

**GREENVILLE TRANSIT AUTHORITY
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

**NINE MONTHS ENDED JUNE 30, 2013 AND
YEAR ENDED SEPTEMBER 30, 2012**

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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**GREENVILLE TRANSIT AUTHORITY
GREENVILLE, SOUTH CAROLINA**

Listing of Principal Officials

As of June 30, 2013

Established

1973

Board of Directors

Trey Fouché – Chairman

Pat Dilger – Vice Chairman

Matt Carter –Treasurer

James Smeaton

Samuel Zimmerman

David Mitchell

Julian Reed





Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Greenville Transit Authority, Greenville, South Carolina (the "Authority"), as of and for the nine months ended June 30, 2013 and the year ended September 30, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Greenville Transit Authority, as of June 30, 2013 and September 30, 2012, and the respective changes in financial position and cash flows thereof for the nine months ended June 30, 2013 and the year ended September 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information and schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 information and 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 21, 2014 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* in considering the Authority's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 21, 2014

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

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 nine months ended June 30, 2013. The intent of this discussion and analysis is to present the Authority's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the Authority's financial performance.

Effective October 1, 2013, the Authority elected to change its fiscal year from a September 30th year end to a June 30th year end. This will result in the Authority having only nine months of operations (revenue and expenses) for the nine months ended June 30, 2013. For purposes of the management's discussion and analysis that follows, a comparable period is equal to three quarters of the prior year total.

FINANCIAL HIGHLIGHTS

- Nine months ended June 30, 2013 is being compared to the year ended September 30, 2012.
- For the nine months ended June 30, 2013, operating revenues were approximately \$750,000 compared to \$923,000 for the prior year. Passenger Fares accounted for approximately \$702,000 of the operating revenues, a decrease of approximately \$160,000 from the prior year.
- For the nine months ended June 30, 2013, non-operating revenues were approximately \$2,504,000 compared to \$2,541,000 in the prior year. For the 2013 period, these amounts were comprised primarily of Federal Grants of approximately \$1,542,000, State Grants of approximately \$326,000, and Local Contributions of approximately \$624,000.
- Total operating expenses for the nine months ended June 30, 2013 were approximately \$4,250,000 compared to \$4,790,000 for the prior year. The decrease in operating expenses was primarily due to the change in fiscal year end offset by an increase related to the new routes for Mauldin/Simpsonville.
- The Net Position decreased approximately \$602,000 for the nine months ended June 30, 2013. There was a decrease in capital grants revenue of approximately \$1,460,000 from fiscal year 2102 to June 30, 2013 mainly due to grant reimbursements for vehicles purchased. During fiscal year 2012, the Authority purchased three large buses and one cutaway, while purchasing one cutaway and two support vehicles during the nine months ended June 30, 2013. Operating and non-operating costs decreased approximately \$540,000.
- The Net Position of the Authority was approximately \$8,327,000 at June 30, 2013. Of this amount, approximately \$3,000 (0.1% of 2013 operating expenses), which was a decrease of approximately \$48,000 of unrestricted from the prior year, may be used to meet the Authority's ongoing obligations to citizens and creditors as of June 30, 2013.
- Net capital assets decreased approximately \$560,000 during the nine months ended June 30, 2013. The primary reason for this decrease related to depreciation expense of approximately \$923,000 partially offset by the purchase of new bus shelters, two administrative support vehicles, new software, and a new cutaway.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements provide short-term and long-term information about the Authority's overall financial status. The 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 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

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

All of the Authority's assets and liabilities are included in the Statement of Position. Net Position – 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 position are one indicator of whether our financial health is improving or deteriorating.

The 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 financial statements.

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

FINANCIAL ANALYSIS OF THE AUTHORITY

During the nine months ended June 30, 2013, the Authority's net position decreased by approximately \$602,000 to \$8,327,000. Total assets decreased by 10% to approximately \$9,855,000 primarily due to a decrease in federal grants receivable coupled with an increase in accumulated depreciation. Total liabilities decreased approximately \$527,000 or 26% to approximately \$1,527,000 primarily due to a decrease in the accounts payable liability of approximately \$473,000 (See Table I below). The overall decrease in accounts payable at June 30, 2013 resulted from the Authority's purchase of three buses totaling \$1,119,000 before year end 2012 coupled with an increase in the City of Greenville contract payable of \$632,000 due at June 30, 2013.

