



San Antonio, Texas

2014 Comprehensive Annual Financial Report

Years Ended September 30, 2014 and 2013





2014 Comprehensive Annual Financial Report

Years Ended September 30, 2014 and 2013

Prepared by the Fiscal Management Division

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VIA Metropolitan Transit
San Antonio, Texas

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ADVANCED TRANSPORTATION DISTRICT

March 1, 2015

Citizens of VIA Metropolitan Transit Service Area:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of VIA Metropolitan Transit for the fiscal year ended September 30, 2014. The CAFR is prepared annually to satisfy Texas statute and Federal Single Audit Act requirements to have an annual audit of our basic financial statements. The audit is to be performed by an independent certified public accountant or a firm of independent certified public accountants. This report is published and respectfully submitted to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Cost of control should not exceed the benefits to be derived. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of VIA in accordance with accounting principles generally accepted in the United States of America (GAAP) for local government units. All disclosures necessary to enable the reader to gain an understanding of VIA's financial affairs have been included.

This report is presented in three parts:

1. The **Introductory Section** includes this letter of transmittal, the 2013 Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a listing of the Board of Trustees.
2. The **Financial Section** presents the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), and the basic financial statements with accompanying notes.
3. The **Statistical Section** provides unaudited financial, economic and other miscellaneous information that is useful for indicating trends for comparative fiscal periods.

VIA's independent auditor, Padgett, Stratemann & Co., LLP has rendered an unmodified opinion on VIA's financial statements for the year ended September 30, 2014. The independent auditor's report is presented as the first item in the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

VIA is a metropolitan transit authority established on March 1, 1978 under the provisions prescribed in Article 1118x, Revised Civil Statutes of Texas (now codified as Ch. 451, Texas Transportation Code) to provide public transportation services for the citizens of Bexar County, which includes the City of San Antonio, Texas. The system's legal name is VIA Metropolitan Transit.

A confirmation election was held in Bexar County in 1977 and voters approved the creation and funding of VIA through a one-half cent sales tax levied in San Antonio and seven other incorporated municipalities. In March of 1978, VIA purchased transit system assets from the City of San Antonio and began operations. Today, VIA's service area consists of the unincorporated area of Bexar County and 13 municipalities including the City of San Antonio.

On November 2, 2004, the voters of San Antonio approved the creation of an Advanced Transportation District (ATD) for mobility enhancement and advanced transportation. The ATD is authorized to impose sales and use tax of one-fourth of one percent to be allocated 50% to VIA Metropolitan Transit, 25% to the City of San Antonio, and 25% as a local share to be leveraged with State and federal grants (the local share has gone to the Texas Department of Transportation and Bexar County). The funds are used for "advanced transportation" and "mobility enhancement", which includes items such as transportation services, operations, transportation amenities, equipment, construction, improvements to streets and sidewalks, and, the local share for state and federal grants for ATD-related capital projects, such as improving highways and transportation infrastructure.

VIA is governed by an eleven-member Board of Trustees appointed to staggered two-year terms. Five members are appointed by the San Antonio City Council, three members are appointed by the Bexar County Commissioners and two are named by the Suburban Council of Mayors. The Chairman is elected by the VIA Board of Trustees.

The Board determines policy and directs VIA, with the President serving as the chief executive officer. Subject to policy direction from the Board, the President is responsible for daily operations of VIA.

Service

The service area is comprised of 1,212 square miles all of which are in Bexar County. This is just over 97% of Bexar County. VIA operates on a street network of approximately 1,021 miles and in FY14 carried an average of 133,616 passengers on weekdays. In FY14, VIA transported 44.3 million passengers and provided 2.2 million hours of service over 34.0 million miles.

Service is currently available seven days a week, from 4:00 a.m. until 1:00 a.m., with a fleet of 467 buses and 124 Paratransit vans maintained by an around-the-clock maintenance department.

Budget

The State of Texas requires that transit authorities, such as VIA Metropolitan Transit, adopt an annual operating budget before the start of a new fiscal year. VIA establishes a budget that is appropriately monitored through the accounting system to ensure effective budgetary control and accountability. It is the responsibility of each division to administer its operation in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees and that the total approved budget is not exceeded. The Board receives and reviews budget performance reports, in a summarized format, at the monthly board meeting.

Economic Condition and Outlook

Overview

San Antonio's economy performed well in 2014, and the area received national recognition for its performance. San Antonio-New Braunfels gained two spots to the No. 10 position in the Milken Institute's "Best Performing Cities 2014" article published in January 2015. San Antonio-New Braunfels employment growth for the five-year period ending in 2013 was ranked 8th in the country, and over the same period wages have grown 19% faster than in the nation as a whole. The future outlook is also bright, with Moody's Analytics noting that "San Antonio-New Braunfels' expansion will continue in 2015, led by gains in housing, retail, development in the Eagle Ford Shale, and manufacturing" and that in the longer term "above-average population gains, the presence of significant energy resources in nearby areas, low costs of doing business, relatively high housing affordability, and a growing manufacturing presence should contribute to above-average overall performance." Moody's notes that "Lower oil prices may cause the growth of energy exploration and production in the Eagle Ford Shale to decelerate, but they are unlikely to derail it completely."

San Antonio is the seventh largest city in the United States and the second largest in Texas. With a population of more than 1.4 million, San Antonio thrives as one of the fastest growing cities in the U.S. San Antonio's unemployment rate of 4.7% in 2014 is well below the national average.

A key source of growth for the San Antonio area has been medical-related operations associated with the realignment and closure of military bases elsewhere. The health-care industry, including military health care, provides a stable base of employment for more than a 100,000 people in the metro area. In addition, the insurance industry has added more than 6,000 jobs in the metro area over the five years ending in 2013.

VIA's financial results are significantly impacted by sales tax collections, which account for 75% of VIA's budgeted revenues in 2015, and are driven by the local economy. In 2014, VIA's sales taxes were up 9.4% from the prior year. VIA's budgeted sales taxes for 2015 reflect a 3.2% increase over actual 2014 sales taxes. When the 2015 sales tax budget was developed, the budget reflected a 4.0% increase over forecasted FY14 sales taxes.

