

**GREENVILLE TRANSIT AUTHORITY
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2014 AND
NINE MONTHS ENDED JUNE 30, 2013**

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

	<u>Page Number</u>
Listing of Principal Officials	i
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position - Proprietary Fund	10
Statements of Activities - Proprietary Fund	11
Statements of Cash Flows - Proprietary Fund	12
Notes to the Financial Statements	13
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Schedules of Budgeted to Actual Costs - State Grant	22
<u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	24
Notes to the Schedule of Expenditures of Federal Awards	25
Independent Auditor's Report - 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	27
Independent Auditor's Report - Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133	28
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Audit Findings	31

**GREENVILLE TRANSIT AUTHORITY
GREENVILLE, SOUTH CAROLINA**

Listing of Principal Officials

As of June 30, 2014

Established

1973

Board of Directors

Trey Fouché – Chairman

Pat Dilger – Vice Chairman

Samuel Zimmerman – Treasurer

Matt Carter

James Smeaton

David Mitchell

Julian Reed

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 year ended June 30, 2014 and the nine months ended June 30, 2013, 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, 2014 and June 30, 2013, and the respective changes in financial position and cash flows thereof for the year ended June 30, 2014 and the nine months ended June 30, 2013 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.

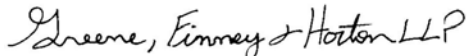
Supplementary Information

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 18, 2015 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 18, 2015

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 June 30, 2014. 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.

FINANCIAL HIGHLIGHTS

- Year ended June 30, 2014 (comprised of 12 months) is being compared to the nine months ended June 30, 2013.
- For the year ended June 30, 2014, operating revenues were approximately \$990,000 compared to \$750,000 for the prior period. Passenger Fares accounted for approximately \$979,000 of the operating revenues, an increase of approximately \$277,000 from the prior period.
- For the year ended June 30, 2014, non-operating revenues were approximately \$4,659,000 compared to \$2,504,000 in the prior period. For the 2014 fiscal year, these amounts were comprised primarily of Federal Grants of approximately \$3,262,000, State Grants of approximately \$596,000, and Local Contributions of approximately \$753,000. Federal and State Grants increased due to the full 12 month fiscal year and the Clemson Area Transit (CAT) pass through agreement. Local Contributions increased \$129,000 due to the Clemson Commuter and Connector contract.
- Total operating expenses for the year ended June 30, 2014 were approximately \$7,047,000 compared to \$4,250,000 for the prior year. The increase in operating expenses was primarily due to the addition of new routes for Clemson Commuter and Connector and the Clemson Area Transit contract.
- The Net Position decreased approximately \$57,000 for the year ended June 30, 2014 representing a \$545,000 increase over the prior period's decrease in net position of \$602,000.
- The Net Position of the Authority was approximately \$8,271,000 at June 30, 2014. Of this amount, a deficit of approximately \$115,000 (0.2% of 2014 operating expenses), which was a decrease of approximately \$118,000 of unrestricted from the prior year, may be used to meet the Authority's ongoing obligations to citizens and creditors as of June 30, 2014. A majority of the unfavorable unrestricted net position is attributable to the forfeiture of the capital grant in connection with the demolition of a building which was not fully depreciated.
- Net capital assets decreased approximately \$45,000 during the year ended June 30, 2014 to approximately \$8,361,000. The primary reason for the decrease related to depreciation expense of approximately \$1,255,000, the renovation and improvement costs, the purchase of three new cutaways and a service vehicle, a bus tracking system, safety and security equipment and the building demolition.

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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 year ended June 30, 2014, the Authority's net position decreased by approximately \$57,000 to \$8,271,000. Total assets decreased by 8% to approximately \$9,105,000 primarily due to a decrease in federal grants receivable coupled with an increase in accumulated depreciation. Total liabilities decreased approximately \$693,000 or 45% to approximately \$835,000 primarily due to a decrease in the accounts payable liability of approximately \$807,000 (See Table 1 below). Over half of the decrease in accounts payable at June 30, 2014 resulted from the Authority's decrease in the City of Greenville contract payable of \$498,000 due at June 30, 2014.