Table I - Net Position

	Business-Type Activities	
	2013	2012
Assets		
Current and Other Assets	\$ 1,538,549	\$ 2,106,957
Capital Assets, Net	8,316,276	8,876,223
Total Assets	<u>9,854,825</u>	<u>10,983,180</u>
Liabilities		
Total Current Liabilities	1,527,422	2,054,064
Total Liabilities	<u>1,527,422</u>	<u>2,054,064</u>
Net Position		
Net Investment in Capital Assets	8,316,276	8,876,223
Restricted	8,136	2,060
Unrestricted	2,991	50,833
Total Net Position	<u>\$ 8,327,403</u>	<u>\$ 8,929,116</u>

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

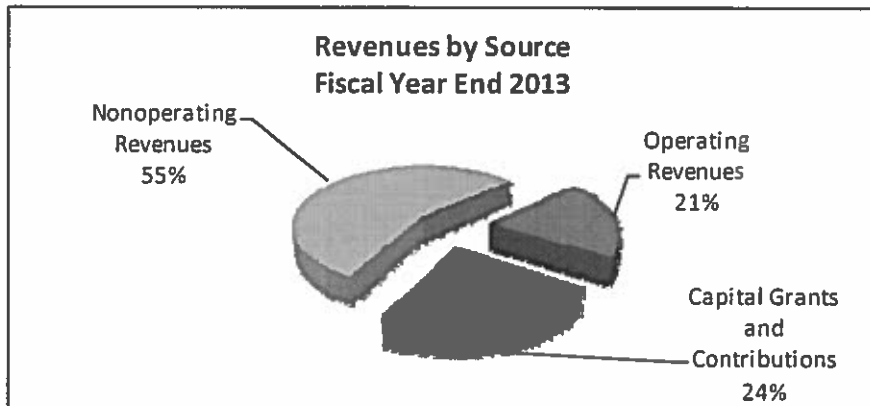
The Authority's net position (Table 1) decreased by approximately \$602,000 or approximately 7% (from approximately \$8,929,000 at September 30, 2012 to approximately \$8,327,000 at June 30, 2013). The decrease was primarily due to a significant decrease in capital grants revenue partially offset by depreciation expense of approximately \$923,000. Unrestricted net position decreased approximately \$48,000 from the prior year, due to a change in the methodology for which local-private partners were charged for contracted service.

Table 2 shows the changes in net position for the Authority's business-type activities for the nine months ended June 30, 2013 and the year ended September 30, 2012.

Table 2 - Changes in Net Position

	Business-Type Activities	
	2013	2012
Revenues:		
Operating Revenues	\$ 749,808	\$ 922,626
Nonoperating Revenues	2,504,020	2,541,052
Total Revenues	3,253,828	3,463,678
Expenses:		
Operating Expenses	4,250,315	4,790,300
Nonoperating Expenses	-	615
Total Program Expenses	4,250,315	4,790,915
Capital Grants and Contributions	394,774	1,854,445
Change in Net Position	(601,713)	527,208
Net Position, Beginning of Year	8,929,116	8,401,908
Net Position, End of Year	\$ 8,327,403	\$ 8,929,116

Operating revenues of the Authority consist of Passenger Fares, Lease Revenues, and Vending Income. Passenger Fares account for the majority of operating revenues (94% for 2013). The decrease in operating revenues is due to a truncated year offset by new passenger revenue from the increased service area of Mauldin/Simpsonville.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