San Antonio's Economy

San Antonio's dynamic and diverse economy is a healthy mix of industries, including tourism, a large military/defense industry, a rapidly growing biosciences and healthcare industry sector, and a diversified manufacturing sector, producing everything from aircraft and semiconductors to Toyota trucks. San Antonio's aerospace, information technology and cyber security, financial services, and education sectors are also strong. There is also an emerging renewable energy industry. Information on some of the key industry sectors favorably impacting the San Antonio MSA economy is provided below. This information was obtained primarily from the San Antonio Economic Development Foundation website, and other economic and local news sources.

The hospitality industry has been a long-standing driver of economic activity in San Antonio. Historically, San Antonio has benefitted from such attractions as the Alamo, Sea World, the River Walk, and Six Flags. In recent years, the hospitality industry has benefitted from increased air traffic to and from Mexico, which resulted from decisions by Interjet, VivaAerobus and AirTran to establish direct flights. According to the San Antonio Convention and Visitors Bureau, the city is visited by approximately 26 million tourists per year.

The military has had a significant presence in San Antonio for many years, and has a substantial impact on the local economy. The first military flight took place at Fort Sam Houston in 1910. San Antonio is home to Fort Sam Houston, Lackland Air Force Base, Randolph Air Force Base, Camp Bullis, and Camp Stanley, as well as leading government contractors such as Boeing, Lockheed Martin, Pratt & Whitney, General Electric, and Sin-Swearigen. Each year, over 35,000 new recruits go through the Air Force Basic Military Training (AFBMT). The Air Intelligence Agency is located at Lackland Air Force Base, Brooke Army Medical Center is the leading treatment center for burn victims in the military, and Fort Sam Houston is the home of Army medicine. Fort Sam Houston is one of the largest medical education centers in the world. The center provides the medical training for the US military, and has 30 programs and over 24,000 annual graduates. Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base are among the top 10 major regional employers in San Antonio in 2014, with approximately 37,000, 32,000, and

11,000 employees, respectively. The military presence will continue to lend stability and contribute to economic expansion in the metropolitan area.

The Eagle Ford Shale has led to new jobs in the energy sector and peripheral industries. The Eagle Ford Shale is the largest oil and gas development in the world based on capital investment, according to a Wood Mackenzie report published in January 2013. In December 2014, Wood Mackenzie reported that the Eagle Ford Shale in South Texas has produced more than 1 billion barrels of crude oil and condensate, with 70% of that total being from the last two years (production contributing to the 1-billion-barrel mark began in 2008). Wood Mackenzie forecasts that Eagle Ford will produce 2.8 million barrels of oil per day in 2015, and analysts forecast capital expenditures of \$30.8 billion for the Eagle Ford Shale during 2015. Analysts report that the Eagle Ford currently accounts for 16% of U.S. oil production. In recent years, top exploration services companies such as Baker Hughes, Halliburton and Schlumberger have established sizable operations in the metro area.

San Antonio's biosciences and healthcare industry is a dominant force in the city's economy. One out of every six San Antonians is employed in the industry. Local operations represent nationally-recognized healthcare facilities, cutting edge biotech companies, and respected global enterprises such as Medtronic and Becton Dickinson. The South Texas Medical Center is the center of an industry that has added more than 45,000 jobs over the last decade. Development of new hospitals, offices, and research facilities are projected to create more than \$3.1 billion in local investment through 2015. Also, all medical education and training for the U.S. military occurs in San Antonio.

San Antonio has a large and diverse manufacturing industry, with representation from every major sector of U.S. manufacturing, including materials and electricity, equipment and metal, transportation, and diversified products. According to the 2014 Texas Manufacturers Register, San Antonio ranked the fourth-largest manufacturing market in Texas, with 57,055 jobs.

In the aerospace industry, San Antonio is an industry leader with significant expertise in maintenance, repair and overhaul, and aerospace research, engineering, and testing. Today, San Antonio is home to aerospace companies including Boeing, Lockheed Martin, Standard Aero, Chromalloy, M7, and Gore Design. The aerospace industry provides a \$5.4 billion industry impact, employs more than 13,000 workers and provides an average wage of \$58,729 per year.

San Antonio's information technology and cyber security industry is strong. San Antonio's association with the military and scientific research has helped create a unique combination of resources that includes the second largest concentration of cyber security professionals in the U.S. and three National Centers of Academic Excellence in Information Security. Local cyber security experts are engaged at places like the National Security Agency's Texas Cryptology Center and the 24th Air Force Cyber Command.

The financial services industry is one of San Antonio most stable, promising and significant business sectors. This sector includes: banking and credit; investment activities; insurance; funds, trusts and other financial vehicles; and, accounting and bookkeeping. The five largest San-Antonio area based banks are Frost National Bank, Broadway National Bank, Jefferson State Bank, The Bank of San Antonio, and Lone Star Capital Bank. In 2014, the financial sector employed more than 79,400 people.

Education is an important sector of the local economy, with the San Antonio MSA having 31 higher-education institutions offering degrees in all major fields of study and educating more than 100,000 students. San Antonio is also home to more than 30 private schools and charter schools. Through a community-wide initiative known as SA2020, San Antonio intends to orchestrate a major turnaround in education by providing the community with access to quality education and career opportunities.

Renewable energy is San Antonio’s youngest industry cluster and is already positioning itself as an important local player and a magnet for global companies. The City adopted its Mission Verde (Mission Green) initiative in February 2010, to transform the city’s energy practices and make it a hub for sustainable technology and green jobs. The City has brokered a deal to construct not only the world’s largest solar installation, but also the manufacturing facilities, education programs, and R&D activities that will make San Antonio a hub of renewable production and research in North America. Companies from Europe and Asia have already lined up to become part of the local supply chain, which will bring jobs, investment, and global expertise. A total of 4,762 jobs were created in 2014 in the energy sector, and San Antonio landed seven new energy-related companies (OCI Solar Power, SunEdison, Mission Solar Energy, Silver Springs, Landis+Gyr, Consert Energy and GreenStar).

