

**GREENVILLE TRANSIT AUTHORITY  
GREENVILLE, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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**GREENVILLE TRANSIT AUTHORITY  
GREENVILLE, SOUTH CAROLINA**

**Listing of Principal Officials**

**As of September 30, 2012**

Established

1973

**Board of Directors**

David Mitchell – Chairman

Trey Fouché – Vice Chairman

Matt Carter – Treasurer

Samuel Zimmerman

Pat Dilger

Jan Williams

Jason Tankersley





# Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Greenville Transit Authority  
Greenville, South Carolina

We have audited the accompanying financial statements of the business-type activities of Greenville Transit Authority, South Carolina, (the "Authority"), as of and for the years ended September 30, 2012 and 2011, which comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the financial position of the business-type activities of Greenville Transit Authority as of September 30, 2012 and 2011, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013, on our consideration of the Authority'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization (Circular A-133)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The introductory section and other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
March 21, 2013



# GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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This section of the Greenville Transit Authority (the "Authority") annual financial report presents a discussion and analysis of the Authority's financial performance for the year ended September 30, 2012. The intent of this discussion and analysis is to present the Authority's financial performance as a whole; readers should also review the basic financial statements, the notes to the basic financial statements and the supplemental schedules to enhance their understanding of the Authority's financial performance.

#### FINANCIAL HIGHLIGHTS

- For the year ended September 30, 2012, operating revenues were approximately \$923,000 compared to \$772,000 for the prior year. Passenger Fares accounted for approximately \$862,000 of the operating revenues, an increase of approximately \$158,000 from the prior year reflecting a full year of the average 19% increase in the fare prices beginning in July 2011 and an increase of 3% in ridership.
- For the year ended September 30, 2012, non-operating revenues were approximately \$2,541,000 compared to \$2,725,000 in the prior year. For fiscal year 2012, these amounts were comprised primarily of Federal Grants of approximately \$1,447,000, State Grants of approximately \$283,000, and Local Contributions of approximately \$799,000.
- Total operating expenses for the year ended September 30, 2012 were approximately \$4,790,000 compared to \$4,621,000 for the prior year. The increase in operating expenses was primarily due to increases in salaries, wages, and fringe benefits, fuel, insurance, and depreciation expenses offset by decreases in material and supplies, parts, temporary personnel maintenance and services expenses.
- The Net Assets increased approximately \$527,000 for the year ended September 30, 2012. Overall, total revenue exceeded total expense for 2012 but when compared to 2011 operating, non-operating, and capital grants and contributions revenue decreased approximately \$1,419,000 mainly due to 4 fewer buses being purchased in 2012 than in 2011 and operating and non-operating costs increased approximately \$167,000. The primary cause of the net asset increase resulted from the American Recovery and Reinvestment Act ("ARRA") funding of approximately \$1,119,000 to purchase three new buses and local funding of approximately \$118,000 to fund improvements at the Transit Center and to purchase new financial management software, a ticket vending machine, a Computer Aided Dispatch/Auto Vehicle Locator (CAD/AVL) system and a cutaway minibus.
- The Net Assets of the Authority were approximately \$8,929,000 at September 30, 2012. Of this amount, approximately \$51,000 (1% of 2012 operating expenses), which was an increase of approximately \$6,000 of unrestricted net assets from the prior year, may be used to meet the Authority's ongoing obligations to citizens and creditors as of September 30, 2012.
- Net capital assets increased approximately \$511,000 during fiscal year ended September 30, 2012. The primary reason for this increase related to the purchase of three new buses and a new cutaway partially offset by depreciation expense of approximately \$1,074,000 and disposals of approximately \$64,000.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *financial section (including management's discussion and analysis, basic financial statements, and the notes to the basic financial statements)*, *other supplementary information section*, and the *compliance section*.

The basic financial statements provide short-term and long-term information about the Authority's overall financial status. The basic financial statements also show the entire function of the Authority is intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activity of the Authority is providing public transportation in Greenville County.

The Authority follows accounting principles generally accepted in the United States of America, as applied to governmental units. We present our basic financial statements on an accrual basis of accounting that is similar to the accounting basis used by most private-sector companies. Under the accrual basis, the current year's revenues earned and expenses incurred are accounted for in the Statement of Activities regardless of when cash is received or paid.

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

All of the Authority's assets and liabilities are included in the Statement of Net Assets. Net assets – the difference between assets and liabilities – is one measure of the Authority's financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether our financial health is improving or deteriorating.

The basic financial statements can be found as listed on the table of contents of this report.

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. The Authority, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The possible funds that the Authority can use are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Of these categories, the Authority utilizes only proprietary funds. Proprietary funds are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting.

The Authority maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the basic financial statements.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found as listed on the table of contents of this report.

**FINANCIAL ANALYSIS OF THE AUTHORITY**

During the year ended September 30, 2012, the Authority's net assets increased by approximately \$527,000 to \$8,929,000. Total assets increased approximately 19.4% to approximately \$10,983,000 primarily due to purchase of three new buses and a cutaway minibus coupled with an increase in grants receivable. Total liabilities increased approximately \$1,254,000 or 156.7% to \$2,054,000 primarily due to an increase in the accounts payable liability of approximately \$1,352,000 (See Table 1 below). The increase in accounts payable at September 30, 2012 is related to the purchase of the three new buses totaling approximately \$1,119,000 which occurred at the end of the fiscal year.