Table 1 - Net Position

	Business-Type Activities	
	2014	2013
Assets		
Current and Other Assets	\$ 744,498	\$ 1,538,549
Capital Assets, Net	8,360,887	8,316,276
Total Assets	<u>9,105,385</u>	<u>9,854,825</u>
Liabilities		
Total Current Liabilities	834,589	1,527,422
Total Liabilities	<u>834,589</u>	<u>1,527,422</u>
Net Position		
Net Investment in Capital Assets	8,360,887	8,316,276
Restricted	24,937	8,136
Unrestricted	(115,028)	2,991
Total Net Position	<u>\$ 8,270,796</u>	<u>\$ 8,327,403</u>

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

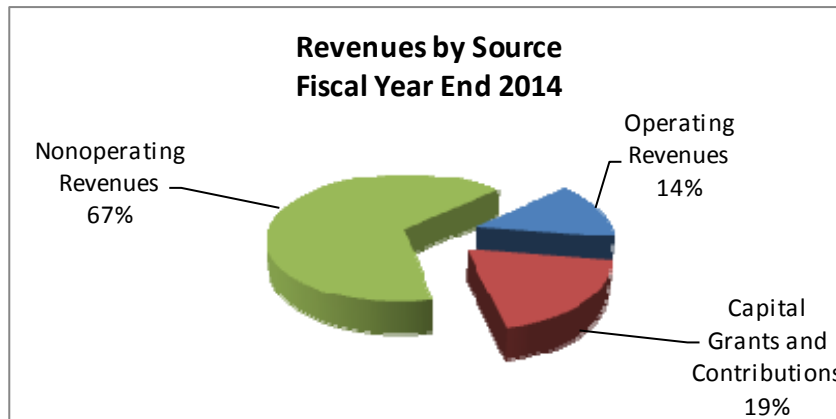
The Authority’s net position (Table 1) decreased by approximately \$57,000 or approximately 1% (from approximately \$8,327,000 at June 30, 2013 to approximately \$8,271,000 at June 30, 2014). The decrease was primarily due to depreciation expense and the building demolition capital grant forfeiture offset by an increase in capital grants and contribution revenue. Unrestricted net position decreased approximately \$118,000 to a deficit of \$115,000 from the prior year, due to the disposition of a building.

Table 2 shows the changes in net position for the Authority’s business-type activities for the year ended June 30, 2014 and the nine months ended June 30, 2013.

Table 2 - Changes in Net Position

	Business-Type Activities	
	2014	2013
Revenues:		
Operating Revenues	\$ 989,567	\$ 749,808
Nonoperating Revenues	4,658,803	2,504,020
Total Revenues	<u>5,648,370</u>	<u>3,253,828</u>
Expenses:		
Operating Expenses	7,046,903	4,250,315
Total Program Expenses	<u>7,046,903</u>	<u>4,250,315</u>
Capital Grants and Contributions	1,341,926	394,774
Change in Net Position	<u>(56,607)</u>	<u>(601,713)</u>
Net Position, Beginning of Year	<u>8,327,403</u>	<u>8,929,116</u>
Net Position, End of Year	<u>\$ 8,270,796</u>	<u>\$ 8,327,403</u>

Operating revenues of the Authority consist of Passenger Fares, Lease Revenues, Advertising, and Vending Income. Passenger Fares account for the majority of operating revenues (99% for 2014). The increase in operating revenues is due to increase in ridership and consideration of the full year.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