A summary of employment by industry for the San Antonio MSA, compared to Texas and the United States, appears below:

Employment Percentages by Industry	San Antonio MSA	Texas	United States
Mining	0.60%	2.6.%	0.6.%
Construction	4.70%	5.5.%	4.3.%
Manufacturing	5.10%	7.8.%	8.8.%
Transportation/Utilities	2.50%	4.1.%	3.7.%
Wholesale Trade	3.30%	5.0.%	4.2.%
Retail Trade	11.10%	10.9.%	11.1.%
Information	2.30%	1.8.%	2.0.%
Financial Activities	8.40%	6.1.%	5.8.%
Prof. and Bus. Services	12.20%	13.0.%	13.6.%
Educ. and Health Services	15.30%	13.3.%	15.5.%
Leisure and Hosp. Services	12.90%	10.2.%	10.4.%
Other Services	3.80%	3.5.%	4.0.%
Government	17.80%	16.2.%	16.0.%

Source: Moody’s Analytics November 2014.

Driven by the strong tourism industry in San Antonio, two of the industries accounting for greater than 11%+ (each) of the employment in San Antonio are the leisure/hospitality services and the retail trade industries. The other largest industry employers include government, professional/business services and education/health services.

Summary

San Antonio has a diverse economy that is relatively strong and is improving, with solid growth expected in the future. The growth in 2015 will be fueled by growth in housing, retail trade and tourism, manufacturing and the continued development of the Eagle Ford Shale. In addition, there is a very low risk that the high concentration of military operations in San Antonio will decline. Many businesses continue to relocate operations to San Antonio, start new initiatives here, or expand local operations. Recent examples include HVHC Inc. (Visionworks) adding 750 new jobs, Ercam Trackers LLC adding 130 new jobs, CGI Federal adding 250 new jobs, a new facility for the Air Force will add 350 new military and civilian jobs, and Higuchi Mfg. Co has doubled its size in two years with additional expansion of their plant in 2015. San Antonio recently made the top 10 on Forbes' list of America's Fastest Growing Cities.

Long-Term Financial Planning

VIA has a five-year financial and capital plan that is updated annually, as well as a Long-Range Comprehensive Transportation Plan that currently extends through 2035; this plan was adopted by VIA's Board in July 2011. A key purpose of these plans is to guide staff and inform the public and other stakeholders of the means by which community transit needs will be met. The annual five-year financial budget projections are developed by analyzing historical data, trends, planned service changes, known revenue and expense factors, and other pertinent information. Specific information developed includes five-year schedules of annual: 1) revenues and expenses, 2) cash requirements and balances, 3) disposition/replacement of revenue vehicles, 4) proposed expenditures on capital facilities and equipment, and 5) projected availability and use of federal transit grants.

Relevant Financial Policies

Basis of Accounting

VIA prepares its financial statements using the accrual basis of accounting, treating VIA Metropolitan Transit as an enterprise fund. The financial statements of VIA Metropolitan Transit have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Cash and Investments

State law permits VIA to invest in: fully secured or fully insured certificates of deposit (“CDs”) of state and national banks or savings and loan associations located within the state of Texas; direct obligations of the United States of America and its agencies; obligations of the state of Texas and its municipalities, school districts, or other political subdivisions; and, obligations guaranteed as to both principal and interest by the United States of America. VIA’s investment policy conforms to the regulations of the Texas Public Funds Investment Act.

Risk Management

VIA is self-insured and self-administered for public liability and property damage claims. Claims are paid from general operating revenues. Extensive cost containment efforts, such as an aggressive subrogation recovery program and medical invoice audits, are employed to help minimize the cost of these programs.

VIA has fire and extended coverage on scheduled buildings, contents, buses and vans. The purchased coverage is to cover catastrophic losses in excess of the \$500,000 deductible carried. VIA maintains a cash reserve equal to the deductible carried. Contractors who perform services for VIA are required to carry adequate insurance coverage and to add VIA as an additional insured. These requirements are monitored carefully to protect VIA’s insurable interests.

Major Initiatives

VIA’s major initiative for FY15 is a commitment to our riders that is highlighted by an increase in scheduled service of 3.8% – to the highest level in VIA’s history. Complementing these service improvements is a transit shelter expansion program that will add nearly 1,000 shelters throughout the service area. VIA will also work with other local entities to advance the Long-Range Comprehensive Transportation Plan, upgrade existing transit centers, advance new park and ride facilities, and expand Primo service into the South and West side. These projects are briefly summarized below, and are discussed in more detail in the Management’s Discussion and Analysis section of the audit report that appears later in this CAFR document.

VIA’s FY15 budget objectives can be summarized as follows: 1) a commitment to our riders; 2) a focus on the future; and, 3) collaboration in multi-modal transportation planning. The focus on the future includes continued implementation of the SmartMove capital project program, accelerating other elements of the 2035 Long-Range Comprehensive Transportation Plan, and maintaining cost efficiency and long-term financial stability. VIA’s focus on sustainability involves continuing to focus on doing more with less resources than those available to the peer group of other large Texas transit agencies. Transit agencies in Austin, Dallas, and Houston all receive a full one-cent sales tax for transit, compared to 5/8ths of one-cent in San Antonio.

SmartMove Capital Program

SmartMove projects are new customer-related facilities associated with the implementation phase of SmartWay SA, VIA's Long-Range Comprehensive Transportation Plan. SmartMove projects include seven transit centers/park & rides, two transfer centers, Southwest High-Capacity Transit Phase 1, streetcar/high-capacity transit, and bus stop shelters/amenities.

Centro Plaza – In FY15, VIA will work on construction of new amenities and the transit plaza that was formerly known as Westside Multimodal Transit Center Phase II. This project will offer covered passenger waiting areas, an attractive and functional public plaza and transfer capability among 11 VIA transit routes (including VIA Primo).