**Table 1 - Net Assets**

	Business-Type Activities	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 2,106,957	\$ 837,007
Capital Assets, Net	8,876,223	8,365,155
<b>Total Assets</b>	<b>10,983,180</b>	<b>9,202,162</b>
<b>Liabilities</b>		
Total Current Liabilities	2,054,064	776,798
Total Noncurrent Liabilities	-	23,456
<b>Total Liabilities</b>	<b>2,054,064</b>	<b>800,254</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	8,876,223	8,341,699
Restricted	2,060	15,827
Unrestricted	50,833	44,382
<b>Total Net Assets</b>	<b>\$ 8,929,116</b>	<b>\$ 8,401,908</b>

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

**FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)**

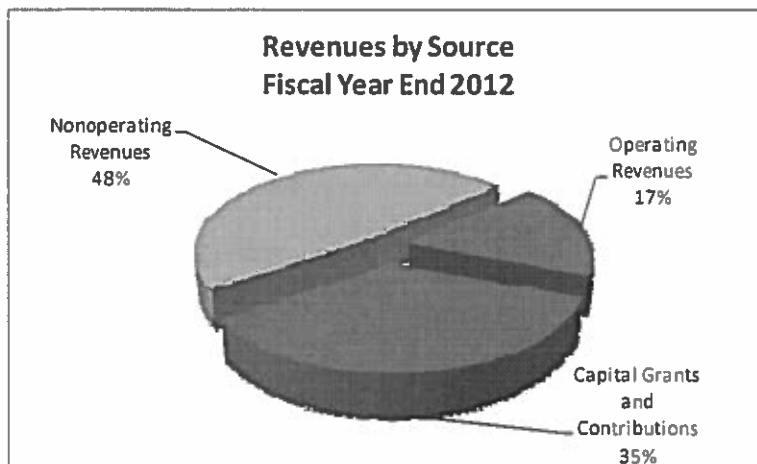
The Authority's net assets (Table 1) increased by approximately \$527,000 or approximately 6.3% (from approximately \$8,402,000 at September 30, 2011 to approximately \$8,929,000 at September 30, 2012). The increase was primarily due to the purchase of three new buses and a cutaway minibus partially offset by depreciation expense of approximately \$1,074,000 and disposals of approximately \$64,000. Unrestricted net assets increased approximately \$6,000 from the prior year. See Note E for further discussion about the increase.

Table 2 shows the changes in net assets for the Authority's business-type activities for 2012 and 2011.

**Table 2 - Changes in Net Assets**

	Business-Type Activities	
	2012	2011
<b>Revenues:</b>		
Operating Revenues	\$ 922,626	\$ 771,591
Nonoperating Revenues	2,541,052	2,724,901
<b>Total Revenues</b>	<b>3,463,678</b>	<b>3,496,492</b>
<b>Expenses:</b>		
Operating Expenses	4,790,300	4,621,014
Nonoperating Expenses	615	3,013
<b>Total Program Expenses</b>	<b>4,790,915</b>	<b>4,624,027</b>
Capital Grants and Contributions	1,854,445	3,240,893
<b>Change in Net Assets</b>	<b>527,208</b>	<b>2,113,358</b>
Net Assets, Beginning of Year	8,401,908	6,288,550
<b>Net Assets, End of Year</b>	<b>\$ 8,929,116</b>	<b>\$ 8,401,908</b>

Operating revenues of the Authority consist of Passenger Fares, Lease Revenues, and Vending Income. Passenger Fares account for the majority of operating revenues (93% for 2012). The increase in operating revenues is due to a full year of the average 19% increase in the fare prices beginning in July 2011 offset by slight decreases in lease revenue and vending income of approximately \$1,000 and \$6,000, respectively.



Operating expenses of the Authority primarily consist of payments to the City of Greenville for the reimbursement of costs incurred under a contractual agreement as described in Note I. A. and expenses paid directly by the Authority. The payments to the City of Greenville pursuant to the contractual agreement are primarily for the reimbursement of expenses incurred by the City of Greenville for salaries, wages, and fringe benefits, material and supplies, fuel, parts, services, temporary personnel maintenance expense, and insurance. Depreciation expenses in the amount of approximately \$1,074,000 represents