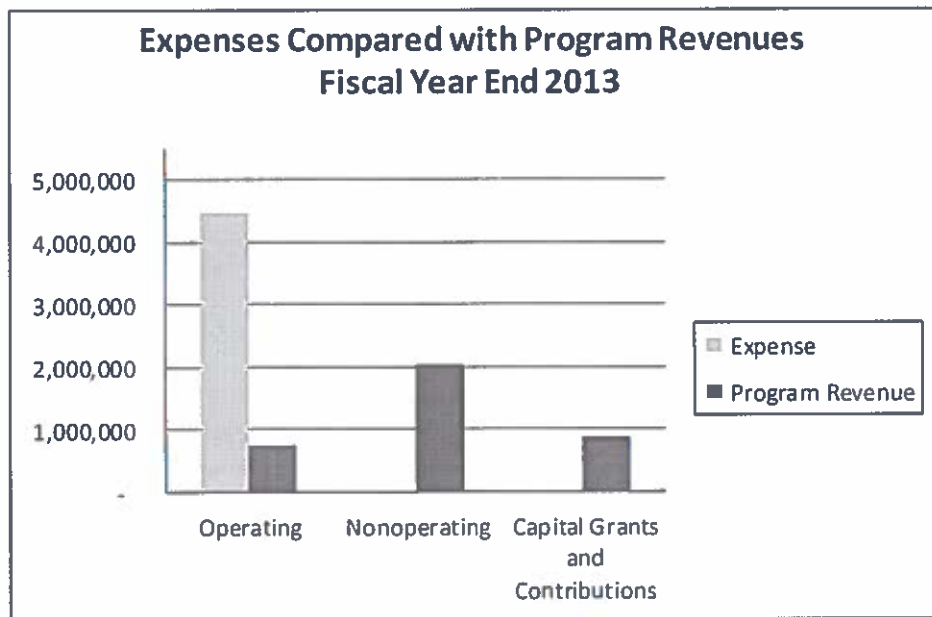
NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

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 expense of approximately \$923,000 represents 22% of total operating expenses. Salaries, wages, and fringe benefits, fuel and services account for the majority of operating expenses (64% for 2013). Salaries, wages, and fringe benefits decreased approximately \$223,000 (10%) due to the nine months ended June 30, 2013 being compared to the year ended September 30, 2012. Services cost increased from the prior year by approximately \$36,000 or 17% due to an increase in Job Access and Reverse Commute (JARC) program expenses incurred during the current year. Fuel cost decreased by approximately \$77,000 or 13%, which can be attributed to the shortened fiscal year offset by the new Mauldin/Simpsonville route costs. The Authority also received federal grant funding of approximately \$97,000 to partially offset the high fuel costs for the current period end and the prior year end. In addition, both insurance and depreciation expenses decreased by approximately \$40,000 and \$63,000, respectively, due to the shortened fiscal year in 2013 compared to the prior year.

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 \$1,542,000 (62% for 2013 compared to 57% for 2012). Federal and State grants increased by approximately \$95,000 and \$43,000, respectively, due to the addition of the Mauldin/Simpsonville route and the subsequent utilization of grant funds awarded to the Mauldin/Simpsonville region. Local contributions decreased by approximately \$174,000 due to the shortened reporting period for the City, County and CUICAR and St. Francis revenue collections.

Capital grant and contributions revenues of the Authority consist of Federal Grants and Local Contributions (consisting of cash and in-kind services). Federal capital grant revenues decreased by approximately \$1,414,000 due to reduced grant funding which has been used primarily for the acquisition of buses. The Local Capital Contributions revenue decreased by approximately \$46,000 due to a reduction in the number of shelter installations and related in-kind local revenue match.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist of land, construction in progress, buildings and building improvements, vehicles, and equipment. At nine months ending June 30, 2013 and year ended September 30, 2012, the Authority had approximately \$8,316,000 and \$8,876,000 in capital assets, net of depreciation, respectively.

Table 3 shows detail of the nine months ending and year end capital asset balances for 2013 and 2012, respectively:

Table 3 - Capital Assets, Net of Depreciation

<u>Capital Assets</u>	<u>June 30, 2013</u>	<u>September 30, 2012</u>
Land	\$ 823,825	\$ 823,825
Construction in Progress	229,107	143,637
Buildings and Building Improvements	6,929,639	6,898,698
Vehicles	8,544,382	8,436,603
Equipment	1,871,328	1,732,624
Less: Accumulated Depreciation	(10,082,005)	(9,159,164)
Totals	<u>\$ 8,316,276</u>	<u>\$ 8,876,223</u>

Major capital asset events during the current fiscal year included:

- Purchases of Vehicles included approximately \$108,000 consisting of two new administrative support vehicles and a Paratransit cutaway purchased with an 80% FTA grant.
- Material and construction costs of approximately \$116,000 for bus shelters incurred during the current year resulting in approximately \$34,000 from construction in progress being capitalized related to the completion of 3 bus shelters.
- Purchases of Equipment in the amount of approximately \$109,000 for the financial management software, and the CAD/AVL equipment.
- An increase in accumulated depreciation attributable to depreciation expense of approximately \$923,000.