Three New Park & Ride Lots/Transit Centers – The Stone Oak Park & Ride, Robert Thompson Transit Center, and Brooks Transit Center are among the initial projects of the SmartMove program. The Stone Oak Park & Ride will be located along U.S. 281 north of 1604. In FY15, VIA plans to proceed with design work and begin the design-build procurement process. To the south, the Brooks Transit Center will provide transfer opportunity among five area routes including a new express route. Site selection for placement of the transit facility will be finalized in 2015. The third facility is the Robert Thompson Transit Center located on the near eastside of downtown. Currently a special-use facility, this transit center will offer an off-street transfer site and support a revised downtown operating plan that will reduce total volumes of buses in downtown.

Additional New Facilities – In FY15, VIA will begin planning efforts on additional SmartMove projects advanced into VIA's Five-Year Capital Plan, including the IH10 Park & Ride, SH151 Park & Ride and the IH35 North Park & Ride.

High-Capacity Transit – VIA will collaborate on multimodal transportation planning that could result in a high-capacity transit project, such as light rail or Bus Rapid Transit. The City of San Antonio is developing a transportation plan, and VIA is updating their Long-Range Comprehensive Transportation Plan. VIA will work with the city to provide expertise and input. Additionally, the Southwest High-Capacity Transit Phase 1 project will be addressed in FY15. This project will include Primo bus service and capital improvements in the South/West corridor.

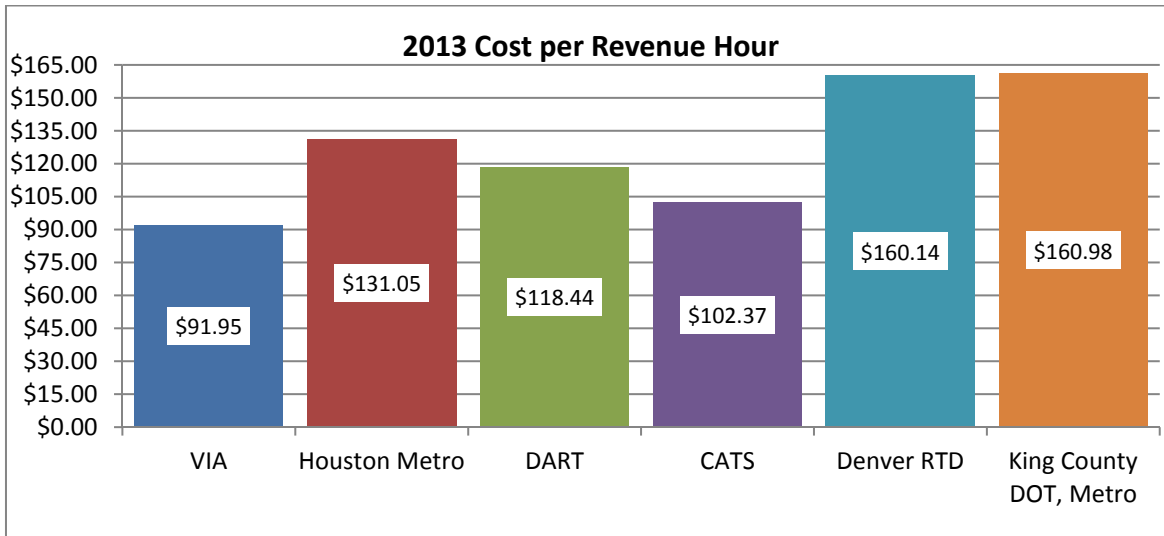
Updated Bus Shelter and Amenities – With increased funding made available by the Texas Department of Transportation, VIA will be able to focus on installing a total of nearly 1,000 new shelters throughout the community. Approximately 150 of these shelters have already been installed as of the end of fiscal year 2014.

State-of-the Art Fare Collection System

VIA plans to implement smart card technology by the end of calendar year 2015, following implementation of new validating fareboxes and electronic fare media in FY14. VIA also plans to implement mobile ticketing in 2015. New technologies will provide more fare options, decrease boarding time and give riders more flexibility.

Doing More with Less: Sustainability

VIA is known for operating an extremely cost-effective and efficient transit system. The cost per hour of service at VIA is 25-30 percent lower than the cost per hour of peer agencies in Houston and Dallas (Cap Metro is not included since all of their service is outsourced). Since VIA's bus operator and mechanic wages are comparable to these other systems, a major contributor to the difference is likely significantly lower management and administrative costs at VIA.



While VIA is the most efficient system within the peer group of the largest Texas transit agencies, it also receives fewer operating dollars. Houston and Dallas (and Austin) all have a full one-cent sales tax available to support operation, while VIA has 5/8ths of one cent. As VIA grows into a larger system of transit choices, the organization must constantly seek out ways to do even more with less, enabling the investment in new and enhanced services.

During FY15, VIA will continue to explore ways to improve financial sustainability. Key fiscal sustainability efforts for FY15 are as follows:

Fixed Route Service Refinements – VIA continues to evaluate opportunities for improvements in service efficiency and effectiveness. VIA evaluates its bus network by analyzing ridership and service levels to ensure it is providing service that meets productivity standards. VIA performs detailed service analysis, using its route performance index, to identify opportunities to match service levels with ridership. In FY14, the Medical Center shuttle was eliminated due to low ridership, saving approximately \$340,000 annually. These savings were reinvested in other service improvements.

Revenue Fleet Vehicles – In FY15, VIA will be working to get ready for the upcoming procurement of buses in FY16. VIA plans to replace the vast majority of the bus fleet over a five-year period beginning in FY16. Plans are to purchase compressed natural gas (CNG) vehicles, to replace diesel vehicles; the cost for CNG is substantially lower than ultra-low sulfur diesel.

Business Process Reviews – In FY15, VIA will be conducting business process reviews in connection with procurement of a new Enterprise Resource Plan (ERP) system. VIA is currently implementing new software for budgeting and grants, and should realize significant benefits from improved automation of tasks. Opportunities to improve processes and automation in other areas will also be realized through the new ERP system.

