723</u>	<b>21%</b>
 Excess (Deficit) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>831,293</u>	

**CARTA**  
**Statement of Revenues & Expenditures**  
**For the Month Ending January 31, 2018**

	Administration	Operating	Capital	TOTAL
<b>EXPENDITURES:</b>				
Salaries & Benefits	23,250	26,577	-	49,827
Total Direct Personnel	23,250	26,577	-	49,827
Supplies	3,052	3,229	-	6,281
Printing	545	15,363	-	15,908
Marketing	4,233	141	-	4,374
Automotive	716	213	-	929
Accounting (Outside Services & Auditing)	17,063	-	-	17,063
Postage	592	16	-	608
Dues/Publications	500	-	-	500
Office Equipment Rental	279	-	-	279
Office Equipment Maintenance	7,970	10,577	-	18,547
Rent	1,984	17,000	-	18,984
Telephone/Communications	1,408	33,872	-	35,280
Utilities	-	3,574	-	3,574
Advertising	-	-	-	-
Money Counting	-	2,065	-	2,065
Other Professional Services	3,210	-	-	3,210
Contract Services	-	555,101	-	555,101
Vehicle Maintenance	-	75,735	-	75,735
Operating Fees & Licenses	1,268	8,439	-	9,707
Insurance	7,004	523,701	-	530,705
Fuel	-	414,982	-	414,982
Fixed Route	-	3,791,529	-	3,791,529
Paratransit	-	763,026	-	763,026
Miscellaneous	315	-	-	315
Intermodal Infrastructure - Construction	-	-	1,264,216	1,264,216
Rolling Stock	-	-	705,314	705,314
Bus Shelter Construction/Bench Install	-	-	325	325
Security Cameras	-	7,360	43,423	50,783
Fareboxes	-	-	114,700	114,700
Capital (IT, Facility Repairs/Maint)	1,946	1,628	99,907	103,481
Engineering	-	-	-	-
Depreciation	-	-	374,375	374,375
<b>TOTAL EXPENDITURES</b>	<b>75,335</b>	<b>6,254,128</b>	<b>2,602,260</b>	<b>8,931,723</b>

**CARTA**  
**Statement of Revenues & Expenditures**  
**For the Month Ending January 31, 2018**

	Administration	Operating	Capital	TOTAL
<b><u>REVENUE</u></b>				
Farebox	-	736,935	-	736,935
Passes	-	181,265	-	181,265
COC Shuttle	-	151,821	-	151,821
MUSC	-	270,434	-	270,434
City of Charleston - DASH	-	167,280	-	167,280
City of North Charleston	-	-	-	-
Federal SC-2017-012-00	-	-	9,094	9,094
Federal 2018	-	2,404,461	-	2,404,461
Federal SC-04-0010	-	-	1,011,373	1,011,373
Federal SC-90-X259	-	-	260	260
Federal SC-90-X287	-	-	-	-
Federal SC-90-X264	-	-	23,042	23,042
Federal SC-90-X279	-	-	12,865	12,865
Federal PT-81299-64	-	-	-	-
Federal PL Guideshare	-	-	-	-
State Mass Transit Funds	-	643,541	-	643,541
Sales Tax - Charleston County	906,586	1,383,121	1,545,626	3,835,333
Charleston County Intermodal	-	-	-	-
Capital Revenue (on hand)	-	-	-	-
Advertising	-	270,610	-	270,610
Interest	42	-	-	42
Insurance Proceeds	-	33,013	-	33,013
Miscellaneous	-	771	-	771
Sale of Assets	-	10,876	-	10,876
<b>TOTAL REVENUES</b>	<b>906,628</b>	<b>6,254,128</b>	<b>2,602,260</b>	<b>9,763,016</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>831,293</b>	<b>-</b>	<b>-</b>	<b>831,293</b>

**CARTA  
BALANCE SHEET  
1/31/2018**

**ASSETS**

<b>ASSETS</b>	
GENERAL OPERATING (BB&T)	3,216,457.34
SAVINGS (BB&T)	1,242,077.34
INTERMODAL (BB&T)	4,700,000.50
CAPITAL (BB&T)	651,000.00
PETTY CASH	340.00
ACCOUNTS RECEIVABLE	5,081,865.34
HEALTH INS ADVANCE DEPOSIT	958.64
INVENTORY - FUEL	43,942.14
ENCUMBRANCES	1,181,752.11
DEFERRED OUTFLOWS: ER CONTR	27,390.00
LAND	564,509.00
CIP	2,540,603.90
VEHICLES	21,485,624.14
EQUIPMENT	1,497,097.00
FAREBOXES	1,912,912.84
SHELTERS	2,264,283.40
BUS SIGNAGE	62,555.32
FACILITIES	8,920,259.28
INTANGIBLE ASSETS	68,000.00
ACCUMULATED DEPRECIATION	(23,433,580.52)
PREPAID EXPENSES	192,940.46
UNRESTRICTED NET POSITION	3,885,999.00
RESTRICTED NET POSITION	(5,941,682.00)
TOTAL ASSETS	<u><u>30,165,305.23</u></u>

**LIABILITIES & EQUITY**

<b>LIABILITIES</b>	
PAYROLL	5,010.14
ACCOUNTS PAYABLE	2,540,193.51
RESERVE FOR ENCUMBRANCES	1,181,752.11
COMPENSATED ABSENCES	12,936.02
UNEARNED REVENUE	661,374.00
DUE TO FEDERAL GOVERNMENT	1,235,412.00
ADVANCE FROM SCDOT	44,195.00
OPEB LIABILITY	20,542.00
DEFERRED INFLOWS: PENSION INVEST	763,489.00
PENSION PLAN	260,684.00
TOTAL LIABILITIES	<u>6,725,587.78</u>
<b>EQUITY</b>	
CURRENT YEAR FUND BALANCE	831,293.42
INVEST IN CAPITAL ASSETS	14,052,182.53
FUND BALANCE	8,556,241.50
TOTAL EQUITY	<u>23,439,717.45</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>30,165,305.23</u></u>

**CHARLESTON AREA REGIONAL  
TRANSPORTATION AUTHORITY**

**REPORT ON FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NORTH CHARLESTON, SOUTH CAROLINA**  
*September 30, 2017*

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**GOVERNMENT AUDITING STANDARDS**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Charleston Area Regional Transportation Authority  
Charleston, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Charleston Area Regional Transportation Authority (the "Organization"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization, as of September 30, 2017, and the respective changes in financial position thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Post-Employment Benefits - Defined Benefit Health Care Plan Schedule of Funding Progress, Schedule of the Organization's Proportionate Share of the Net Pension Liability - South Carolina Retirement System, and Schedule of Organization Contributions - South Carolina Retirement System be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Organization's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary schedule and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Columbia, South Carolina  
February 5, 2018

*Clark Eustace Wagner, PA*

CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2017

This discussion and analysis of the Charleston Area Regional Transportation Authority (CARTA) financial performance provides an overview of CARTA's financial activities for the fiscal year ended September 30, 2017. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**Financial Highlights**

The CARTA had a net position at the close of fiscal years 2017 and 2016 as restated of \$24,664,107 and \$20,465,227, respectively. Net investment in capital assets was \$15,021,226 and \$12,739,423 at September 30, 2017 and 2016 as restated, respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CARTA's basic financial statements. The notes to the financial statements also contain details on some of the information presented in the financial statements. The financial statements of CARTA report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position presents information on all CARTA's assets, deferred outflows of resources less liabilities and deferred inflows of resources.