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

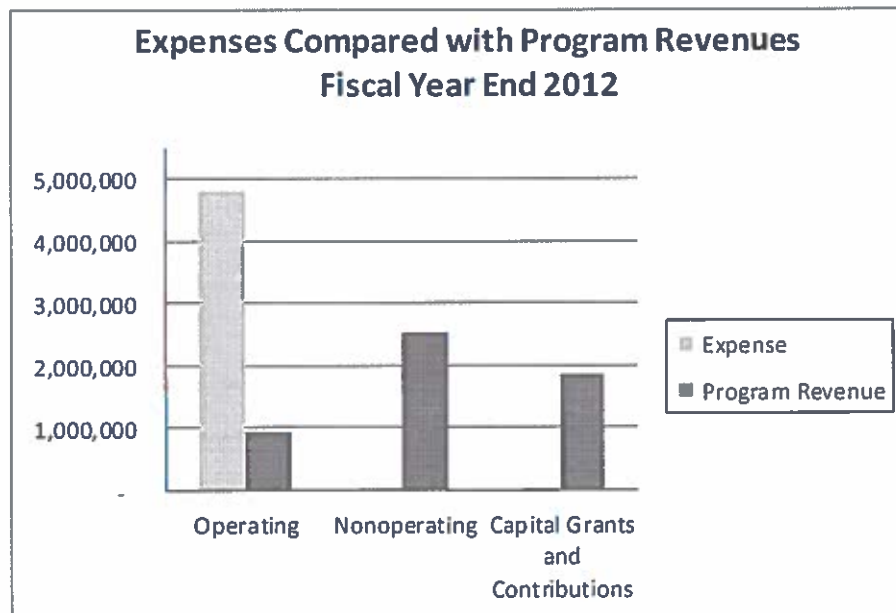
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**FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)**

22% of operating expenses. Salaries, wages, and fringe benefits, fuel and services account for the majority of operating expenses (62% for 2012). Salaries, wages, and fringe benefits increased approximately \$20,000 (1%) due to a 2% salary increase and higher benefit costs offset by a reduction of overtime wages by approximately \$40,000 and position vacancies. Services costs decreased from the prior year by approximately \$74,000 or 26% due to lower Job Access and Reverse Commute (JARC) program expenses incurred during the current year. Fuel costs increased by approximately \$86,000 or 17% related to the average fuel cost increase of \$0.27 per gallon over the prior year. The Authority did receive federal grant funding of approximately \$97,000 to partially offset the high fuel costs. In addition, the Insurance and Depreciation expenses increased by approximately \$17,000 and \$216,000 respectively. These increases resulted from additional insurance costs for the new buses and shelters, a full year of depreciation for the seven buses purchased in the prior year in addition to depreciation for the three new buses purchased during the current year. These increases were offset by a decrease in Material and Supplies, Parts, Temporary Personnel Maintenance, and Travel and Training of approximately \$35,000, \$7,000, \$56,000 and \$4,000, respectively. These decreases reflect the positive impact of the new buses on the maintenance expenses, hiring a parts technician and bus servicer during the current year and continued in-house training.

Non-operating revenues of the Authority consist mainly of Federal Grants, State Grants, and Local Contributions. Federal Grants are the single largest source of non-operating revenues totaling approximately \$1,447,000 (57% for 2012 compared to 59% for 2011). Federal Grants decreased by approximately \$167,000 due to reduced JARC operating grants. State Grant revenue decreased by approximately \$13,000 from the prior year due to statewide reductions from the South Carolina Department of Transportation as more transit operations applied for State funds. Also, Local Contributions decreased by approximately \$16,000 due to the reduced local match requirements as the JARC budget was lower during the current year.

Capital grants and contributions revenues of the Authority consist of Federal Grants and Local Contributions (consisting of cash and inkind services). Federal Capital Grant revenues decreased by approximately \$1,371,000 due to reduced ARRA capital grant funding which has been used primarily for the acquisition of buses. Local Capital Contribution revenues increased by approximately \$17,000 related to local match contributions provided for new financial management software, a ticket vending machine, a Computer Aided Dispatch/Auto Vehicle Locator (CAD/AVL) system and a cutaway minibus. Local capital contributions of inkind services decreased by approximately \$32,000 as the majority of phase two transit center renovations occurred during the prior fiscal year.



**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets consist of land, construction in progress, buildings and building improvements, vehicles, and equipment. At September 30, 2012 and September 30, 2011, the Authority had approximately \$8,876,000 and \$8,365,000 in capital assets, net of depreciation, respectively.

Table 3 shows detail of the year end capital asset balances for 2012 and 2011:

**Table 3 - Capital Assets, Net of Depreciation**

Capital Assets	September 30, 2012	September 30, 2011
Land	\$ 823,825	\$ 823,825
Construction in Progress	143,637	138,778
Buildings and Building Improvements	6,898,698	6,865,156
Vehicles	8,436,603	7,319,655
Equipment	1,732,624	1,366,367
Less: Accumulated Depreciation	(9,159,164)	(8,148,626)
<b>Totals</b>	<b>\$ 8,876,223</b>	<b>\$ 8,365,155</b>

Major capital asset events during the current fiscal year included:

- Purchases of Vehicles included approximately \$1,176,000 consisting of three new buses for the Mauldin/Simpsonville Route purchased with a 100% ARRA grant and a cutaway minibus to replace a burned vehicle with no remaining useful life.
- Material and construction costs of approximately \$201,000 for bus shelters incurred during the current year resulting in approximately \$209,000 from construction in progress being capitalized related to the completion of 19 bus shelters.
- Purchases of Equipment in the amount of approximately \$167,000 for the financial management software, ticket vending machine and the CAD/AVL equipment.
- An increase in accumulated depreciation with the majority of the increase attributable to depreciation expense of approximately \$1,074,000 and disposals of approximately \$64,000.