Cost Reviews – VIA will continue to monitor key cost drivers, and seek to take prudent measures to improve financial sustainability. Some of VIA's significant costs include wages, fuel, healthcare, and pension. VIA continues to make various efforts to control these costs.

To help control vehicle/fuel costs, VIA's upcoming conversion to CNG vehicles should be very beneficial due to cost differential between CNG and ultra-low sulfur diesel (ULSD). Additionally, VIA has been using fuel hedging to help manage exposure to fuel price volatility. VIA has hedges in place for ULSD, unleaded gasoline, and propane. As CNG volumes used by VIA increase, VIA plans to hedge this fuel as well.

In FY14, VIA requested proposals for healthcare-related services, and will be able to realize significant savings from a new contract for these services beginning in January 2015. Proposals were requested following VIA's conducting several reviews of key cost drivers in FY13.

To control pension costs, VIA closed its defined benefit pension plan to any new employees hired after January 1, 2012; those employees are instead eligible to participate in a defined contribution plan.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VIA Metropolitan Transit Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended September 20, 2013. This was the twenty-fourth consecutive year that VIA Metropolitan Transit has received this award. In order to be awarded a Certificate of Achievement, VIA is required to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. VIA's Division of Finance considers that report to be in conformity with the Certificate of Achievement Program requirements, and will submit it to the GFOA.

Also, local, state, and international organizations have all recognized the dedication and commitment of VIA employees. Recent awards include the following:

Business Opportunity Diversity Award, Public Sector – San Antonio Hispanic Chamber of Commerce

40+ Years of Safe Driving – American Public Transportation Association (presented to two VIA bus operators to draw attention to 100 years of APTA safety awards)

First Place, International Rodeo – American Public Transportation Association (won by a VIA maintenance team)

First Place, Texas State Roadeo – Texas Transit Association (40-foot bus competition, won by a VIA bus operator)

First Place, Texas State Roadeo – Texas Transit Association (paratransit van competition, won by a VIA paratransit van operator)

Champion of Diversity – Texas Diversity Council (presented to President/CEO Jeffrey C. Arndt for efforts and commitment to diversity and inclusion)

AdWheel Award, Electronic Media – American Public Transportation Association (for best television advertisement for a system with over 20 million annual trips – VIA Primo “Oh Yeah” TV spot)

Hit the Spot Award, Social Media – South West Transit Association (for best new transit marketing project – “Go via VIA” mobile application)

Transportation Achievement in Operations – Institute of Transportation Engineers (for the implementation of VIA Primo and the transit signal priority system)

Innovative Transportation Solutions Award – Women in Transportation – San Antonio region (for the implementation of VIA Primo)

Gold Award for Safety Excellence – Awarded by the American Public Transportation Association for the best overall bus safety program in the United States and Canada.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Fiscal Management division. We would also like to recognize the Administration and Public Affairs staff that contributed their time and efforts in preparing this document. Finally, special appreciation is extended to the Board of Trustees for providing the leadership and support necessary to prepare this report.

Sincerely,



Jeffrey C. Arndt
President/CEO



Steven J. Lange
Vice President Fiscal Management/CFO

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

VIA Metropolitan Transit

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

**VIA Metropolitan Transit
Board of Trustees FY 2014**

October 2013 – September 2014

Appointed by:

Henry R. Muñoz III, Chair (thru 2/25/14) Elected by VIA Board of Trustees

Alexander E. Briseño, Chair (eff. 2/26/14) Elected by VIA Board of Trustees

Rick Pych, Vice Chair (thru 2/25/14) Bexar County Commissioners Court

Douglas “Doug” Poneck, Vice Chair (eff. 2/26/14). San Antonio City Council

Mary Briseño, Secretary (thru 2/25/14) Bexar County Commissioners Court

Lou Miller, Secretary (eff. 2/26/14 through 7/31/14) San Antonio City Council

Stephen P. Allison, Secretary (eff. 9/02/14) Suburban Mayors

Gerald Lee (thru 7/8/14) San Antonio City Council

Katherine Thompson-Garcia San Antonio City Council

Carl “Tex” Morgan (appt’d 9/18/14) San Antonio City Council

Lester Bryant (appt’d 9/18/14) San Antonio City Council

Marc A. Harrison (appt’d 12/19/13) San Antonio City Council

Dr. Richard Gambitta Bexar County Commissioners Court

Rebecca Cedillo (appt’d 3/25/14) Bexar County Commissioners Court

Bobby Perez (appt’d 3/25/14) Bexar County Commissioners Court

Bill Martin (thru 2013) Suburban Mayors

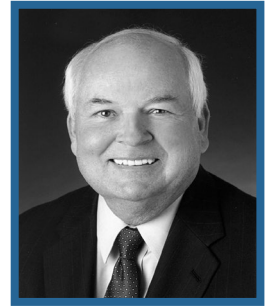
A. David Marne (appt’d 1/15/14) Suburban Mayors