**Government-wide Financial Statements** – The Government-wide financial statements include all assets of CARTA as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

The Statement of Net Position presents information on all of CARTA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the reported net positions. Increases or decreases in net position 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 position changed during the most recent fiscal year using full accrual basis of accounting. All changes in the net position 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 this statement for some items that will result in cash flows in future fiscal periods (e.g. unused vacation leave).

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CARTA, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds financial statements focus on inflows and outflows of available spendable resources.

Because of the focus of governmental funds is narrower than that of Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in Governmental Activities in the Government- wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between Governmental Funds and Governmental Activities.

#### **Government-Wide Financial Analysis**

CARTA’s total assets and deferred outflows of resources at 2017 equaled \$29,269,274, and consist of the following major components: 1) Current assets of \$6,392,210 2) Non-current assets of \$22,849,674 and 3) deferred outflows of resources of \$27,390.

CARTA’s total liabilities and deferred inflows at 2016 equaled \$4,605,167, and consist of the following major components: 1) Current liabilities of \$2,723,908 2) non-current liabilities of \$3,841,678 and 3) deferred inflows of resources of \$763,489. CARTA’s total net position at September 30, 2017 equaled \$24,664,107.

A condensed Statement of Net Position (consisting of assets, deferred outflows of resources, less liabilities and deferred inflows of resources) at September 30, 2017 and 2016 as restated, is summarized on the next page.

	<u>2017</u>	<u>2016, as restated</u>
<b><u>Assets and Deferred Outflows</u></b>		
Cash and cash equivalents	\$ 2,885,650	\$ 1,090,509
Other Assets	10,099,596	15,542,025
Capital assets, net accumulated depreciation	16,256,638	14,386,639
Deferred outflows of resources related to pensions	27,390	144,620
<b>Total assets and deferred outflows</b>	<b>\$ 29,269,274</b>	<b>\$ 31,163,793</b>
<b><u>Liabilities and Deferred Inflows</u></b>		
Current liabilities	\$ 2,723,908	\$ 7,909,325
Other long-term liabilities	857,086	1,358,233
Net pension liability	260,684	1,101,528
Deferred inflows of resources related to pensions	763,489	329,480
<b>Total liabilities and deferred inflows</b>	<b>\$ 4,605,167</b>	<b>\$ 10,698,566</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	\$ 15,021,226	\$ 12,739,423
Restricted	5,935,412	6,541,912
Unrestricted (deficit)	3,707,469	1,183,892
<b>Total net position (deficit)</b>	<b>\$ 24,664,107</b>	<b>\$ 20,465,227</b>

Of CARTA's net position, net investment in capital assets represents the cost-basis of capital assets less accumulated depreciation and related indebtedness used to acquire those assets, while restricted net position represents resources that are subject to external restrictions on how they may be used. Restricted net position at September 30, 2017 includes the Intermodal project. The net position that is not restricted and is not invested in capital assets is reported as unrestricted. The change in net position of CARTA's Governmental Activities for the year ended September 30, 2017 reflected an increase of \$4,198,880. The key components of these changes are detailed on the next page.

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016, as restated</b>
<b><u>Revenue</u></b>		
Program Revenue:		
Charges for services	\$ 5,574,383	\$ 6,445,147
Operating grants and contributions	9,180,791	9,327,699
Appropriations	8,986,750	7,927,250
General revenue:		
Appropriations	-	6,256,167
Gain on sale of capital assets	80,899	28,467
Interest	124	230
Total Revenue	<u>\$ 23,822,947</u>	<u>\$ 29,984,960</u>
<b><u>Expenses</u></b>		
Direct personnel costs	\$ (145,990)	\$ 450,631
Operating costs	17,367,520	16,961,302
Miscellaneous	678,723	223,760
Depreciation	1,722,681	1,830,954
Amortization	1,133	-
Total Expenses	<u>\$ 19,624,067</u>	<u>\$ 19,466,647</u>
<b><u>Change in net position</u></b>		
Beginning net position	\$ 20,465,227	\$ 9,946,914
Net change	<u>4,198,880</u>	<u>10,518,313</u>
Ending net position	<u>\$ 24,664,107</u>	<u>\$ 20,465,227</u>

### **Governmental Funds**

The general government functions are reported in the All Governmental Funds. The focus of CARTA's governmental funds is to provide information on near-future inflows, outflows, and balances of spendable resources. Such information is useful in assessing CARTA's annual financing and budgeting requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current 2017 fiscal year, CARTA's governmental funds reported ending fund balance of \$10,717,337, which resulted in an increase of \$1,582,324 over the beginning fund balance of \$9,135,013. The proceeds from a one-time distribution in appropriations were the major contributor to these favorable results.

## **Capital Asset and Debt Administration**

**Capital Assets** – The capital assets of CARTA are those assets (furniture, fixtures, equipment and vehicles), which are used in the performance of CARTA’s functions. At September 30, 2017, net capital assets of the governmental activities totaled \$16,189,771 and net intangible assets totaled \$66,867. Depreciation on capital assets and amortization on intangible assets are recognized in the Government-wide financial statements. Annual depreciation of \$1,722,681 and amortization of \$1,133 were recognized in the Statement of Activities.

Additional information on CARTA’s capital assets can be found in *Note 4* of this report.

**Long-Term Debt** – CARTA’s long-term debt consists of the liability for disposal of the initial Intermodal facility location, net pension liability, compensated absences, other post-employment benefits (OPEB) and a payback of an advance made by the South Carolina Department of Transportation. Long-term debt is more fully disclosed in *Note 7* of this report.

## **Current Known Facts, Decisions, or Conditions**

In May 2016, CARTA implemented changes to their service based on the Comprehensive Operational Analysis (COA) for a cost savings of approximately \$1,400,000 annually. Under the management of the BCD Council of Governments, CARTA will continue to make necessary adjustments to the service as needed.

In addition, CARTA will continue to replace rolling stock, and make required improvements in safety components of the system. The intermodal facility construction has begun and is scheduled to be complete in Fall 2018. We are finalizing the purchase of approximately five (5) acres of land at Melnick/S. Antler Drive to construct a Park and Ride lot. Construction is set to begin in the Spring of 2018.

The BCDCOG Executive Director and staff will continue to perform oversight and daily operations of CARTA and coordinate with BCD RTMA d/b/a TriCounty Link to provide services to all citizens within the BCD region.

To obtain additional information, please contact:

Deputy Director of Finance and Administration  
Charleston Area Regional Transportation Authority  
1362 McMillan Avenue, Suite 100  
North Charleston, South Carolina 29405  
843-529-0400

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**STATEMENT OF NET POSITION**  
*As of September 30, 2017*

**ASSETS**

	<b>Governmental activities</b>
<b>Current assets</b>	
Cash and cash equivalents	\$ 2,885,650
Accounts receivable, net	502,540
Grants receivable, net	2,757,337
Prepaid expense	202,741
Inventory	43,942
<b>Total current assets</b>	<b>6,392,210</b>
<b>Noncurrent assets</b>	
Restricted assets - cash and cash equivalents	6,593,036
Land, construction in progress, and idle assets	1,609,992
Capital assets held for resale	1,495,121
Capital assets, net of accumulated depreciation	13,084,658
Intangible assets, net of accumulated amortization	66,867
<b>Total noncurrent assets</b>	<b>22,849,674</b>
<b>Total assets</b>	<b>29,241,884</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension	27,390
<b>Total deferred outflows of resources</b>	<b>27,390</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 29,269,274</b>

The accompanying notes are an integral part of this statement.

CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY  
STATEMENT OF NET POSITION - CONTINUED  
As of September 30, 2017

**LIABILITIES**

	<u>Governmental activities</u>
<b>Current liabilities</b>	
Accounts payable	\$ 1,609,412
Accrued payroll	2,479
Accrued payroll taxes and employee withholding	2,768
Unearned revenue	653,250
Current portion of due to federal government	411,804
Advance from SCDOT	44,195
<b>Total current liabilities</b>	<u>2,723,908</u>
<b>Noncurrent liabilities</b>	
Due to federal government, net of current portion	823,608
Accrued compensated absences	12,936
Other post-employment benefits	20,542
Net pension liability	260,684
<b>Total noncurrent liabilities</b>	<u>1,117,770</u>
<b>Total liabilities</b>	<u>3,841,678</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pension	763,489
<b>Total deferred inflows of resources</b>	<u>763,489</u>
<b>NET POSITION</b>	
Net investment in capital assets	15,021,226
Unrestricted	3,707,469
Restricted	5,935,412
<b>Total net position</b>	<u>24,664,107</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$ 29,269,274</u></u>

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2017*

	<b>Transportation</b>
<b>EXPENSES</b>	
Purchased transportation - fixed route	\$ 13,190,051
Purchased transportation - paratransit	2,077,276
Fuel	1,135,244
Vehicle insurance	511,638
Depreciation expense	1,722,681
Amortization expense	1,133
Salaries and benefits	(145,990)
Marketing	17,768
Professional services	49,455
Publications and printing	46,567
Repairs and maintenance, net of insurance	339,521
Other operating expenses	678,723
<b>Total expenses</b>	<b>19,624,067</b>
<b>PROGRAM REVENUES</b>	
Federal	
Operating grants	5,883,901
Capital grants	2,635,254
State	
Operating grants	661,636
Local	
Sales tax apportionment - operations	6,184,717
Sales tax apportionment - capital	2,802,033
Farebox and passes	2,865,822
Advertising revenue	807,750
Contract revenue	1,808,279
Other	92,532
<b>Total program revenues</b>	<b>23,741,924</b>
<b>Net program expense (revenue)</b>	<b>(4,117,857)</b>
<b>Change in net position before non-program revenues (expenses)</b>	<b>4,117,857</b>
<b>NON-PROGRAM REVENUES (EXPENSES)</b>	
Investment earnings	124
Gain/(loss) on retirement of capital assets	80,899
<b>Change in net position</b>	<b>4,198,880</b>
<b>NET POSITION - BEGINNING, as restated</b>	<b>20,465,227</b>
<b>NET POSITION - ENDING</b>	<b>\$ 24,664,107</b>

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**BALANCE SHEET - ALL GOVERNMENTAL FUNDS**  
*As of September 30, 2017*

**ASSETS**

Cash and cash equivalents	\$ 2,885,650
Cash and cash equivalents - restricted	6,593,036
Accounts receivable, net	502,540
Grants receivable, net	2,757,337
Prepaid expense	202,741
Inventory	43,942
	<u>43,942</u>
<b>TOTAL ASSETS</b>	<b>\$ 12,985,246</b>
	<u><u>12,985,246</u></u>

**LIABILITIES AND FUND BALANCE (DEFICIT)**

**LIABILITIES**

Accounts payable	\$ 1,609,412
Accrued payroll	2,479
Accrued payroll taxes and employee withholding	2,768
Unearned revenue	653,250
	<u>653,250</u>
<b>Total liabilities</b>	<b>2,267,909</b>
	<u><u>2,267,909</u></u>

**FUND BALANCE (DEFICIT)**

Nonspendable	246,683
Assigned	
Intermodal Project	5,935,412
Unassigned	4,535,242
	<u>4,535,242</u>
<b>Total fund balance (deficit)</b>	<b>10,717,337</b>
	<u><u>10,717,337</u></u>

<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 12,985,246</b>
	<u><u>12,985,246</u></u>

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**BALANCE SHEET - ALL GOVERNMENTAL FUNDS - CONTINUED**  
*As of September 30, 2017*

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Fund balance (deficit) - governmental funds \$ 10,717,337

Amounts reported for governmental activities in the statement of net position are different because:

Liabilities are not due and payable in the current period; therefore, they are not reported in the governmental funds:

Compensated absences	(12,936)
Due to federal government	(1,235,412)
Advance from SCDOT	(44,195)
Other post-employment benefits	(20,542)
Net pension liability	(260,684)
	(1,573,769)

Deferred outflows and inflows related to the pension liability are applicable to future periods; therefore, they are not reported in the governmental funds:

Deferred outflows - pension	27,390
Deferred inflows - pension	(763,489)
	(736,099)

Assets are capitalized and depreciated in the statement of net position, but charged to expenditures in the governmental funds:

Land, construction in progress, and idle assets	1,609,992
Capital assets held for resale	1,495,121
Capital assets, net of accumulated depreciation	13,084,658
Intangible assets, net of accumulated amortization	66,867
	66,867

**TOTAL NET POSITION \$ 24,664,107**

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -**  
**ALL GOVERNMENTAL FUNDS**  
*For the year ended September 30, 2017*

	<b>Special Revenue Funds</b>
<b>REVENUES</b>	
Intergovernmental	
Federal	\$ 8,519,155
State	661,636
Local - Sales tax	8,986,750
Charges for services	2,865,822
Contract revenue	1,808,279
Advertising revenue	807,750
Interest	124
Other/local	1,197
<b>Total revenues</b>	<b>23,650,713</b>
<b>EXPENDITURES</b>	
Salaries and benefits	144,567
Contracted services	15,720,638
Supplies	1,135,244
Fixed charges	511,638
Capital	3,600,465
Debt service:	
Principal	456,000
Other	678,723
<b>Total expenditures</b>	<b>22,247,275</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,403,438</b>
<b>OTHER SOURCES (USES)</b>	
Proceeds from disposal of assets	87,551
Insurance proceeds	91,335
<b>Excess of revenues and other sources (uses)</b>	
<b>over (under) expenditures</b>	<b>1,582,324</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>9,135,013</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ 10,717,337</b>

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -**  
**ALL GOVERNMENTAL FUNDS - CONTINUED**  
*For the year ended September 30, 2017*

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<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>	
Excess of revenues and other sources (uses) over (under) expenditures	\$ 1,582,324
Amounts reported for governmental activities in the statement of activities are different because:	
Capital asset costs are reported as expenditures in the governmental funds, but are recorded as capital asset additions on the statement of net position	3,600,464
Depreciation and amortization of assets are reported as expenses in the statement of activities	(1,723,814)
Other post-employment benefit expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds	(7,942)
The (increase) decrease in compensated absences reported as an expense in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds	8,894
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds only the proceeds increase the financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets disposed.	(6,652)
Repayments of long-term debt are reported as expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position	456,000
A portion of the net pension liability expenses reported in the statement of activities does not require the use of current financial resources and, as a result, is not reported as expenditures in the governmental funds	289,606
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 4,198,880</b>

The accompanying notes are an integral part of this statement.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*September 30, 2017*

**1. Significant Accounting Policies**

**a. Nature of Business**

The Charleston Area Regional Transportation Authority (the "Organization") was created pursuant to Sections 58-25-10 to 58-25-100, Code of Laws of South Carolina, 1976 (the Enabling Act), as implemented by ordinances adopted by each of Charleston County Council, City Council of the City of Charleston, Town Council of the Town of Mt. Pleasant, and City Council of the City of North Charleston. These entities effectuated an agreement (the "Agreement") to document various aspects of the operations of the Organization.