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

Debt Administration

At the end of the nine months ended June 30 2013 and the year ended September 30, 2012, the Authority did not have any outstanding debt.

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. This agreement has been renewed for another five years as of July 1, 2013.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

ECONOMIC FACTORS (CONTINUED)

Bon Secours St. Francis Hospital System/Clemson University International Center of Automotive Research (CU-ICAR) will continue to bear the full costs of operating the contractually purchased service.

Following the 2010 US Census, the defined urbanized area for the Greenville region 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 (effective July 1, 2013). The Authority will be the designated recipient.

Clemson University has contracted with the Authority to purchase a commuter and campus connector service and will be responsible for bearing the costs of operating said service less any fares or federal subsidies applied against maintenance of vehicles. No other matching funds will be expected from GTA which are not contractually provided by the University.

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 POSITION - PROPRIETARY FUND

JUNE 30, 2013 AND SEPTEMBER 30, 2012

ASSETS	Business-Type Activities - Enterprise Fund	
	2013	2012
Current Assets:		
Cash and Cash Equivalents	\$ 285,995	\$ 125,638
Restricted Cash and Cash Equivalents	8,136	2,060
Prepaid Expense	38,276	38,276
Accounts Receivable	45,473	71,282
Grants Receivable	985,679	1,678,458
Inventory	174,990	191,243
Total Current Assets	<u>1,538,549</u>	<u>2,106,957</u>
Capital Assets:		
Non-Depreciable	1,052,932	967,462
Depreciable	17,345,349	17,067,925
Less: Accumulated Depreciation	(10,082,005)	(9,159,164)
Total Capital Assets	<u>8,316,276</u>	<u>8,876,223</u>
TOTAL ASSETS	<u>9,854,825</u>	<u>10,983,180</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,527,282	2,000,500
Accrued Payroll	-	53,424
Unearned Revenue	140	140
Total Current Liabilities	<u>1,527,422</u>	<u>2,054,064</u>
TOTAL LIABILITIES	<u>1,527,422</u>	<u>2,054,064</u>
NET POSITION		
Net Investment in Capital Assets	8,316,276	8,876,223
Restricted	8,136	2,060
Unrestricted	2,991	50,833
TOTAL NET POSITION	<u>\$ 8,327,403</u>	<u>\$ 8,929,116</u>

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

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF ACTIVITIES - PROPRIETARY FUND

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities - Enterprise Fund	
	2013	2012
OPERATING REVENUES		
Passenger Fares	\$ 702,231	\$ 861,734
Lease Revenues	33,005	43,690
Vending Income	14,572	17,202
TOTAL OPERATING REVENUES	749,808	922,626
OPERATING EXPENSES		
Salaries, Wages, and Fringe Benefits	1,940,245	2,163,554
Material and Supplies	145,162	174,390
Fuel	524,602	601,253
Parts	181,750	206,899
Services	267,124	208,429
Temporary Personnel Maintenance Expense	102,328	108,850
Insurance	114,424	154,448
Travel and Training	7,270	19,357
Utilities	35,781	45,502
Depreciation	922,841	1,074,208
Miscellaneous	8,788	33,410
TOTAL OPERATING EXPENSES	4,250,315	4,790,300
OPERATING LOSS	(3,500,507)	(3,867,674)
NONOPERATING REVENUES (EXPENSES)		
Federal Grants	1,541,695	1,447,092
State Grants	325,956	283,209
Local Contributions	624,303	798,664
Miscellaneous Revenue	5,990	981
Interest Expense	-	(615)
Gain on Disposal of Capital Assets	6,076	11,106
TOTAL NONOPERATING REVENUES (EXPENSES)	2,504,020	2,540,437
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(996,487)	(1,327,237)
Federal Capital Grants	322,363	1,736,028
Local Capital Contributions	60,825	89,723
Local Capital Contributions - InKind Services - City of Greenville	11,586	23,355
Local Capital Contributions - InKind Services - Greenville County	-	5,339
TOTAL CAPITAL GRANTS AND CONTRIBUTIONS	394,774	1,854,445
INCREASE (DECREASE) IN NET POSITION	(601,713)	527,208
NET POSITION, Beginning of Year	8,929,116	8,401,908
NET POSITION, End of Year	\$ 8,327,403	\$ 8,929,116