For more detailed information about the Authority's capital assets, please see the notes to the basic financial statements.

**Debt Administration**

At the end of 2012 and 2011, the Authority had outstanding debt of approximately \$0 and \$23,000, respectively. The Authority made principal payments on debt of approximately \$23,000 for the year ended September 30, 2012. In addition, the Authority made interest payments on its debt of approximately \$1,000 for the year ended September 30, 2012.

Long-Term Debt	September 30, 2012	September 30, 2011
Note Payable - Bank of West	\$ -	\$ 23,456
<b>Total Long-Term Debt</b>	<b>\$ -</b>	<b>\$ 23,456</b>

For more detailed information on all of the Authority's long-term obligations, please see the notes to the basic financial statements.

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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**ECONOMIC FACTORS**

Effective March 31, 2008, the GTA entered into an agreement with the City of Greenville to manage transit operations of The Authority. The arrangement has resulted in a reduction of overhead expenses reflected on the Authority's Statement of Activities as the City of Greenville provides administrative and support services on behalf of transit operations.

During fiscal year 2012, GTA purchased three new buses with ARRA federal funds for new routes in Mauldin and Simpsonville. The purchase was accomplished with no required local funding. These buses are being used to expand the bus system to the neighboring cities with a 50% federal operating match. Continued agreements with Bon Secours St. Francis Hospital System/Clemson University International Center of Automotive Research (CU-ICAR) will utilize JARC/New Freedom funds requiring the match from the respective entities. In addition, following the 2010 US Census, the defined urbanized area for Greenville has increased to include the Cities of Clemson, Pendleton and Central which would include the Clemson Area Transit System (CATS) effective for the 2013 grant cycle. The Authority will be the designated recipient.

Greenville County and the City of Greenville provide local contributions to the Authority through cash contributions and in-kind services for local matching funds for capital projects.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide those interested with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greenville Transit Authority, Board Secretary, PO Box 2207, Greenville, South Carolina 29602.

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GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF NET ASSETS - PROPRIETARY FUND

SEPTEMBER 30, 2012 AND 2011

ASSETS	Business-Type Activities - Enterprise Fund	
	2012	2011
Current Assets:		
Cash and Cash Equivalents	\$ 125,638	\$ 208,934
Restricted Cash and Cash Equivalents	2,060	15,827
Prepaid Expense	38,276	39,483
Accounts Receivable	71,282	27,314
Grants Receivable	1,678,458	399,528
Inventory	191,243	145,921
Total Current Assets	<u>2,106,957</u>	<u>837,007</u>
Capital Assets:		
Non-Depreciable	967,462	962,603
Depreciable	17,067,925	15,551,178
Less: Accumulated Depreciation	(9,159,164)	(8,148,626)
Total Capital Assets	<u>8,876,223</u>	<u>8,365,155</u>
<b>TOTAL ASSETS</b>	<b><u>10,983,180</u></b>	<b><u>9,202,162</u></b>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,000,500	648,810
Accrued Payroll	53,424	39,238
Unearned Revenue	140	88,750
Total Current Liabilities	<u>2,054,064</u>	<u>776,798</u>
Noncurrent Liabilities:		
Due Within One Year	-	23,456
Total Noncurrent Liabilities	<u>-</u>	<u>23,456</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,054,064</u></b>	<b><u>800,254</u></b>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	8,876,223	8,341,699
Restricted	2,060	15,827
Unrestricted	50,833	44,382
<b>TOTAL NET ASSETS</b>	<b><u>\$ 8,929,116</u></b>	<b><u>\$ 8,401,908</u></b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF ACTIVITIES - PROPRIETARY FUND

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

OPERATING REVENUES	Business-Type Activities - Enterprise Fund	
	2012	2011
Passenger Fares	\$ 861,734	\$ 703,315
Lease Revenues	43,690	44,740
Vending Income	17,202	23,536
<b>TOTAL OPERATING REVENUES</b>	<b>922,626</b>	<b>771,591</b>
<b>OPERATING EXPENSES</b>		
Salaries, Wages, and Fringe Benefits	2,163,554	2,143,707
Material and Supplies	174,390	209,401
Fuel	601,253	515,586
Parts	206,899	213,440
Services	208,429	282,687
Temporary Personnel Maintenance Expense	108,850	164,430
Insurance	154,448	137,058
Travel and Training	19,357	23,795
Utilities	45,502	41,320
Depreciation	1,074,208	858,194
Miscellaneous	33,410	31,396
<b>TOTAL OPERATING EXPENSES</b>	<b>4,790,300</b>	<b>4,621,014</b>
<b>OPERATING LOSS</b>	<b>(3,867,674)</b>	<b>(3,849,423)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal Grants	1,447,092	1,613,808
State Grants	283,209	296,394
Local Contributions	798,664	814,699
Miscellaneous Revenue	981	-
Interest Expense	(615)	(3,013)
Gain on Disposal of Capital Assets	11,106	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>2,540,437</b>	<b>2,721,888</b>
<b>LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>(1,327,237)</b>	<b>(1,127,535)</b>
Federal Capital Grants	1,736,028	3,107,526
Local Capital Contributions	89,723	73,089
Local Capital Contributions - InKind Services - City of Greenville	23,355	37,108
Local Capital Contributions - InKind Services - Greenville County	5,339	23,170
<b>TOTAL CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>1,854,445</b>	<b>3,240,893</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>527,208</b>	<b>2,113,358</b>
<b>NET ASSETS, Beginning of Year</b>	<b>8,401,908</b>	<b>6,288,550</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 8,929,116</b>	<b>\$ 8,401,908</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND

SEPTEMBER 30, 2012 AND 2011

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities - Enterprise Fund	
	2012	2011
Receipts from:		
Cash Received from Passengers	\$ 861,734	\$ 703,315
Leases	(278)	20,691
Vending	17,202	23,536
Payments for:		
Salaries, Wages, and Fringe Benefits	(2,149,368)	(2,196,519)
Material and Supplies	1,160,672	(452,352)
Fuel	(601,253)	(515,586)
Parts	(206,899)	(213,440)
Services	(208,429)	(282,687)
Temporary Personnel Maintenance Expense	(108,850)	(164,430)
Insurance	(153,241)	(146,548)
All Other Operating Expenses	(98,269)	(96,511)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,486,979)</u>	<u>(3,320,531)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(23,456)	(44,388)
Interest Payments on Notes Payable	(615)	(3,013)
Proceeds from Sale of Capital Assets	15,484	-
Purchase of Capital Assets	(1,589,654)	(3,235,877)
Proceeds from Grants and Contributions	735,931	3,539,893
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(862,310)</u>	<u>256,615</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Grants and Contributions	2,251,245	3,229,814
Miscellaneous Receipts	981	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,252,226</u>	<u>3,229,814</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,063)	165,898
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), Beginning of Year	224,761	58,863
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), End of Year	<u>\$ 127,698</u>	<u>\$ 224,761</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (3,867,674)	\$ (3,849,423)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,074,208	858,194
Change In:		
Accounts Receivable	(43,968)	(24,049)
Prepaid Expenses	1,207	(9,490)
Inventories	(16,628)	82,738
Accounts Payable	1,365,876	(378,501)
Net Cash Used in Operating Activities	<u>\$ (1,486,979)</u>	<u>\$ (3,320,531)</u>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

*Greenville Transit Authority* (the "Authority") is a special purpose district created in 1973 as a joint transit authority for the City and County of Greenville, South Carolina, to provide public transportation. Its governing body is composed of members appointed by the Councils of the City of Greenville ("City"), Greenville County ("County"), and the County's Legislative Delegation. During fiscal year 2008, the Authority's Board entered into a contract with the City of Greenville to manage transit services and operations. The initial term of the agreement dated effective March 31, 2008 ended June 30, 2008. The City and GTA executed a new agreement effective July 1, 2008 and continuing through June 30, 2013, with an option to renew for an additional five years.

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As required by GAAP, the basic financial statements would present the Authority with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity as a component unit is financial accountability, which is presumed to exist if the Authority both appoints a voting majority of the entity's governing body, and either 1) the Authority is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the Authority. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Authority. In order to be considered fiscally independent, an entity must have the authority to do all three of the following: (a) Determine its budget without the Authority having the authority to approve or modify that budget; (b) Levy taxes or set rates or charges without approval by the Authority; and (c) Issue bonded debt without approval by the Authority.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Authority's basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the Authority. Based on the foregoing criteria, there are no component units included in the Authority's annual report.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Authority.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The Authority has no governmental-type activities for the years ended September 30, 2012 and 2011.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Since the Authority only uses an enterprise fund to account for its activity, there are no differences between the government-wide financial statements and the fund financial statements.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The Authority uses only the following fund type.

*Proprietary fund types* are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable Governmental Accounting Standards Board ("GASB") pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Authority has elected not to follow the aforementioned guidance issued after November 30, 1989 as allowed by GAAP. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Authority does not have any internal service funds and has one enterprise fund.

*Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority has one major Enterprise Fund which is a budgeted fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

*Cash and Cash Equivalents*

The Authority considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

*Investments*

The Authority's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the Authority to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) 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;
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) 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;
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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 an agency of the federal government;
- (f) Repurchase agreements when collateralized by securities as set forth in this section; and
- (g) 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 (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

The Authority's cash investment objectives are preservation of capital, liquidity, and yield. The Authority reports its cash, cash equivalents, and investments at fair value which is normally determined by quoted market prices.

2. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Authority maintains a capitalization threshold of \$5,000 for equipment and vehicles. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest is not capitalized during the construction of capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	20 - 30
Building Improvements	20 - 30
Vehicles, Machinery & Equipment	5 - 15

3. Inventories

Inventories consist of purchased supplies and materials and are carried in an inventory account at cost, using first-in, first-out method of accounting and are subsequently charged to expenses when consumed.

4. Unearned Revenue

Unearned Revenue represents revenues that are not considered to be available to liquidate liabilities of the current period.