The purpose of the Organization is to provide for public transportation of passengers for hire by means, without limitation, of motor vehicle, motor bus, or other means of conveyance, operating as a common carrier, initially, only in the territorial area lying within the jurisdiction of the governmental entities which created the Organization; and with the right to expand its services to cover jurisdictional areas of other governmental entities, as such entities elect to become members of the Organization, but limited to the territorial area embraced by the Regional Planning District Number 9 commonly referred to as the B.C.D. Council of Governments.

The Organization is governed by an eighteen member Board of Directors with members representing jurisdictions of: Charleston County, the City of Charleston, the City of Hanahan, the City of Isle of Palms, the City of North Charleston, the Town of Kiawah Island, the Town of Mount Pleasant, and the Town of Sullivan's Island.

The Organization's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements as well as the FASB Codification unless it is inconsistent with GASB pronouncements.

These government-wide financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments* and No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. The primary impact of using these statements involves the presentation of the government-wide financial statements on an accrual basis of accounting and the inclusion of a statement of activities, which demonstrates the degree to which the direct expenses of the Organization's programs are offset by program revenues, and the inclusion of the management's discussion and analysis.

The Organization's significant accounting policies are as follows:

**b. Reporting Entity**

The financial reporting entity consists of a primary government, as well as any component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable in terms of imposition of will, financial burden, or fiscal dependency. Based on these standards, the Organization has no component units and is not a component unit of any other entity.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**c. Basic Financial Statements**

The Organization's basic financial statements include both government-wide (reporting the non-fiduciary activities of the Organization as a whole) and fund financial statements (reporting the Organization's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Organization's programs are classified as governmental activities. The Organization has no business-type activities.

**d. Government-wide Financial Statements**

In the government-wide statement of net position, the governmental activities column (a) is presented on a consolidated basis by column, (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations, and (c) does not include any fiduciary funds. The Organization's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the Organization's functions. The functions are also supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function of Transportation. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants row reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (grant revenues, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

**e. Fund Financial Statements**

The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of accounts that comprises its revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental category. The major funds were determined to be the general fund and transportation. The Organization provides transportation services such as fixed-route, flex service, express commute service, and paratransit service throughout the Charleston Metropolitan area, including the trolley (DASH) service in the Historic Peninsula area of Charleston. The Organization's general fund had no activity for the year ended September 30, 2017, nor were there any associated balance sheet items; accordingly, the general fund is not presented in the Organization's basic financial statements.

GASB *Statement No. 34* sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**e. Fund Financial Statements, Continued**

The following fund types are used by the Organization:

**Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Organization:

**1) General Fund**

All financial transactions not properly accounted for in another fund are recorded in the general fund.

**2) Special Revenue Fund**

Monies appropriated or granted for special purposes are recorded in the special revenue fund. Uses and limitations are specified by the Organization appropriating or granting the monies.

**f. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures (expenses) are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1) Accrual**

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2) Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**g. Cash and Cash Equivalents**

The Organization has defined cash and cash equivalents to include cash on hand and demand deposits. All highly liquid investments with an initial maturity of three months or less at the date of purchase are considered to be cash equivalents.

**h. Restricted Assets**

The Organization has certain cash and cash equivalents that are restricted as to their use. There are external restrictions on the use of these funds. They are to be used to fund the Intermodal Facility development project.

**i. Prepaid Items**

Payments that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses.

**j. Investments**

The Organization may invest money subject to their control and jurisdiction in:

- 1) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- 2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- 3) (1) General obligations of the State of South Carolina or any of its political units; or (2) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- 4) Savings & Loan Associations to the extent that they are insured by a federal government agency.
- 5) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by a federal agency.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**k. Investments, Continued**

- 6) Repurchase agreements when collateralized by securities as set forth in this section.
- 7) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar per share and values its assets by the amortized cost method.

**Interest Rate Risk**

The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The Organization does not have a policy regarding credit risk. State law limits investments of the primary government as noted above.

**Concentration of Credit Risk**

The Organization does not have a policy regarding diversification among issuers and types of investments to avoid over-concentration in specific issuers or sectors.

**Custodial Credit Risk**

For an investment, the custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Organization has no formal policy on custodial credit risk.

**l. Receivables and Allowance for Doubtful Accounts**

Accounts receivables are stated net of their allowance for uncollectible amounts. Receivables in governmental funds include revenue accruals that are recognized when they become measurable and available as previously defined.

**m. Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as "due from other funds" or "due to other funds" on the statement of net position and the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**n. Inventory**

Items on hand, such as maintenance, operating, and office supplies, that are not considered to be material in amount and are not inventoried as assets are charged to operations in the period purchased. Inventory consists of fuel supplies valued at cost using the first-in, first-out method.

**o. Capital Assets**

Capitalized assets include land, improvements to land, buildings, building improvements, vehicles, equipment, furniture, and all other tangible or intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Capital assets also include assets purchased with grant funds in which the grantor retains a reversionary interest. Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of a gift. The Organization capitalizes additions, renovations, and other improvements which provide new uses or extend the useful life of an existing capital asset. Routine repairs and maintenance are charged to operations in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. A full month of depreciation is taken in the month the asset is placed in service. The Organization capitalizes assets costing \$5,000 or more.

A summary of the Organization's useful lives by asset category is as follows:

<u>Depreciable assets</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 20 years
Motor vehicles	5 - 12 years
Fareboxes	5 - 10 years
<u>Other assets</u>	<u>Life</u>
Land	Nondepreciable/nonamortizable
Construction in progress	Nondepreciable/nonamortizable
Idle assets	Nondepreciable/nonamortizable
Assets held for resale	Nondepreciable/nonamortizable
Intangible assets	15 years

**p. Long-lived Assets**

If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**q. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Organization has one item that meets this criterion-- pension-related deferrals. In addition to liabilities, the statement of net position can also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Organization has one item that meets this criterion-- pension-related deferrals.

**r. Notes Payable**

The accounting treatment for notes payable activities depends on whether they are reported in the government-wide or fund financial statements. All notes payable to be repaid from the Organization's resources are reported as liabilities in the government-wide statements. They are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest is reported as an expenditure.

Interest expense is reported as a direct function expense in the statement of activities since the borrowing was essential to the creation or continuing existence of the applicable function. Excluding the cost of the borrowing could significantly understate direct program expense.

**s. Unearned Revenue**

The Organization reports unearned revenue on its statement of net position and its balance sheet. Unearned revenues arise when resources are received by the Organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Organization has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position and the balance sheet and revenue is recognized.

**t. Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and unused holidays. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. The noncurrent portion of earned compensated absences for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The amount of annual leave earned varies depending upon the number of years of employment.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**u. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**v. Governmental Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the Organization is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

**1) Nonspendable**

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.

**2) Restricted**

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Organization to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Organization can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**3) Committed**

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Directors separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**v. Governmental Fund Balances, Continued**

**4) Assigned**

Amounts in the assigned fund balance classification are intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors or by an Organization official or body to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes.