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

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities - Enterprise Fund	
	2013	2012
Receipts from:		
Cash Received from Passengers	\$ 702,231	\$ 861,734
Leases	58,814	(278)
Vending	14,572	17,202
Payments for:		
Salaries, Wages, and Fringe Benefits	(1,993,669)	(2,149,368)
All Other Operating Expenses	(714,094)	(1,334,783)
NET CASH USED IN OPERATING ACTIVITIES	(1,932,146)	(2,605,493)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Notes Payable	-	(23,456)
Interest Payments on Notes Payable	-	(615)
Proceeds from Sale of Capital Assets	6,076	15,484
Purchase of Capital Assets	(1,481,408)	(471,140)
Proceeds from Grants and Contributions	1,513,288	735,931
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	37,956	256,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Grants and Contributions	2,054,633	2,251,245
Miscellaneous Receipts	5,990	981
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,060,623	2,252,226
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	166,433	(97,063)
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), Beginning of Year	127,698	224,761
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), End of Year	\$ 294,131	\$ 127,698
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (3,500,507)	\$ (3,867,674)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	922,841	1,074,208
Change in:		
Accounts Receivable	25,809	(43,968)
Prepaid Expenses	-	1,207
Inventories	27,839	(16,628)
Accounts Payable	591,872	247,362
Net Cash Used in Operating Activities	\$ (1,932,146)	\$ (2,605,493)

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

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

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. This agreement was renewed for an additional five years beginning July 1, 2013.

The 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 financial statements must present the Authority's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (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 and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Authority.

In order to be considered fiscally independent, an entity must have the authority to do all 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. An entity has a financial benefit or burden relationship with the Authority if, for example, any one of the following conditions exists: (a) the Authority is legally entitled to or can otherwise access the entity's resources, (b) the Authority is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to, the entity, or (c) the Authority is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Authority's financial statements to be misleading.

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 in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Authority. Based on the criteria above, the Authority does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position 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 nine months ended June 30, 2013 and year ended September 30, 2012.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (continued)

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.

The Authority implemented Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB #63") in 2013. GASB #63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. Since the Authority had no deferred outflows or inflows of resources at June 30, 2013, the Authority's implementation of GASB #63 had no material effect on the presentation of its 2013 financial statements.

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 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. 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.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)

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 or capital grants and contributions.

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.

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;

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

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

- (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.

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.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

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 Position*

Net Position represents the difference between assets and liabilities. Net Position's net investment in capital assets 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 position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

7. *Accounting Estimates*

The preparation of the 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 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 June 30, 2013 none of the Authority's total bank balances of approximately \$296,000 (with a carrying value of approximately \$294,000) were exposed to custodial credit risk. As of June 30, 2012 none of the Authority's total bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2013 and September 30, 2012, 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 FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

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

B. Capital Assets

Capital asset activity for the Authority for the nine months ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 823,825	-	-	-	\$ 823,825
Construction In Progress	143,637	115,630	-	30,160	229,107
Total Capital Assets, Non-Depreciable	967,462	115,630	-	30,160	1,052,932
Capital Assets, Depreciable:					
Buildings and Building Improvements	6,898,698	30,941	-	-	6,929,639
Vehicles	8,436,603	107,779	-	-	8,544,382
Equipment	1,732,624	108,544	-	30,160	1,871,328
Total Capital Assets, Depreciable	17,067,925	247,264	-	30,160	17,345,349
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	4,174,963	213,868	-	-	4,388,831
Vehicles	4,045,636	510,885	-	-	4,556,521
Equipment	938,565	198,088	-	-	1,136,653
Total Accumulated Depreciation	9,159,164	922,841	-	-	10,082,005
Total Capital Assets, Depreciable, Net	7,908,761	(675,577)	-	30,160	7,263,344
Total Business-Type Activities, Net	\$ 8,876,223	(559,947)	-	60,320	\$ 8,316,276

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

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Business-Type Activities:					
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

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

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

C. Long-Term Obligations

At the end of the nine month ended June 30, 2013 and the year ended September 30, 2012, the Authority had not long-term obligations.