Alexander E. Briseño
Chair



Douglas "Doug"
Poneck
Vice Chair



Steve P. Allison
Secretary



Lester Bryant



Rebecca Cedillo



Dr. Richard
Gambitta



Marc A. Harrison



A. David Marne



Carl "Tex" Morgan



Bobby Perez



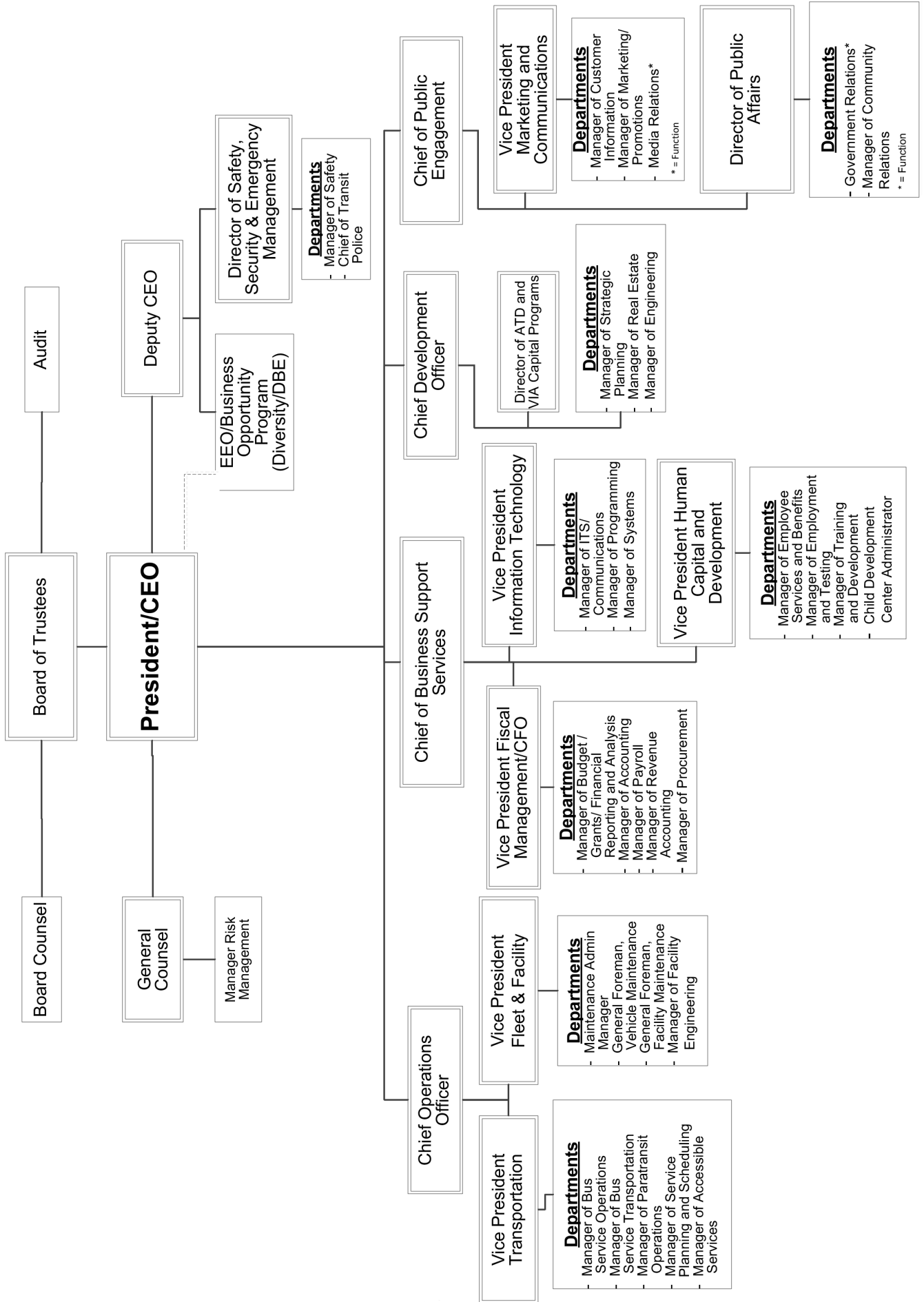
Katherine
Thompson-Garcia



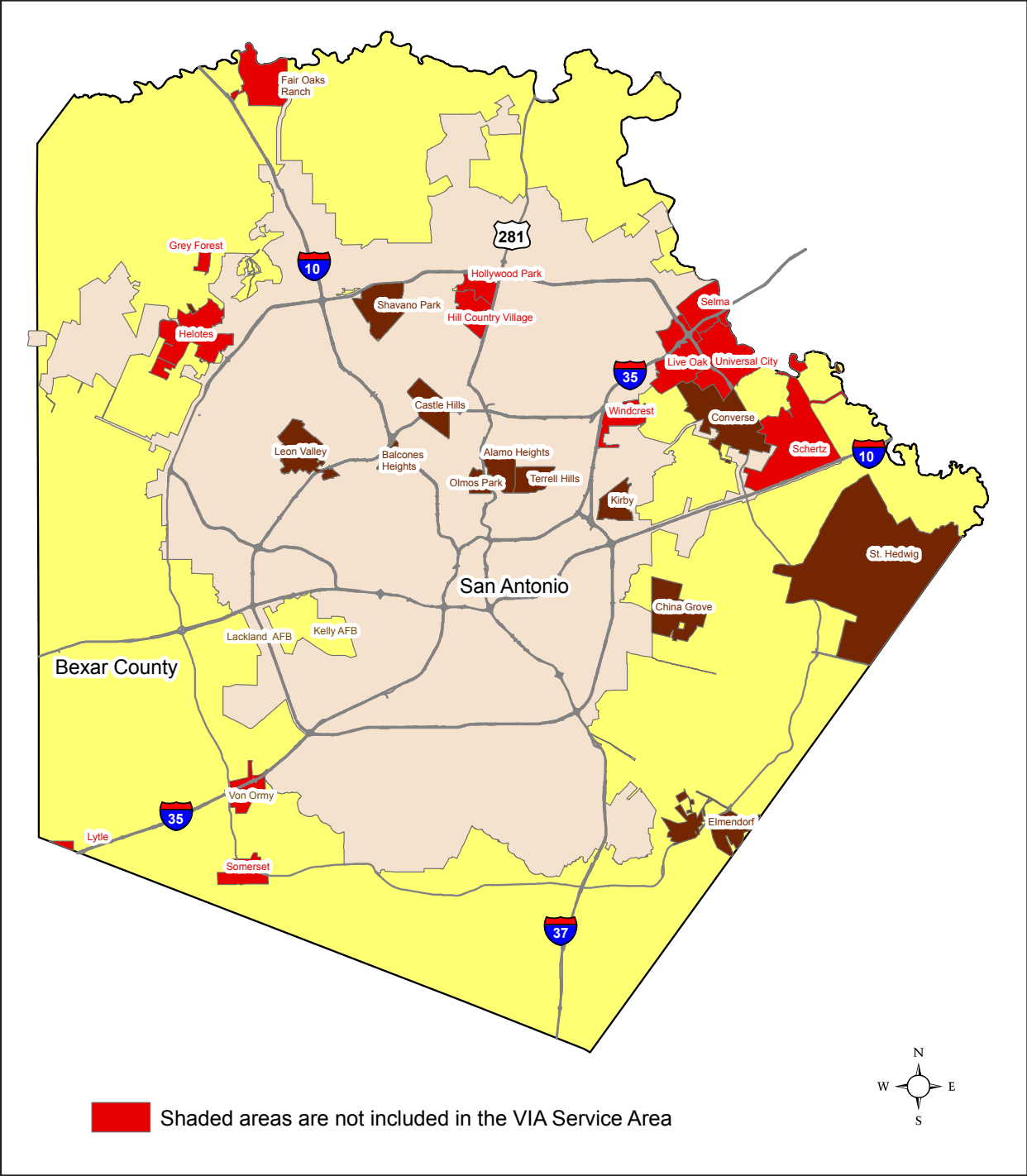
Board of Trustees

VIA METROPOLITAN ORGANIZATIONAL CHART

October 1, 2013 – September 30, 2014



VIA Service Area



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Financial

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Padgett Stratemann

Independent Auditor's Report

To the Board of Trustees
VIA Metropolitan Transit
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of VIA Metropolitan Transit ("VIA") as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise VIA'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 VIA'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 VIA'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of VIA as of September 30, 2014 and 2013, and the changes in financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 15, beginning net position as of October 1, 2013 has been restated to account for certain reclassifications of planning study costs identified by management as expenses rather than capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress – Unaudited, and Notes to the Required Supplementary Information – Unaudited, 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 Governmental Accounting Standards Board, who considers it to be an essential part of the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the financial statements, and other knowledge we obtained during our audits 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise VIA's basic financial statements. The Other Supplementary Information, as well as the Introductory and Statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Other Supplementary Information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Introductory and Statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2015 on our consideration of VIA'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 VIA's internal control over financial reporting and compliance.

Padgett, Statemann + Co., LLP

San Antonio, Texas
February 24, 2015

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Management's Discussion and Analysis

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VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

The following Management's Discussion and Analysis of VIA Metropolitan Transit's ("VIA") activities and financial performance are provided as an introduction to the financial statements for the fiscal year ("FY") ended September 30, 2014. Readers are encouraged to consider the information presented here in conjunction with information contained in the financial statements that follow this section.

Financial Highlights

- Operating revenues are \$26.3M in 2014, down \$0.9M from the prior year. This result was primarily driven by lower bus line fare revenues resulting from lower ridership. Ridership was adversely impacted by a significant decrease in gas prices.
- Net nonoperating revenues (expenses) are \$183.6M in 2014, up \$11.9M from the prior year. This result is primarily attributable to: sales taxes, which were up \$13.8M (net after adjusting for amounts paid to the City of San Antonio and Bexar County) due to a stronger economy. This was partially offset by higher bond interest and issuance costs, up \$3.5M. The MTA and ATD each issued their first public bonds in FY14, for \$40.0M and \$32.9M par value, respectively.