5. Compensated Absences

Authority employees were granted general paid leave in varying amounts. Upon termination of employment, an employee was reimbursed for accumulated general paid leave (as defined). Effective March 31, 2008 in accordance with the operations agreement, the Authority ceased employment of all employees. The employees the City hired were then subject to the City's policy regarding compensated absences.

6. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

*7. Accounting Estimates*

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of September 30, 2012 none of the Authority's total bank balances of approximately \$168,000 (with a carrying value of approximately \$128,000) were exposed to custodial credit risk. As of September 30, 2011 none of the Authority's total bank balances were exposed to custodial credit risk.

*Investments*

As of September 30, 2012 and 2011, the Authority had no investments.

**Interest Rate Risk:** The Authority does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but they do follow the investment policy statutes of the State of South Carolina

The Authority does not typically put its funds in security investments and thus has not developed a policy for credit risk, custodial credit risk, or concentration of credit risk for these types of investments.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Capital Assets

Capital asset activity for the Authority for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 823,825	-	-	-	\$ 823,825
Construction In Progress	138,778	208,839	-	203,980	143,637
Total Capital Assets, Non-Depreciable	962,603	208,839	-	203,980	967,462
Capital Assets, Depreciable:					
Buildings and Building Improvements	6,865,156	33,542	-	-	6,898,698
Vehicles	7,319,655	1,176,239	59,291	-	8,436,603
Equipment	1,366,367	171,034	8,757	203,980	1,732,624
Total Capital Assets, Depreciable	15,551,178	1,380,815	68,048	203,980	17,067,925
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	3,895,770	279,193	-	-	4,174,963
Vehicles	3,464,277	640,660	59,301	-	4,045,636
Equipment	788,579	154,365	4,379	-	938,565
Total Accumulated Depreciation	8,148,626	1,074,218	63,680	-	9,159,164
Total Capital Assets, Depreciable, Net	7,402,552	306,597	4,368	203,980	7,908,761
Total Business-Type Activities, Net	\$ 8,365,155	515,436	4,368	407,960	\$ 8,876,223

Capital asset activity for the Authority for the year ended September 30, 2011, was as follows:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 823,825	-	-	-	\$ 823,825
Construction In Progress	993,139	518,580	-	1,372,941	138,778
Total Capital Assets, Non-Depreciable	1,816,964	518,580	-	1,372,941	962,603
Capital Assets, Depreciable:					
Buildings and Building Improvements	5,603,272	-	-	1,261,884	6,865,156
Vehicles	4,662,770	2,656,885	-	-	7,319,655
Equipment	1,194,898	60,412	-	111,057	1,366,367
Total Capital Assets, Depreciable	11,460,940	2,717,297	-	1,372,941	15,551,178
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	3,649,607	246,163	-	-	3,895,770
Vehicles	2,970,773	493,504	-	-	3,464,277
Equipment	670,052	118,527	-	-	788,579
Total Accumulated Depreciation	7,290,432	858,194	-	-	8,148,626
Total Capital Assets, Depreciable, Net	4,170,508	1,859,103	-	1,372,941	7,402,552
Total Business-Type Activities, Net	\$ 5,987,472	2,377,683	-	2,745,882	\$ 8,365,155



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Long-Term Obligations

The Authority's notes payable were comprised of the following:

Note Payable – Bank of West: Original amount of \$363,771, principal due in semiannual installments of \$23,700 paid at March 1 and September 1 through March 2012; interest at 5.33% paid semiannually.

Following is a summary of the changes in the Authority's long-term obligations for the year ended September 30, 2012:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Note Payable - Bank of West	\$ 23,456	-	23,456	-	\$ -
<b>Total Long-Term Obligations</b>	<b>\$ 23,456</b>	<b>-</b>	<b>23,456</b>	<b>-</b>	<b>\$ -</b>

Following is a summary of the changes in the Authority's long-term obligations for the year ended September 30, 2011:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Note Payable - Bank of West	\$ 67,844	-	44,388	23,456	\$ 23,456
<b>Total Long-Term Obligations</b>	<b>\$ 67,844</b>	<b>-</b>	<b>44,388</b>	<b>23,456</b>	<b>\$ 23,456</b>

The Authority does not have any scheduled maturities for long-term obligations of the business-type activities as of September 30, 2012.

III. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For the past several years the Authority has obtained coverage from the State Insurance Reserve Fund. These coverages include auto liability, auto collision and comprehensive, data processing, general liability and underground tank liability.

GTA ceased to employ transit workers as a result of the contract with the City of Greenville effective March 31, 2008. Actuarially determined risk management worker's compensation costs are passed on to the Authority through a City invoice each month beginning at March 31, 2008. In addition, the Authority also carries a crime insurance policy.

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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**III. OTHER INFORMATION (CONTINUED)**

**B. Litigation**

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Authority. The amounts of potential recovery vary. Most if not all claims would be subject to statutory limits of the State Tort Claims Act and within coverage limits of applicable insurances. Based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial position of the Authority.