**5) Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Organization applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**w. Net Position**

Net position is classified and presented in three components:

**1) Net Investment in Capital Assets**

Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any mortgages, notes payable, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.

**2) Restricted**

Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**3) Unrestricted**

All other assets that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**x. Revenues - Exchange and Nonexchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis of accounting when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Organization, available means expected to be received within one year of the fiscal year end.

Nonexchange transactions, in which the Organization receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Organization must provide local resources to be used for a specific purpose; and expenditure requirements, in which resources are provided to the Organization on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

**y. Expenditures (Expenses)**

Expenditures (expenses) are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used rather than in the period purchased.

**z. Budgets**

The Organization must submit to the member municipalities and counties the annual operating and capital budget proposed for each fiscal year, at least sixty days prior to the beginning of the fiscal year. In the event a member municipality or county disagrees with the proposed budget, it may set forth points of disagreement and transmit its statement to the Organization and other governing bodies of the member municipalities and counties within thirty days of the receipt of the proposed budget. Budgets must be adopted by a majority of the member governments. In the event a majority of the governing bodies of the member municipalities and counties do not agree with the proposed budget, the Organization must convene a meeting of chief elected and administrative officials of member governments to develop a budget which may be acceptable to a majority of the member governments; a majority, for the purposes of budget approval, includes the governing bodies of the member municipalities and counties representing more than one-half of the service area population. In the event a budget acceptable to a majority of the member governments is not developed prior to the beginning of its fiscal year, the Organization shall continue to operate at the budget levels of the previously approved budget. Any budget changes requiring an increase in local funds in excess of ten percent during the budget year must be approved as provided above for annual budgets.

**aa. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**1. Significant Accounting Policies, Continued**

**bb. Donated Goods and Services**

Donated materials and equipment are reflected as contributions at their estimated value at date of receipt. No amounts have been reflected for donated services since no objective basis is available to measure the value of such services. Nevertheless, a number of volunteers have given significant amounts of their time to the Organization's programs and management.

**cc. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**dd. Financial Instruments**

U.S. GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. The carrying amount of cash, receivables, accrued expenses, payables, and general long-term debt approximates fair value.

**ee. Income, State, and Local Taxes**

The Organization exists for nonprofit and public purposes and is a public agency, and it is found and declared that the carrying out of the purpose is exclusively for public benefit and its property is public property. The Organization shall not pay any state or local ad valorem, federal or state income, sales, fuel, excise, or other use taxes or other taxes from which municipalities and counties are exempt. The Organization or operator providing public transportation on behalf of an Organization may participate in the State Retirement System and utilize the services of the State Purchasing Department of the Division of General Services and any other joint activity of the State carried on for the benefit of state agencies and political subdivisions of the State. Operators providing public transportation on behalf of an Organization shall not pay state and local fuel taxes from which municipalities and counties are exempt.

**2. Cash and Cash Equivalents**

Cash consists of bank checking and savings accounts and petty cash. At year-end, the carrying amount of the Organization's cash was \$9,478,686 and the bank balance was \$9,666,550. Of that amount, restricted cash was \$6,593,036. Federal depository insurance provides for insurance on deposits up to the maximum level of \$250,000 for each depositor. The bank balances were fully insured or collateralized at September 30, 2017.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**3. Accounts and Grants Receivable**

Amounts receivable at September 30, 2017 consist of the following:

**Accounts receivable**

Passes	\$ 23,929
Contracts	328,691
Advertising	149,065
Other	4,255
Total accounts receivable	505,940
Less: allowance for doubtful accounts	(3,400)
<b>Accounts receivable, net</b>	<b>\$ 502,540</b>

**Grants receivable**

Federal Transportation Authority	\$ 2,757,337
<b>Grants receivable, net</b>	<b>\$ 2,757,337</b>

**4. Capital Assets**

Capital assets consist of the following:

	Beginning Balance	Additions	Removals	Reclassifications	Ending Balance
<b>Non-depreciable capital assets</b>					
Land	\$ 539,509	\$ 25,000	\$ -	\$ -	\$ 564,509
Idle vehicles	2,343,699	-	-	(2,343,699)	-
Construction in progress	1,555,789	984,815	-	-	2,540,604
Total capital assets not being depreciated	4,438,997	1,009,815	-	(2,343,699)	3,105,113
<b>Depreciable capital assets</b>					
Property and equipment	1,203,236	355,401	(61,540)	-	1,497,097
Motor vehicles	23,310,110	1,127,282	(5,295,467)	2,343,699	21,485,624
Fareboxes	875,096	1,037,817	-	-	1,912,913
Shelters and superstop	2,301,692	-	(37,409)	-	2,264,283
Bus signs	62,555	-	-	-	62,555
Maintenance center	8,918,113	2,146	-	-	8,920,259
Total capital assets being depreciated	36,670,802	2,522,646	(5,394,416)	2,343,699	36,142,731
Accumulated depreciation	(26,723,156)	(1,722,681)	5,387,764	-	(23,058,073)
Total capital assets being depreciated, net	9,947,646	799,965	(6,652)	2,343,699	13,084,658
<b>Total capital assets, net</b>	<b>\$ 14,386,643</b>	<b>\$ 1,809,780</b>	<b>\$ (6,652)</b>	<b>\$ -</b>	<b>\$ 16,189,771</b>
<b>Intangible assets</b>					
Website	\$ -	\$ 68,000	\$ -	\$ -	\$ 68,000
Total intangible assets being amortized	-	68,000	-	-	68,000
Accumulated amortization	-	(1,133)	-	-	(1,133)
<b>Total intangible assets, net</b>	<b>\$ -</b>	<b>\$ 66,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,867</b>

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**4. Capital Assets, Continued**

Depreciation expense for the year ended September 30, 2017 is \$1,722,681. Amortization expense for the year ended September 30, 2017 is \$1,133. Depreciation and amortization expenses were charged to transportation.

**5. Due to United States Department of Transportation**

The Organization incurred a liability related to its decision to dispose of the initial location of the Intermodal Facility Project. Federal Transportation Authority (the "FTA") funding was used to secure the initial location, as well as, to fund various construction costs. Under an agreement with the FTA, the Organization is required to repay \$3,667,000 over a six-year period. There is no interest assessed on the amount required to be repaid. Payments of \$2,019,784 were made in prior fiscal years and \$411,804 was paid in the fiscal year ended September 30, 2017. The remaining balance of \$1,235,412 must be repaid over the next three years. Annual payments of \$411,804 are required under the agreement with the FTA.

**6. Due to South Carolina Department of Transportation**

The Organization received an advance from the South Carolina Department of Transportation in fiscal year 2016, half of which was repaid in the fiscal year ended September 30, 2017. The remaining portion will be repaid in fiscal year 2018. There is no interest assessed on the amount required to be repaid.

**7. Long-term Liabilities**

**a. Notes Payable**

Notes payable consist of the following at September 30, 2017:

<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance</u>
\$ 411,804	0.00%	FY 2020	\$ 1,235,412
44,195	0.00%	FY 2018	44,195
			<u><u>\$ 1,279,607</u></u>

A summary of changes in notes payable follows:

Balance, October 1, 2016	\$ 1,735,607
Principal payments	(456,000)
Balance, September 30, 2017	<u><u>\$ 1,279,607</u></u>

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**7. Long-term Liabilities, Continued**

**a. Notes Payable, Continued**

Approximate maturities of notes payable principal are as follows for the years ending September 30:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 455,999	\$ -	\$ 455,999
2019	411,804	-	411,804
2020	411,804	-	411,804
	<b>\$ 1,279,607</b>	<b>\$ -</b>	<b>\$ 1,279,607</b>

The Organization incurred no charges for interest on its debt during the year ended September 30, 2017.