- VIA's sales tax revenue, which is the largest component of nonoperating revenue, came in at \$160.4M in 2014, up \$13.8M from the prior year (total sales taxes were \$190.0M in 2014, of which \$29.5M was for ATD entities other than VIA). ATD sales taxes returned to the community through the City of San Antonio ("CoSA"), the Texas Department of Transportation ("TxDOT"), and Bexar County are used for street improvements and to complete highway projects in the local area more quickly. As of September 2014, Bexar County has four approved projects that use ATD funds for financing under a "pass-through" financing arrangement with TxDOT. In addition, ATD funds have been used by Bexar County and TxDOT to accelerate highway projects on Loop 1604 and U.S. 281.
- Operating expenses, including depreciation, are \$218.1M in 2014, an increase of \$16.2M (8.0%) compared to the prior year. Wages are up \$4.0M, pension expense is up \$2.6M, purchased transportation is up \$2.0M, and depreciation expense is up \$6.8M. Wages, which are the most significant costs associated with providing service, are up due mainly to higher wage rates. A 3.0% increase was implemented on August 1, 2013 for hourly employees and, on October 1, 2013, for salaried employees, and a 3.5% increase was implemented on August 1, 2014 for hourly employees and, on October 1, 2014 (the first day of FY15), for salaried employees. Pension expense is up due primarily to updating plan assumptions to reflect lower investment returns, an increase in employee longevity at VIA, and retirees living longer. Purchased transportation is up due to a mix shift from directly-provided to purchased service, more hours of service, and expanded taxi service programs. The depreciation expense increase is largely attributable to a \$4.9M capital project allowance account that was established in FY14.
- VIA established a \$4.9M capital project allowance account in FY14 to appropriately reflect on VIA's financial statements the streetcar project expense that may not ultimately pertain to the final construction project (refer to Note 16 for additional details).

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

- VIA's net position increased by \$5.8M in FY14, ending the year at \$395.6M. The increase is accounted for by the following net position components: unrestricted, up \$13.8M; restricted for capital projects, down \$4.2M; and net investment in capital assets, down \$3.8M. The unrestricted category is up \$13.8M due primarily to strong sales tax receipts for the year. The restricted for capital projects category is down slightly due to spending down of the local share match for grant-funded projects. The net investment in capital assets is down slightly, due to the establishment of a capital projects allowance account.
- Total capital/cash reserves and working capital (which equals cash, cash equivalents, and investments) increased by \$77.3M in 2014, finishing FY14 with a balance of \$271.3M compared to \$194.0M at the end of the prior year. The increase is attributable to two bond issuances in FY14 (par values were \$40.0M and \$32.9M, respectively); bond construction fund and debt service fund balances increased by a total of \$52.9M in FY14. VIA's capital reserve balance increased by \$25.2M, due mainly to strong sales tax receipts and timing on spending of capital project funds.
- As of the end of 2014, VIA's Stabilization Fund and working capital are each funded at the Board of Trustees (the "Board") policy level, which is to have a balance adequate to cover 60 days of operating expenses. Both of those fund balances were at \$33.4M at the end of FY14, each equal to 60 days of expenses.
- VIA spent \$35.9M on capital projects in FY14. VIA has a very robust capital program that is described later in this document (see section "Economic Factors and Outlook for Fiscal Year 2015").
- Comparative financial statements showing prior years in this document have been restated for planning costs that been reclassified from capital to expense. The net impact was \$2.9M on the ending net position for FY13. Refer to Note 15 for more details.