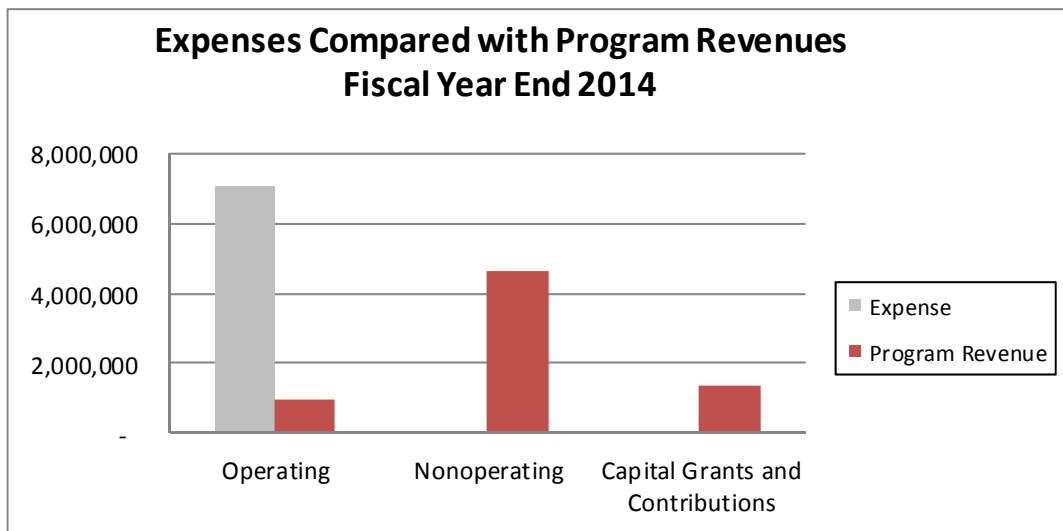
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 \$1,256,000 represents 18% of total operating expenses. Salaries, wages, and fringe benefits, fuel and services account for the majority of operating expenses (70% for 2014). Salaries, wages, and fringe benefits increased approximately \$1,000,000 (52%) due to the year ended June 30, 2014 being compared to the nine months ended June 30, 2013 and the new contract for Clemson commuter and connector routes. Services cost increased substantially from the prior year by approximately \$799,000 or 300% due to the Clemson Area Transit pass-through expenses during the current year. Fuel costs increased by approximately \$385,000 or 73%, due to the increased fuel prices and a full reporting year for the 2014 fiscal year. Additionally, both insurance and depreciation expenses increased by approximately \$57,000 and \$333,000, respectively, due to the current fiscal year 2014 compared to the abbreviated 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 \$3,262,000 (70% for 2014 compared to 62% for 2013). Federal and State grants increased by approximately \$1,721,000 and \$270,000, respectively, due to a full year of reimbursable expenses, the new Clemson Commuter/Connector routes and the Clemson Area Transit pass-through funds. Local contributions increased by approximately \$129,000 due to the full reporting year. Capital grants and contributions revenues of the Authority consist of Federal and State Grants and Local Contributions (consisting of cash and in-kind services). Federal capital grant revenues increased by approximately \$605,000 due to reimbursements related to the purchase of new cutaway buses and a service vehicle, transit office renovations, a tracking system for buses and safety and security equipment. The Local Capital Contributions revenue increased by approximately \$278,000 due to projects utilizing local capital match and other related in-kind local revenue match. During fiscal year 2014, the Authority demolished a building which was not fully depreciated for FTA purposes resulting in an expense of approximately \$132,000.



GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist of land, construction in progress, buildings and building improvements, vehicles, and equipment. At year ended June 30, 2014 and nine months ending June 30, 2013, the Authority had approximately \$8,361,000 and \$8,316,000 in capital assets, net of depreciation, respectively.