**C. Contingencies**

The Authority must apply for renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the grantor agencies, and some agreements call for termination by either party contingent upon certain conditions. Expenses recorded under various contracts and grants are subject to further examination by the grantor agencies, with reimbursement being requested for questioned costs.

**D. Commitments**

The Authority has a commitment for a Computer Aided Dispatch & Automatic Vehicle Location ("CAD/AVL") system in the amount of approximately \$520,000 to be funded through an 80% federal grant with the remaining 20% from local match funds.

**E. Other Matters**

For fiscal year 2012, the total Net Assets for the Authority increased approximately \$522,000 with the most notable increase related to the change in Capital Assets resulting from the bus purchases. Unrestricted Net Assets, however, remained relatively unchanged from the prior period. A bus fare rate hike in July 2011 resulted in an additional \$50,000 over the average revenue for the previous nine months in fiscal year 2011. The rate hike resulted in an additional \$158,000 of revenue in fiscal year 2012 over the prior fiscal year. The fare increase was a proactive decision by the Authority in response to the fuel prices and unavailable local funding to offset the fuel price increase.

In the current fiscal year, the Authority's only outstanding note payable was paid off and vehicle maintenance costs were lower with the new buses in service for a full year. In an effort to strengthen its financial position, the Authority will continue to seek out additional grant funding as well as pursue other revenue sources including additional partnerships with other public and private organizations. An effort will also be made to maximize the local in-kind matching funds. The Authority will also work with its current partners, Greenville County and the City of Greenville, to seek additional funding. The Authority will also consider adjustments to passenger fares as well as service levels, as necessary, to offset increasing operating costs.

**F. Local Contributions and Contributed Services**

The Authority contracts with the City of Greenville to manage transit services and operations with the term of the contract expiring June 30, 2013, with an option to renew for five additional years. Under current practice, the City of Greenville, as transit operator, incurs the costs of operating the transit system and seeks reimbursement from the Authority for those costs. The Authority reimburses the City of Greenville for transit operating costs, pays any capital costs directly and receives all operating revenue such as passenger fares and non-operating revenue such as grants and local contributions.

The Authority, pursuant to GASB, is not required but may recognize contributed services in the financial statements.

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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**III. OTHER INFORMATION (CONTINUED)**

**F. Local Contributions and Contributed Services (Continued)**

For fiscal year 2012, the Authority recorded as capital contributions in-kind contributed services in the amount of approximately \$29,000 for labor provided by Greenville County and the City of Greenville in connection with the installation of bus shelters and transit center renovations. The in-kind contributed services, along with the direct capital purchases, are reflected as depreciable capital assets on the Authority's Statement of Net Assets. Additionally, Federal participation in the value of contributed services was approximately \$23,000 and is reflected in capital grants and contributions revenue as Federal Capital Grants.

The City of Greenville provides contributed services to the Authority in connection with various support services such as accounts payable, general ledger, procurement, human resources, information technology, budget, risk management, economic development, building services, legal services, public information and financial reporting. In fiscal year 2012, the Authority received and recorded as non-operating revenues the amount of approximately \$121,000 as Federal Grants based on the value of contributed services provided by the City of Greenville in the amount of approximately \$152,000. As permitted by GASB, the Authority has elected not to recognize on its financial statements the contributed services value of the City of Greenville's support services either as an operating expense or non-operating revenues.

The majority of the non-depreciation operating expenses for the fiscal year ended 2012 in the amount of approximately \$3.7 million (or approximately \$310,000 monthly) are incurred by the City of Greenville under the terms of the contract and reimbursed by the Authority. Due to the Authority's cash position and the nature of transit funding with federal operating assistance available on a reimbursable basis, the Authority's payment of the City of Greenville's operating expenses occur on average about 60 days after month end. As such, occasionally the Authority's accounts payable to the City of Greenville will contain two to three months of unpaid City billings representing approximately \$600,000 to \$900,000. Based on the City of Greenville's short term cost of funds rate of about 1%, carrying the Authority's payables represented a contributed value of approximately \$5,000 in fiscal year 2012. As permitted by GASB, the Authority has elected not to recognize on its financial statements this contributed services value.

Local contributions reflected in non-operating revenues and capital grants and contributions totaled approximately \$888,000 and \$888,000 for fiscal years 2012 and 2011. In fiscal year 2012, the local contributions of approximately \$888,000 were provided by Greenville County (approximately \$355,000), City of Greenville (approximately \$444,723), Clemson University (approximately \$44,332) and Bon Secours (approximately \$44,332).

**G. Related Party Transactions**

The chairman of the Authority in 2012, who was also the board chairman in 2011, owns a temporary staffing company which the City of Greenville uses to recruit temporary personnel services. Many of the temporary staffing personnel contracted to work for the City of Greenville are assigned to the transit operations. The Authority reimbursed the City of Greenville for temporary staffing services of approximately \$109,000 during fiscal year 2012 and approximately \$162,000 during fiscal year 2011.