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.

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. Other Matters

For fiscal year 2013, the total Net Position for the Authority decreased approximately \$602,000 with the most notable decrease attributed to the change in Capital Assets relating to the purchase of rolling stock. Unrestricted Net Position decreased approximately \$48,000 due to a change in the methodology for which local-private partners were charged for contracted service.

E. 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.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

III. OTHER INFORMATION (CONTINUED)

E. Local Contributions and Contributed Services (Continued)

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

For 2013, the Authority recorded as capital contributions in-kind contributed services in the amount of approximately \$12,000 for labor provided by 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 Position. Additionally, Federal participation in the value of contributed services was approximately \$10,000 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 period 2013, the Authority received and recorded as non-operating revenues the amount of approximately \$68,000 as Federal Grants based on the value of contributed services provided by the City of Greenville in the amount of approximately \$85,000. 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 period ended 2013 in the amount of approximately \$3.0 million (or approximately \$330,000 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, the nature of transit funding with federal operating assistance available on a reimbursable basis, the City of Greenville's monthly invoicing frequency and the timing frequency of the Authority's formal meetings, the Authority's payment of the City of Greenville's operating expenses occurred on average about 80 days after the month the expenses were incurred and approximately 55 days after being invoiced by the City of Greenville. As such, occasionally the Authority's accounts payable to the City of Greenville will contain three to four months of unpaid City billings representing approximately \$900,000 to \$1,500,000. 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 \$8,000 in fiscal period 2013. 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 \$685,000 for period ending June 30, 2013 and \$888,000 for fiscal year 2012. During the 2013 fiscal period, the local contributions of approximately \$685,000 were provided by Greenville County (approximately \$266,000), City of Greenville (approximately \$327,000), Clemson University (approximately \$46,000) and Bon Secours (approximately \$46,000).

F. Related Party Transactions

A board member of the Authority in 2013, who was also the board chairman in 2012, 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 \$102,000 during the 2013 period and approximately \$109,000 during fiscal year 2012.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED SEPTEMBER 30, 2012

III. OTHER INFORMATION (CONTINUED)

G. Subsequent Events

On July 1, 2013, the Authority extended the agreement with the City of Greenville to manage transit services and operations for an additional five years.

During November 2013, the Authority contracted with St. Francis Hospital and Clemson University to continue to operate a shuttle service paid for by both companies expiring in October 2014.

The Authority has committed to purchasing several new equipment items in the amount of approximately \$544,000 after year end. This equipment consists of two trolleys, a truck, and three new buses. The Authority has entered into an agreement for Transit Center renovations during September 2013 for the amount of approximately \$464,000. In September 2013, there has been an agreement to demolish the building located at 106 Augusta Street for approximately \$56,000. Funding will be available through a combination of federal, state, and other local revenues.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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

NINE MONTHS ENDED JUNE 30, 2013

DMT Contract #: SFY 2013 PT-030199-03					
Performance Period: October 1, 2012 - June 30, 2013					
	Budget	Section 5307	SMTF	Local	Variance
ADMINISTRATION					
TOTAL ADMINISTRATION	-	-	-	-	-
OPERATIONS					
Operations & Wages	531,538	-	193,555	193,555	144,428
Operations Overtime	62,294	-	26,485	26,485	9,324
Operations Fringe Benefits	314,567	-	117,248	117,250	80,069
Fuel & Lubricants	471,677	-	166,223	166,223	139,231
Tires & Tubes	40,513	-	6,759	6,759	26,995
TOTAL LIABILITIES	1,420,589	-	510,270	510,272	400,047
TOTAL PROGRAM	<u>\$ 1,420,589</u>	<u>-</u>	<u>510,270</u>	<u>510,272</u>	<u>\$ 400,047</u>
Less Contra Farebox Revenue			<u>(323,513)</u>		
Total Amount Received for the SMTF			186,757		
Approved Budget State FY2013	\$ 1,420,589				
Amount ineligible for SMTF Reimbursement	-				
Amount eligible for SMTF Reimbursement	1,420,589				
Less Contra Farebox Revenue	(861,193)				
	<u>\$ 559,396</u>				
Total State Costs	279,698				
Total Local Costs	279,698				
Budget Balance	<u>\$ 559,396</u>				