Table 3 shows detail of the year ended June 30, 2014 and the nine months ending and year end capital asset balances for 2013, respectively:

Table 3 - Capital Assets, Net of Depreciation

<u>Capital Assets</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Land	\$ 823,825	\$ 823,825
Construction in Progress	220,717	229,107
Buildings and Building Improvements	7,225,272	6,929,639
Vehicles	7,863,876	8,544,382
Equipment	2,334,084	1,871,328
Less: Accumulated Depreciation	(10,106,887)	(10,082,005)
Totals	<u>\$ 8,360,887</u>	<u>\$ 8,316,276</u>

Major capital asset events during the current fiscal year included:

- Purchases of vehicles included approximately \$290,000 consisting of three new cutaways and a service vehicle.
- Material and construction costs of approximately \$552,000 for building renovations as well as approximately \$9,300 of construction in progress being capitalized related to the completion of 1 bus shelter.
- Purchases of Equipment in the amount of approximately \$453,000 for a bus tracking system and safety and security equipment.
- An increase in accumulated depreciation attributable to depreciation expense of approximately \$1,256,000.
- Demolition of the building at 106 Augusta Street due to condemnation. The building was originally valued at approximately \$260,000 and in the final year of useful life for financial statement purposes.
- Disposed of four buses with an original cost of \$971,000 that had reached their useful life.

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 year ended June 30, 2014 and the nine months ended June 30 2013 the Authority did not have any outstanding debt.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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.

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 a direct recipient and Greenville Planning Area Transit Study (GPATS) will be the designated recipient (effective April 2014).

Clemson University has contracted with the Authority to provide 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.

(This page intentionally left blank.)

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

STATEMENTS OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2014 AND JUNE 30, 2013

ASSETS	Business-Type Activities - Enterprise Fund	
	2014	2013
Current Assets:		
Cash and Cash Equivalents	\$ 13,979	\$ 285,995
Restricted Cash and Cash Equivalents	24,937	8,136
Prepaid Expense	43,493	38,276
Accounts Receivable	135,552	45,473
Grants Receivable	311,610	985,679
Inventory	214,927	174,990
Total Current Assets	<u>744,498</u>	<u>1,538,549</u>
Capital Assets:		
Non-Depreciable	1,044,541	1,052,932
Depreciable	17,423,234	17,345,349
Less: Accumulated Depreciation	(10,106,888)	(10,082,005)
Total Capital Assets	<u>8,360,887</u>	<u>8,316,276</u>
TOTAL ASSETS	<u>9,105,385</u>	<u>9,854,825</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	720,052	1,527,282
Unearned Revenue	114,537	140
Total Current Liabilities	<u>834,589</u>	<u>1,527,422</u>
TOTAL LIABILITIES	<u>834,589</u>	<u>1,527,422</u>
NET POSITION		
Net Investment in Capital Assets	8,360,887	8,316,276
Restricted for Bus Purchase	24,937	8,136
Unrestricted	(115,028)	2,991
TOTAL NET POSITION	<u>\$ 8,270,796</u>	<u>\$ 8,327,403</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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Fund	
	2014	2013
OPERATING REVENUES		
Passenger Fares	\$ 979,033	\$ 702,231
Lease Revenues	7,917	33,005
Vending Income	2,617	14,572
TOTAL OPERATING REVENUES	989,567	749,808
OPERATING EXPENSES		
Salaries, Wages, and Fringe Benefits	2,939,884	1,939,828
Material and Supplies	196,402	143,932
Fuel	909,447	524,602
Parts	262,059	182,980
Services	1,066,115	267,124
Temporary Personnel Maintenance Expense	157,228	102,328
Insurance	171,303	114,424
Travel and Training	20,259	7,270
Utilities	57,428	33,781
Depreciation	1,255,558	922,841
Miscellaneous	11,220	11,205
TOTAL OPERATING EXPENSES	7,046,903	4,250,315
OPERATING LOSS	(6,057,336)	(3,500,507)
NONOPERATING REVENUES (EXPENSES)		
Federal Grants	3,262,445	1,541,695
State Grants	595,920	325,956
Local Contributions	753,333	624,303
Miscellaneous Revenue	27,302	5,990
Gain on Disposal of Capital Assets	19,803	6,076
TOTAL NONOPERATING REVENUES (EXPENSES)	4,658,803	2,504,020
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(1,398,533)	(996,487)
Federal Capital Grants	927,396	322,363
State Capital Grants	196,079	-
Local Capital Contributions	338,388	60,825
Local Capital Contributions - InKind Services - City of Greenville	11,787	11,586
Forfeiture of Capital Grant	(131,724)	-
TOTAL CAPITAL GRANTS AND CONTRIBUTIONS	1,341,926	394,774
INCREASE (DECREASE) IN NET POSITION	(56,607)	(601,713)
NET POSITION, Beginning of Year	8,327,403	8,929,116
NET POSITION, End of Year	\$ 8,270,796	\$ 8,327,403