**b. Compensated Absences**

Compensated absences in the governmental funds are classified as long-term liabilities. These liabilities are expected to be paid from the Special Revenue Funds. A summary of accrued compensated absences liability for the year ended September 30, 2017 follows:

Balance, October 1, 2016	\$ 21,830
Additions (reductions)	(8,894)
Balance, September 30, 2017	<b>\$ 12,936</b>

**c. Post-employment benefits**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the Organization, as represented by its Board of Directors, has autonomy in establishing funding for retiree and post-employment benefits.

**Plan Description**

The Organization contributes to the Retiree Medical Plan (RMP) and the Long-Term Disability Plan (LTDP), cost sharing multiple employer defined benefit post-employment healthcare and long-term disability plans administered by the South Carolina Public Employee Benefits Authority (PEBA), a part of the State Budget and Control Board (SCBCB). All full-time employees of the Organization are eligible to receive these benefits if they have attained a certain age or a minimum service requirement as stated in the Pension Plan note below. There is no separate audited GAAP basis post-employment benefit plan report.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**7. Long-term Liabilities, Continued**

**c. Post-employment benefits, Continued**

**Funding Policy**

Under the State Insurance Benefits Program, each local subdivision develops its own policy for funding retiree insurance premiums for its eligible retirees. Therefore, the Organization has the option to choose the amount, if any, it wishes to contribute toward health and dental coverage for its eligible retirees. The Organization currently requires retirees to pay 100% of their premiums. The fact that the Organization does not contribute toward retiree premiums is irrelevant when considering the implicit rate subsidy because the contribution is a matter of employer policy and is outside the scope of GASB *Statement 45*. Currently, the Organization has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a pay-as-you-go basis. These benefits consist of an inherent rate insurances subsidy that retirees will receive by staying on the employer provided health plan. Retirees will reimburse the Organization for the insurance premiums charged. The liability and expense amounts are only included in the government-wide statements.

**Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation (NOO)**

The Organization's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer. The ARC is an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year. The following table shows the components of the Organization's annual OPEB cost for the year ending September 30, 2017, the amount actually contributed to the plan, and the change in the Organization's net OPEB obligation based on an actuarial valuation as of October 1, 2016.

Annual Required Contribution (ARC)	\$	16,688
Interest on Net OPEB obligation		441
Adjustment to Annual Required Contribution		(420)
Annual OPEB cost		16,709
Contributions made		(8,767)
Change in net OPEB obligation		7,942
Net OPEB obligation - beginning of year		12,600
<b>Net OPEB obligation - end of year</b>	<b>\$</b>	<b>20,542</b>

The Organization's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of OPEB cost contributed	Net OPEB obligation
2017	\$ 16,709	52.47%	\$ 20,542
2016	11,776	73.10%	12,600
2015	11,776	19.90%	9,432

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**7. Long-term Liabilities, Continued**

**c. Post-employment benefits, Continued**

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the plan as of September 30, 2017, based on an actuarial valuation as of October 1, 2016, was as follows:

Actuarially accrued liability (AAL)	\$	246,813
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	<u>\$</u>	<u>246,813</u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	106,348
UAAL as a percentage of covered payroll		232.1%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2016 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 3.50% investment rate of return and a pre-Medicare annual health care cost trend rate of 7.60% initially, reduced by decrements to an ultimate rate of 4.50% after 10 years. A health care trend rate for a Medicare Supplement Plan of 4.30% was used. The Organization's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

**Health Insurance Continuation of Coverage**

As required by the Consolidated Omnibus Budget and Reconciliation Act (COBRA), the Organization provides health insurance benefits to eligible former employees and eligible dependents based upon requirements outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth day of the month for the actual month covered. There is no associated cost to the Organization.

**Section 125 Plan**

The Organization provides its employees a Section 125 plan. The plan, available to eligible employees, provides for pretax deductions from payroll to be used for childcare, health issues, and dental costs. This plan is managed by the PEBA.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**7. Long-term Liabilities, Continued**

**d. Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2017 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Due to federal government	\$1,647,216	\$ -	\$ (411,804)	\$1,235,412	\$ 411,804
Due to SCDOT	88,391	-	(44,196)	44,195	44,195
Compensated absences	21,830	-	(8,894)	12,936	-
Other post-employment benefits	12,600	16,709	(8,767)	20,542	-
Net pension liability	1,101,528	-	(840,844)	260,684	-
	<b><u>\$2,871,565</u></b>	<b><u>\$ 16,709</u></b>	<b><u>\$ (1,314,505)</u></b>	<b><u>\$1,573,769</u></b>	<b><u>\$ 455,999</u></b>

**8. Pension Plan**

**Plan description**

The Organization is a member of the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit plan. SCRS is one of five defined benefit retirement systems maintained by the South Carolina Public Employee Benefit Authority (PEBA). Each system publishes its own component unit financial statement. Furthermore, the PEBA and the five pension plans are included in the comprehensive annual financial report (CAFR) of the State of South Carolina.

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A CAFR containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by visiting [www.retirement.sc.gov](http://www.retirement.sc.gov) or by writing the South Carolina Public Employee Benefit Authority, Attn: Retirement Benefit, Post Office Box 11960, Columbia, South Carolina 29211-1960.

**Benefits provided**

Under the SCRS Class II (membership effective prior to July 1, 2012), employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age, with reduced benefits payable as early as age 55. Under the SCRS Class III (membership effective on or after July 1, 2012), employees are eligible for a full service retirement annuity upon reaching age 65 or having met the "Rule of 90" requirement. The "Rule of 90" means that the sum of the member's age at requested retirement data plus years of service must equal at least 90. Early retirement under Class III is available as early as age 60.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**8. Pension Plan, Continued**

**Benefits provided, Continued**

The benefit formula for full benefits for the SCRS is 1.82% of an employee's average final compensation (AFC) multiplied by the number of years of credited service. AFC is the average earnable compensation during a set number of consecutive quarters (12 quarters for all Class II members and 20 quarters for all Class III). AFC includes an amount for up to 45 days termination pay at retirement for unused annual leave for all Class II members.

Employees are vested for a deferred annuity after five years of service for all Class II and eight years of service for all Class III members; however, if a SCRS member becomes disabled after December 31, 2013, the member must be approved for disability benefits from the federal Social Security Administration prior to receiving the annuity from PEBA. Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service for Class II and eight years for Class III (this requirement does not apply if the disability is the result of a job related injury). A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service, unless the death resulted from actual performance of job duties, then the year of service requirement is removed.

Effective January 1, 2001, section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentives (TERI) Program. TERI is a deferred retirement option program, where a member can elect to retire and continue working for a maximum of five years, while their retirement benefits begin accumulating on a deferred basis. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period. Member contributions cease for participants who entered TERI prior to July 1, 2005. Participants who enter TERI on or after July 1, 2005 must continue to make member contributions. Employer contributions continue during TERI participation for all participants. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018. Effective July 1, 2012, any new enrollees in the TERI must end their participation within 5 years after their retirement date or June 30, 2018, whichever is earlier. TERI is only available to SCRS Class II members.