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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

NINE MONTHS ENDED JUNE 30, 2013

DMT Contract #: SFY 2013 PT-30199-G1					
Performance Period: October 1, 2012 - June 30, 2013					
	Budget	Section 5307	SMTF	Local	Variance
ADMINISTRATION					
TOTAL ADMINISTRATION	-	-	-	-	-
OPERATIONS					
Personnel - Operations & Wages	112,216	-	56,108	56,108	-
Administration - Operations & Wages	76,900	-	38,450	38,450	-
Fringe Benefits	55,405	-	24,805	24,806	5,794
Professional and Technical Services	1	-	-	-	1
Contract Maintenance Services	1	-	-	-	1
Other Services	1	-	-	-	1
Fuel & Lubricants	43,372	-	15,616	15,616	12,140
Tires & Tubes	10,500	-	5,248	5,248	4
Other Materials & Supplies	13,500	-	2,891	2,891	7,718
Miscellaneous					
Contract Insurance	9,491	-	2,336	2,336	4,819
Uniforms	510	-	255	255	-
TOTAL LIABILITIES	321,897	-	145,709	145,710	30,478
TOTAL PROGRAM	<u>\$ 321,897</u>	<u>-</u>	<u>145,709</u>	<u>145,710</u>	<u>\$ 30,478</u>
Less Contra Farebox Revenue			<u>(6,510)</u>		
Total Amount Received for the SMTF			<u>139,199</u>		
Approved Budget State FY2013	\$ 321,897				
Amount ineligible for SMTF Reimbursement	-				
Amount eligible for SMTF Reimbursement	<u>321,897</u>				
Less Contra Farebox Revenue	<u>(43,499)</u>				
	<u>\$ 278,398</u>				
Total State Costs	139,199				
Total Local Costs	139,199				
Budget Balance	<u>\$ 278,398</u>				

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NINE MONTHS ENDED JUNE 30, 2013

Program	CFDA Number	Grant / Contract Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Federal Transit Administration:			
Assistance - Formula Grants	20.507	SC-90-X211-01	\$ 40,460
Assistance - Formula Grants	20.507	SC-90-X232-00	309,912
Assistance - Formula Grants - ARRA	20.507	SC-96-X012-00	83,064
Assistance - Formula Grants - ARRA	20.507	SC-96-X004-01	30,000
Assistance - Formula Grants	20.507	SC-90-X245-00	295,762
Assistance - Formula Grants	20.507	SC-37-X013-00	164,206
Assistance - Formula Grants	20.507	SC-57-X009-00	8,936
Assistance - Formula Grants	20.507	SC-90-X254-00	141,729
Assistance - Formula Grants	20.507	SC-90-X263-00	745,202
Assistance - Formula Grants	20.507	SC-90-X273-00	1,449
		Subtotal 20.507	<u>1,820,720</u>
Passed through the South Carolina Department of Highways and Public Transportation:			
Metropolitan Planning Grant	20.505		43,338
		Subtotal 20.505	<u>43,338</u>
Total U.S. Department of Transportation			<u><u>1,864,058</u></u>
GRAND TOTALS			<u><u>\$ 1,864,058</u></u>

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NINE MONTHS ENDED JUNE 30, 2013

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 nine months ended June 30, 2013. 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 financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the Authority’s 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 \$31,000 to Clemson University International Center for Automotive Research/St. Francis, approximately \$1,000 to City of Greenville Parks and Recreation, and approximately \$129,000 to Upstate Forever.

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**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***

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greenville Transit Authority
Greenville, 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 Greenville Transit Authority (the "Authority") as of and for the nine months ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Purpose of this Report

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 21, 2014

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Greenville Transit Authority, South Carolina'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 nine months ended June 30, 2013. The Authority'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 Authority'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority 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 nine months ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Authority 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 Authority'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 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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 21, 2014

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NINE MONTHS ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ X 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?	_____ X 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

NINE MONTHS ENDED JUNE 30, 2013

No OMB A-133 audit findings related to major programs in the fiscal period audited.