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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities - Enterprise Fund	
	2014	2013
Receipts from:		
Cash Received from Passengers	\$ 979,033	\$ 702,231
Leases	(82,162)	58,814
Vending	2,617	14,572
Payments for:		
Salaries, Wages, and Fringe Benefits	(2,939,884)	(1,993,669)
All Other Operating Expenses	(3,823,782)	(714,094)
NET CASH USED IN OPERATING ACTIVITIES	(5,864,178)	(1,932,146)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	30,110	6,076
Purchase of Capital Assets	(1,310,476)	(1,481,408)
Proceeds from Grants and Contributions	1,474,282	1,513,288
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	193,916	37,956
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Grants and Contributions	5,387,745	2,054,633
Miscellaneous Receipts	27,302	5,990
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	5,415,047	2,060,623
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(255,215)	166,433
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), Beginning of Year	294,131	127,698
CASH AND CASH EQUIVALENTS (Unrestricted and Restricted), End of Year	\$ 38,916	\$ 294,131
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (6,057,336)	\$ (3,500,507)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,255,558	922,841
Change In:		
Accounts Receivable	(90,079)	25,809
Prepaid Expenses	(5,217)	-
Inventories	(28,150)	27,839
Accounts Payable	(938,954)	591,872
Net Cash Used in Operating Activities	\$ (5,864,178)	\$ (1,932,146)

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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 year ended June 30, 2014 and nine months ended June 30, 2013.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB #65”) in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. GASB #65 supplements and extends the reach of GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” (“GASB #63”) which was adopted by the Authority in 2013. 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, 2014 or June 30, 2013, the Authority’s implementation of GASB #63 had no material effect on the presentation of its 2014 or 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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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:

<u>Description</u>	<u>Estimated Lives</u>
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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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 \$164,000 (with a carrying value of approximately \$39,000) were exposed to custodial credit risk. As of June 30, 2014 none of the Authority's total bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2014 and June 30, 2013, 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

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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

B. Capital Assets

Capital asset activity for the Authority for the year ended June 30, 2014, 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	229,107	942	-	9,333	220,716
Total Capital Assets, Non-Depreciable	1,052,932	942	-	9,333	1,044,541
Capital Assets, Depreciable:					
Buildings and Building Improvements	6,929,639	546,281	259,981	9,333	7,225,272
Vehicles	8,544,382	290,187	970,694	-	7,863,875
Equipment	1,871,328	462,757	-	-	2,334,085
Total Capital Assets, Depreciable	17,345,349	1,299,225	1,230,675	9,333	17,423,232
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	4,388,831	343,236	259,981	-	4,472,086
Vehicles	4,556,521	610,941	970,694	-	4,196,768
Equipment	1,136,653	301,381	-	-	1,438,034
Total Accumulated Depreciation	10,082,005	1,255,558	1,230,675	-	10,106,888
Total Capital Assets, Depreciable, Net	7,263,344	43,667	-	9,333	7,316,344
Total Business-Type Activities, Net	\$ 8,316,276	44,609	-	-	\$ 8,360,885