**Contributions**

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**8. Pension Plan, Continued**

**Contributions, Continued**

The Systems do not make separate measurements of assets and pension benefit obligations for individual employers. Under Title 9 of the South Carolina Code of Laws, the Organization's liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the PEBA. Required contribution rates for fiscal year ended September 30, 2017 are as follows:

	Period Covered	Employee	Employer			Total
			Employer Retirement	Accidental Death Program	Group Life Insurance Program	
SCRS (Class II and III)	10/01/2016 - 06/30/2017	8.66%	11.41%	N/A	0.15%	11.56%
SCRS (Class II and III)	07/01/2017 - 09/30/2017	9.00%	13.41%	N/A	0.15%	13.56%

The above rates are based off of the employee's earnable compensation. Effective January 1, 2013, for SCRS members, earnable compensation does not include pay for non-mandatory overtime.

These rates are actuarially determined as amounts that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Organization were \$12,867 for SCRS for the year ended September 30, 2017.

\$368 was due at September 30, 2017 for legally required contributions per the preceding table for the period September 1, 2017 to September 30, 2017. The amount is due to PEBA by October 31, 2017. Amounts received after this date are subject to penalties and interest for late payment.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At September 30, 2017, the Organization reported a liability of \$260,684 for SCRS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on a projection of the Organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating Organizations, actuarially determined. At June 30, 2017, the Organization's proportion was 0.001158% for SCRS. At June 30, 2016, the Organization's proportion was 0.005157% for SCRS. This is a 0.003999% change from the prior year.

The Organization had a significant change in the number of plan participants, which reduced its contributions, thus reducing its proportionate share of the plan liability. Adjustments made to account for contributions made after the measurement date and for the change in the proportionate share of deferred amounts and net pension liability resulted in a reduction of expense in the amount of \$289,605. Due to the aforementioned adjustments, the Organization recognized a reduction in pension expense resulting in a credit to the pension expense account in the amount of \$281,792.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**8. Pension Plan, Continued**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, Continued**

At September 30, 2017, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,162	\$ 144
Changes of assumptions	15,260	-
Net difference between projected and actual earnings on pension plan investments	7,277	-
Changes in proportion and differences between Organization contributions and proportionate share of contributions	-	763,345
Organization contributions subsequent to the measurement date	3,691	-
<b>Total</b>	<b>\$ 27,390</b>	<b>\$ 763,489</b>

\$3,691 for SCRS was reported as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended</b>	
<b>September 30:</b>	<b>SCRS</b>
2018	\$ (294,798)
2019	(240,413)
2020	(188,684)
2021	(15,895)
2022	-
Thereafter	-
<b>Total</b>	<b>\$ (739,790)</b>

**Actuarial assumptions**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through July 1, 2015.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**8. Pension Plan, Continued**

**Actuarial assumptions, Continued**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	<b>SCRS</b>
	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)
Inflation	2.25%
Benefit adjustments	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates from the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%

**Long-Term expected rate of return**

The long-term expected rate of return on pension plan investments is based upon the 30-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the next page.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

*September 30, 2017*

**8. Pension Plan, Continued**

**Long-Term expected rate of return, Continued**

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity			
Global Public Equity	31%	6.72%	2.08%
Private Equity	9%	9.60%	0.86%
Equity Options Strategies	5%	5.91%	0.30%
Real Assets			
Real Estate (Private)	5%	4.32%	0.22%
Real Estate (REITs)	2%	6.33%	0.12%
Infrastructure	1%	6.26%	0.06%
Opportunistic			
Global Tactical Asset Allocation/ Risk Parity	10%	4.16%	0.42%
Hedge Funds (non-PA)	4%	3.82%	0.15%
Other Opportunistic Strategies	3%	4.16%	0.12%
Diversified Credit			
Mixed Credit	6%	3.92%	0.24%
Emerging Markets Debt	5%	5.01%	0.25%
Private Debt	7%	4.37%	0.31%
Conservative Fixed Income			
Core Fixed Income	10%	1.60%	0.16%
Cash and Short Duration (Net)	2%	0.92%	0.02%
 Total	 <u>100%</u>		 <u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.56%</u></u>

**Discount rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Organization's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 335,986	\$ 260,684	\$ 214,994

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**8. Pension Plan, Continued**

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCRS financial report.

**9. Risk Management**

The Organization is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage during the year. Settled claims have not exceeded this coverage in the prior three years. The Organization pays insurance premiums to certain other state agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay for covered economic losses sustained during the policy period in accordance with the established policy limits and deductibles.

The Organization pays premiums to the State Fiscal Accountability Authority (SFAA) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

- Theft of, damage to, or destruction of assets;
- Tangible property owned by the Organization;
- Torts

The SFAA is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of certain property and equipment and auto liability. Reinsurance permits partial recovery of losses from reinsurers but the SFAA remains primarily liable.

The Organization has not reported an estimated claims loss expenditure and the related liability at September 30, 2017 based on the requirements of GASB *Statement No. 10 and No. 30* which state that a liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before September 30, 2017 and the amount of the loss is reasonably estimable. Liabilities include an amount for incurred but not reported (IBNR) losses when it is probable a claim will be asserted. Claims liabilities when recorded are based on estimates of the ultimate cost of settling known but not paid claims and IBNR claims at September 30 using past experience adjusted for factors that would modify past experience.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the Organization's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded; and, therefore, no loss accrual has been recorded.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**10. Commitments and Contingencies**

The Organization receives a substantial amount of its support from the federal and local funds. While it is anticipated that funding will continue in the future, a significant reduction in the level of this support, if it were to occur, could have an adverse effect on the Organization's programs and activities.

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. Management is not aware of any noncompliance or disallowed costs. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**11. Concentrations**

The Organization is highly dependent on annual funding received from federal grants and loans. In addition, the Organization was appropriated significant funds from the County's sales tax increase beginning in fiscal year 2006. The funding by all of these agencies is subject to annual appropriation. The Organization is required to comply with a variety of federal and state requirements and restrictions to receive and retain grant funds and the related assets previously acquired with such funds.

Funding to provide services comes from a combination of federal and local funds. The Organization is required to provide local matching funds to draw down federal dollars, and grant funds, to provided services.

The Organization has entered into an agreement with the Berkeley-Charleston-Dorchester Council of Governments ("BCDCOG") for management and staff services. Oversight of the daily operations; decision making related to personnel, budget, contracts, and any other need; accounting and financial management services; grant compliance; budget analysis and preparation; and any additional duties requested by the Organization are included in the scope of services of the contract. The Organization is highly reliant on the BCDCOG at this time. Should either party exercise its right to terminate the contract, the ability for the Organization to self-manage would be severely impaired at that time.

The Organization relies heavily on its contract with TransDev to provide all transportation and maintenance services. Should this contract be terminated by either party, the Organization could be in jeopardy losing of its ability to operate its programs.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*September 30, 2017*

**12. Restatement of Net Position**

The Organization made two corrections related to the prior year audited balances as reflected below. The Organization received an advance from the South Carolina Department of Transportation, which was recognized as revenue in the prior year, but it is actually a liability that must be paid back. The restatement attributable to this is \$88,391. Also, the Organization realized that prior management incorrectly depreciated certain assets, including vehicles that were depreciated over a very short useful life instead of over the useful life for these vehicles as set forth by FTA. Correction of these estimated useful lives resulted in a restatement of \$2,509,512.