**H. Subsequent Events**

During October and November 2012, the Authority approved several purchase orders for vehicles and equipment totaling approximately \$265,000.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF BUDGETED TO ACTUAL COST FOR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

YEAR ENDED SEPTEMBER 30, 2012

DMT Contract #: SFY 2012 MT-20199-09					
Performance Period: October 1, 2011 - September 30, 2012					
	Budget	Section 5307	SMTF	Local	Variance
<b>ADMINISTRATION</b>					
<b>TOTAL ADMINISTRATION</b>	-	-	-	-	-
<b>OPERATIONS</b>					
Operations & Wages	696,250	-	473,741	-	222,509
Operations Overtime	60,000	-	60,944	-	(944)
Operations Fringe Benefits	292,563	-	263,847	-	28,716
Contract Maintenance Services	9,001	-	-	-	9,001
Fuel & Lubricants	372,714	-	405,303	-	(32,589)
Tires & Tubes	37,959	-	59,046	-	(21,087)
Other Materials & Supplies	8,000	-	-	-	8,000
Utilities	26,744	-	-	-	26,744
Casualty and Liability	65,372	-	-	-	65,372
Miscellaneous					
Uniforms	5,000	-	4,614	-	386
Materials & Supplies	8,979	-	-	-	8,979
Travel & Training	5,000	-	-	-	5,000
<b>TOTAL LIABILITIES</b>	1,587,582	-	1,267,495	-	320,087
<b>TOTAL PROGRAM</b>	<b>\$ 1,587,582</b>	<b>-</b>	<b>1,267,495</b>	<b>-</b>	<b>\$ 320,087</b>
Less Contra Farebox Revenue			(701,078)		
Net Eligible for State Reimbursement			566,417		
State Reimbursement Rate			50%		
<b>Total Amount Received for the SMTF</b>			<b>283,209</b>		
Approved Budget State FY2012	\$ 1,587,582				
Amount ineligible for SMTF Reimbursement	(301,740)				
Amount eligible for SMTF Reimbursement	1,285,842				
Less Contra Farebox Revenue	(650,000)				
Less Contra Farebox Revenue (adjustment)	(42,190)				
	<u>\$ 593,652</u>				
Total State Costs	296,826				
Total Local Costs	296,826				
Budget Balance	<u>\$ 593,652</u>				

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2012

Program	CFDA Number	Grant / Contract Number	Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Program:			
Federal Transit Administration:			
Assistance - Formula Grants	20.507	SC-90-X211-01	\$ 272,649
Assistance - Formula Grants	20.507	SC-90-X232-00	482,866
Assistance - Formula Grants - ARRA	20.507	SC-96-X012-00	1,118,514
Assistance - Formula Grants - ARRA	20.507	SC-96-X004-01	3,796
Assistance - Formula Grants	20.507	SC-90-X245-00	1,088,613
Assistance - Formula Grants	20.507	SC-37-X013-00	43,483
Assistance - Formula Grants	20.507	SC-57-X009-00	50,137
		Subtotal 20.507	<u>3,060,058</u>
Passed through the South Carolina Department of Highways and Public Transportation:			
Metropolitan Planning Grant	20.505		<u>123,062</u>
		Subtotal 20.505	<u>123,062</u>
<b>Total U.S. Department of Transportation</b>			<u><b>3,183,120</b></u>
<b>GRAND TOTALS</b>			<u><b>\$ 3,183,120</b></u>

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED SEPTEMBER 30, 2012**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Greenville Transit Authority (the “Authority”) for the year ended September 30, 2012. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B – Basis of Accounting**

The accompanying Schedule is presented using the economic resources measurement focus and accrual basis of accounting, which is described in the notes to the Authority’s basic financial statements.

**C – Relationship to Basic Financial Statements**

Federal award expenditures are reported in the Authority’s basic financial statements as non-operating expenses in the Enterprise Fund.

**D – Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

**E – Sub-recipients**

Of the federal expenditures presented in the accompanying schedule, the Authority provided federal awards of approximately \$4,000 to Upstate Shuttle Service, approximately \$14,000 to Clemson University International Center for Automotive Research/St. Francis, approximately \$8,000 to Miracle Hill Ministries, and approximately \$800 to Upstate Forever from the Authority’s JARC grant.

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

To the Board of Directors  
Greenville Transit Authority  
Greenville, South Carolina

We have audited the financial statements of the business-type activities of Greenville Transit Authority (the "Authority") as of and for the year ended September 30, 2012, which comprise the Authority's basic financial statements, and have issued our report thereon dated March 21, 2013. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of 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 basic 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*.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney, and Horton, LLP  
Mauldin, South Carolina  
March 21, 2013

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Greenville Transit Authority  
Greenville, South Carolina

Compliance

We have audited Greenville Transit Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2012. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, Greenville Transit Authority complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Greene, Finney & Horton LLP*

Greene, Finney, and Horton, LLP  
Mauldin, South Carolina  
March 21, 2013

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED SEPTEMBER 30, 2012**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Administration Assistance - Formula Grants (including ARRA)

Dollar threshold used to distinguish between type A and type B programs: \_\_\_\_\_ \$300,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**Section II - Findings - Current Year Financial Statements Audit**

None

**Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit**

None

**GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED SEPTEMBER 30, 2012**

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**No OMB A-133 audit findings related to major programs in the prior year.**