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)	-	-	\$ 8,316,276

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

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

C. Long-Term Obligations

At the end of the year ended June 30, 2014 and the nine months ended June 30, 2013, the Authority had no 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. The Authority has obtained coverage from Travelers during fiscal year 2014, coverage in prior years was obtained 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 2014, the total Net Position for the Authority decreased approximately \$57,000 with the majority of the unfavorable unrestricted net position attributable to the forfeiture of the federal share of a capital purchase in connection with the demolition of a building which was not fully depreciated offset by the purchase of new cutaway buses, transit office renovations, a tracking system for the buses and safety and security equipment. In an effort to strengthen its financial position, the Authority will continue to seek out additional grant funding, local contributions from current partners as well as pursue other revenue sources including new partnerships both public and private. The Authority will also consider adjustment to passenger fares as well as service levels, as necessary, to offset increasing operating costs.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

III. OTHER INFORMATION (CONTINUED)

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

For 2014, 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 2014, the Authority received and recorded as non-operating revenues the amount of approximately \$293,000 as Federal and State Grants based on the value of contributed services provided by the City of Greenville in the amount of approximately \$520,000. Some of the grants were based on an 80/20 percentage split while some were based on a 50/50 percentage split. 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 2014 in the amount of approximately \$5.8 million (or approximately \$483,000 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 61 days after the month the expenses were incurred and approximately 44 days after being invoiced by the City of Greenville. This is an improvement over the previous nine months ended June 30, 2013 by 19 and 11 days, respectively. During the course of the fiscal year ended 2014, the Authority's accounts payable to the City of Greenville contained two to three months of unpaid City billings representing approximately \$500,000 to \$1,300,000. 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 \$4,000 in fiscal period 2014. 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 \$1,092,000 for fiscal year ending June 30, 2014 and \$685,000 for period ending 2013. During the 2014 fiscal year, the local contributions of approximately \$712,000 were provided by Greenville County (\$355,000) and City of Greenville (approximately \$357,000). In addition, the CUICAR/Bon Secours St. Francis agreement provided \$97,000 and the Clemson University connector and commuter agreements provided \$283,000 in local contributions.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014 AND NINE MONTHS ENDED JUNE 30, 2013

III. OTHER INFORMATION (CONTINUED)

F. Related Party Transactions

A board member of the Authority in 2014, 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 \$158,000 during the 2014 fiscal year and approximately \$102,000 during the period ended 2013.

G. Commitments

At June 30, 2014, the Authority had two trolleys on order. The total commitment for the two trolleys is approximately \$374,000 with funding provided by federal and local revenues.

H. Subsequent Events

In September 2014, the Authority signed a Memorandum of Understanding between the Greenville-Pickens Area Transportation Study (GPATS), the Authority, and the City of Clemson to authorize GPATS as the Designated Recipient for Federal Transit Administration apportionments in the Greenville Urbanized Area effective July 1, 2014. As part of this agreement, the Authority will maintain its status of Direct Recipient. The effect of this action will be to remove Clemson Area Transit pass-through costs and funding from the Authority's financials in fiscal year 2015.

The Authority signed a contract between St. Francis and Clemson University to continue the shuttle service for an additional year effective October 16, 2014.

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

DMT Contract #: PT-040199-11					
Performance Period: July 1, 2013 - June 30, 2014					
	Budget	Section 5307	SMTF	Local	Variance
OPERATIONS					
Operations & Wages	685,143	303,457	303,457	230,932	(152,703)
Operations Overtime	92,110	45,978	45,978	79	75
Operations Fringe Benefits	324,999	141,465	141,465	72,986	(30,917)
Fuel & Lubricants	559,445	264,143	264,143	106,410	(75,251)
Tires & Tubes	50,000	24,716	24,716	15,944	(15,376)
Utilities	21,944	10,972	10,972	6,931	(6,931)
Other Materials & Supplies	19,881	8,692	8,692	23,897	(21,400)
TOTAL LIABILITIES	1,753,522	799,423	799,423	457,179	(302,503)
Less Contra Farebox Revenue		(377,633)	(377,633)	(157,495)	
TOTAL PROGRAM	\$ 1,753,522	421,790	421,790	299,684	\$ 610,258