The changes to beginning net position are as follows:

Ending balance per fiscal year 2016 audit	\$ 18,044,106
Correct for misstated liability	(88,391)
Correct for depreciable lives changes	2,509,512
Balance, as restated	<u><u>\$ 20,465,227</u></u>

**13. Subsequent Events**

On June 21, 2017, the Board approved a \$2,000,000 loan from BB&T for the purchase and improvements of 5.56 acres located at Melnick Drive and South Antler Drive in North Charleston. The property will be developed as the Organization's new Park-N-Ride lot (previously the Super K-Mart site). The loan commitment was approved by the Board for 15 years with a fixed interest rate of 2.86%. Due to unforeseen circumstances, the Organization was unable to close on the loan with BB&T in a timely manner. On January 18, 2018, the Organization received a revised commitment letter from BB&T. As a result of changes in Federal corporate tax rates, which affected the lending rate, there has been an increase in the fixed interest rate to 3.50%. The new commitment will continue to be for 15 years. The Organization is finalizing the purchase of the property and setting a loan closing date with BB&T. Board approval of acceptance of the new terms with BB&T is required prior to proceeding.

The Organization has committed to purchasing various rolling stock assets subsequent to year-end. Federal and State grant funding is available to assist with funding these acquisitions.

The Organization has evaluated all subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF THE ORGANIZATION'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM**  
*Last 10 Fiscal Years*

	2017	2016	2015
Proportion of the net pension liability	0.001158%	0.005157%	0.006298%
Proportionate share of the net pension liability	\$ 260,684	\$ 1,101,528	\$ 1,194,446
Covered-employee payroll	\$ 116,860	\$ 499,380	\$ 590,505
Proportionate share of the net pension liability as percentage of covered-employee payroll	223.07%	220.58%	202.28%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	59.90%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF ORGANIZATION CONTRIBUTIONS -**  
**SOUTH CAROLINA RETIREMENT SYSTEM**  
*Last 10 Fiscal Years*

	2017	2016	2015
Contractually required contribution	\$ 13,509	\$ 55,232	\$ 64,365
Contributions in relation to the contractually required contribution	(13,509)	(55,232)	(64,365)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Organization's covered-employee payroll	\$ 116,860	\$ 499,380	\$ 590,505
Contributions as a percentage of covered-employee payroll	11.56%	11.06%	10.90%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**PENSION PLAN SUPPLEMENTARY INFORMATION NOTE**  
*September 30, 2017*

**CHANGE OF BENEFIT TERMS**

No changes were made to the benefit terms during the fiscal year ended June 30, 2017 (the measurement year).

**CHANGES OF ASSUMPTIONS**

The investment rate of return previously used was 7.5% with an inflation rate of 2.75%. The investment rate of return used for the measurement year was 7.25% with an inflation rate of 2.25%.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**OTHER POST EMPLOYMENT BENEFITS - DEFINED BENEFIT HEALTH CARE PLAN**  
**SCHEDULE OF FUNDING PROGRESS**  
*For the year ended September 30, 2017*

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
October 1, 2016	\$ -	\$ 246,813	\$ 246,813	0%	\$ 106,348	232.08%
October 1, 2014	\$ -	\$ 73,870	\$ 73,870	0%	\$ 446,991	16.53%

See independent auditor's report.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF BUDGETED TO ACTUAL COSTS FOR**  
**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION GRANT**  
*For the Year Ended September 30, 2017*

OPT Contract #

Contract Period:

Performance period:

OPERATING

503.01 Management Service Fee

Total Operating

Total Program

Approved Budget

Total Federal Costs

Total State Costs

Total VAP Payback

Total Local Costs

Budget Balance

PT-71299-51				
July 1, 2016 - June 30, 2017				
Budget	Federal	SMTF	Local	Variance
July 1, 2016 - June 30, 2017				
\$ 12,668,680	\$ 6,334,340	\$ 617,440	\$ 5,716,900	\$ -
12,668,680	6,334,340	617,440	5,716,900	-
\$ 12,668,680	\$ 6,334,340	\$ 617,440	\$ 5,716,900	\$ -

\$ 12,668,680
6,334,340
661,636
(44,196)
5,716,900
<u>\$ -</u>



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

To the Board of Directors of  
Charleston Area Regional Transportation Authority  
North Charleston, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charleston Area Regional Transportation Authority (the Organization), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated February 5, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Organization's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Columbia, South Carolina  
February 5, 2018

*Clark Eustace Wagner, PA*



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Charleston Area Regional Transportation Authority  
North Charleston, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Charleston Area Regional Transportation Authority (the Organization's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

## Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

Columbia, South Carolina  
February 5, 2018

*Clark Eustace Wagner, PA*

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the year ended September 30, 2017*

Federal Grantor/Pass-through grantor/program title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
Direct Programs:			
Federal Transit Cluster:			
Capital Investment Grants (FTA 5309)	20.500	SC-04-0010-00	\$ 767,052
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X246-01	59,925
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X259-00	1,893
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X264-01	171,108
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X279-00	37,085
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X287-00	62,864
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-X307-00	60,222
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-90-9001-00	5,790,567
Total Direct Programs			<u>6,950,716</u>
Passed through Berkeley-Charleston-Dorchester Council of Governments			
Enhanced Mobility Program (FTA 5310)	20.513	SC-16-X010-00	43,519
Enhanced Mobility Program (FTA 5310)	20.513	SC-16-X013	49,815
Formula Grants for Urbanized Areas (FTA 5307)	20.507	SC-2018-004-00	800,000
Capital Investment Grants (FTA 5339)	20.526	SC-2016-001-00	8,497
Total Passed through Berkeley-Charleston-Dorchester Council of Governments			<u>901,831</u>
Passed through South Carolina Department of Transportation			
Enhanced Mobility Program (FTA 5310)	20.513	SC-2016-016-00	666,608
Total Passed through South Carolina Department of Transportation			<u>666,608</u>
<b>Total U.S. Department of Transportation</b>			<u>8,519,155</u>
<b>Total Federal Expenditures</b>			<u><b>\$ 8,519,155</b></u>

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*September 30, 2017*

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

<u>Financial Statements</u>	<u>Summary of Auditor's Results</u>				
1. Type of auditor's report issued:	Unmodified				
2. Internal controls over financial reporting:					
a. Material weaknesses identified?	No				
b. Significant deficiencies identified not considered to be material weaknesses?	No				
3. Noncompliance material to financial statements noted?	No				
 <u>Federal Awards</u>					
1. Internal controls over major programs:					
a. Material weaknesses identified?	No				
b. Significant deficiencies identified not considered to be material weaknesses?	No				
2. Type of auditor's report issued on compliance for major programs:	Unmodified				
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No				
4. Identification of major programs:					
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program Title</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20.500; 20.507</td> <td style="text-align: center;">Federal Transit Cluster</td> </tr> </tbody> </table>	CFDA	Federal Program Title	20.500; 20.507	Federal Transit Cluster	
CFDA	Federal Program Title				
20.500; 20.507	Federal Transit Cluster				
5. Dollar Threshold used to distinguish between programs?	\$750,000				
6. Auditee qualified as a low-risk auditee?	No				

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
*September 30, 2017*

**SECTION 2**  
**FINANCIAL STATEMENT FINDINGS**

No matters to report.

**SECTION 3**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters to report.

**CHARLESTON AREA REGIONAL TRANSPORTATION AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
*September 30, 2017*

**FINANCIAL STATEMENT FINDINGS**

No prior year findings reported.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No prior year findings reported.