Approved Budget State FY2014	\$ 1,753,522
Total Federal Costs	421,790
Total State Costs	421,790
Total Local Costs	299,684
Budget Balance	<u>\$ 610,258</u>

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	OPT Contract #: PT-40199-06				
	Performance Period: July 1, 2013 - June 30, 2014				
	Budget	Section 5307	SMTF	Local	Variance
OPERATIONS					
Personnel - Operations & Wages	178,819	89,408	89,408	7,343	(7,340)
Operations Overtime	33,961	15,963	15,963	843	1,192
Fringe Benefits	77,237	38,619	38,619	2,917	(2,918)
Contract Maintenance Services	3,534	1,767	1,767	-	-
Fuel & Lubricants	116,347	58,174	58,174	2,498	(2,499)
Tires & Tubes	12,810	6,405	6,405	-	-
Miscellaneous					
Uniforms	258	129	129	-	-
Materials & Supplies	4,933	2,467	2,467	(783)	782
TOTAL OPERATIONS	427,899	212,932	212,932	12,818	(10,783)
Less Contra Farebox Revenue	-	(16,812)	(16,812)	33,624	-
TOTAL OPERATIONS, NET	\$ 427,899	196,120	196,120	46,442	\$ (10,783)
CAPITAL					
Capital	125,000	100,000	25,000	-	-
TOTAL CAPITAL	125,000	100,000	25,000	-	-
TOTAL PROGRAM	\$ 552,899	296,120	221,120	46,442	\$ (10,783)
Approved Budget State FY2014	\$ 552,899				
Total Federal Costs	296,120				
Total State Costs	221,120				
Total Local Costs	46,442				
Budget Balance	\$ (10,783)				

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

<u>Program</u>	<u>CFDA Number</u>	<u>Grant / Contract Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Federal Transit Administration:			
Assistance - Formula Grants	20.516	SC-37-X013-00	\$ 9,180
Assistance - Formula Grants	20.521	SC-57-X009-00	108,684
		Cluster Subtotal	<u>117,864</u>
Assistance - Formula Grants	20.507	SC-90-X211-01	6,238
Assistance - Formula Grants	20.507	SC-90-X232-00	421,244
Assistance - Formula Grants	20.507	SC-90-X245-00	11,841
Assistance - Formula Grants	20.507	SC-90-X254-00	233,177
Assistance - Formula Grants	20.507	SC-90-X263-00	1,154,705
Assistance - Formula Grants	20.507	SC-90-X273-00	732,484
Assistance - Formula Grants	20.507	SC-90-X276-00	1,413,787
		Subtotal 20.507	<u>3,973,476</u>
Passed through the South Carolina Department of Highways and Public Transportation:			
Metropolitan Planning Grant	20.505		83,200
		Subtotal 20.505	<u>83,200</u>
Total U.S. Department of Transportation			<u>4,174,540</u>
GRAND TOTALS			<u>\$ 4,174,540</u>

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

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 June 30, 2014. 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 \$35,000 to Clemson University International Center for Automotive Research/St. Francis, approximately \$780,000 to Clemson Area Transit, and approximately \$13,000 to Upstate Forever.

(This page intentionally left blank.)

**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 year ended June 30, 2014, 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 18, 2015.

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 18, 2015

**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 year ended June 30, 2014. 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 year ended June 30, 2014.

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
Mauldin, South Carolina
February 18, 2015

GREENVILLE TRANSIT AUTHORITY, GREENVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

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	_____ <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 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	_____ <u>X</u> No
--	-----------	-------------------

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

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
--	--------------------	----------

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 JUNE 30, 2014

There were no OMB Circular A-133 audit findings in the prior year.