Overview of the Financial Statements

The financial statements consist of two parts: Management's Discussion and Analysis prepared by VIA, and the financial statements, notes, and required supplementary information audited by the external audit firm. VIA uses accounting methods similar to those used by private sector companies. Note 1 to the financial statements gives details concerning the use of proprietary fund accounting for governmental entities.

Required Financial Statements

VIA's Statement of Net Position reflects Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which deals with deferred inflows and outflows of resources, and net position; for VIA, this statement was adopted effective in FY13. The requirements of the statement improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The Statement of Net Position includes all the assets and liabilities of VIA, and the deferred inflows and

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

outflows of resources. The residual measure has been renamed net position, rather than net assets, consistent with GASB Statement No. 63. The Statement of Net Position provides information about the nature of the resources (assets), obligations to creditors (liabilities), and deferred outflows and inflows. The assets and liabilities are presented in a format that distinguishes between current and long-term categories. Over time, changes in net position may be a useful indicator of whether the financial position of VIA is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position analyze VIA's operations over the past year and provides comparative information for the previous fiscal year. The statements illustrate VIA's ability to cover operating expenses with revenues received during the same year.

The Statements of Cash Flows are the final required financial statements. These statements provide information on the cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found in the section following the Statements of Cash Flows.

Financial Analysis

The basic financial statements discussed above report information about VIA's financial activities in a way that helps the reader determine if VIA is better off or worse off as a result of the fiscal year's activities. The statements show the difference between assets, deferred outflows, liabilities, and deferred inflows over time and are one way to measure the financial health of VIA. Other nonfinancial factors such as changes in economic conditions, population growth, regulations, and new or revised government legislation must also be taken into consideration when attempting to assess the financial condition of VIA.

VIA Metropolitan Transit
San Antonio, Texas
Management's Discussion and Analysis
September 30, 2014

Net Position

A summary of VIA's condensed Statements of Net Position is presented below:

Condensed Statements of Net Position Information
(In Millions of Dollars)

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>	<u>2012</u> <u>(Restated)</u>
Current assets	\$ 257.0	\$ 176.1	\$ 129.5
Capital assets	196.1	188.0	159.4
Other noncurrent assets	<u>59.4</u>	<u>71.8</u>	<u>30.8</u>
Total assets	\$ <u>512.5</u>	\$ <u>435.9</u>	\$ <u>319.7</u>
Deferred outflow	<u>1.4</u>	<u>0.4</u>	<u>-</u>
Total assets and deferred outflow	\$ <u>513.9</u>	\$ <u>436.3</u>	\$ <u>319.7</u>
Current liabilities	\$ 35.0	\$ 30.5	\$ 22.6
Long-term liabilities	<u>83.3</u>	<u>16.0</u>	<u>21.4</u>
Total liabilities	\$ <u>118.3</u>	\$ <u>46.5</u>	\$ <u>44.0</u>
Deferred inflow	<u>-</u>	<u>-</u>	<u>0.4</u>
Net position:			
Net investment in capital assets	\$ 171.2	\$ 175.0	\$ 158.9
Restricted for capital projects	101.2	105.4	7.8
Unrestricted	<u>123.2</u>	<u>109.4</u>	<u>108.6</u>
Total net position	\$ <u>395.6</u>	\$ <u>389.8</u>	\$ <u>275.3</u>

Total net position may serve, over time, as a useful indicator of an entity's financial position. At the close of FY14, VIA's net position is \$395.6M. A significant portion of VIA's net assets in all years reported is represented by capital assets (revenue vehicles, passenger stations and shelters, service vehicles, land, and equipment). These capital assets are used by VIA to provide public transportation services.

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San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

Net position increased by \$5.8M in FY14; the unrestricted category increased by \$13.8M, net investment in capital assets decreased by \$3.8M, and funds restricted for capital projects decreased by \$4.2M. The unrestricted category increase is primarily due to strong sales tax receipts for the year, up \$13.8M (9.4%) from the prior year. The net investment in capital assets is down due to the establishment of an allowance for capital projects to appropriately reflect on VIA's financial statements the streetcar project expense that may not ultimately pertain to the final construction project. Funds restricted for capital projects decreased due to the spending down of the local share match for grant-funded projects. VIA sets aside a local share match for grants as they are awarded. Typically, Federal Transit Administration grants require a 20% match (80% federal, 20% local funding).

The \$8.1M increase in net capital assets results from asset acquisitions of \$35.9M (including work-in-progress) less depreciation of \$27.7M (includes allowance account expense) and, disposals of \$0.1M. The \$35.9M in asset acquisitions is comprised of: buildings and shelters, \$24.1M; equipment, \$4.3M; and, revenue and service vehicles, \$7.5M.

Revenues, Expenses, and Changes in Net Position Information

Condensed information on revenues, expenses, and changes in net position information provide additional information on the changes in VIA's financial position and is presented on the following page.

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

Condensed Information on Revenues, Expenses, and Changes in Net Position (In Millions of Dollars)

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>	<u>2012</u> <u>(Restated)</u>
Operating revenues:			
Passenger revenues	\$ 24.5	\$ 25.4	\$ 24.4
Advertising, real estate development, and other	<u>1.8</u>	<u>1.8</u>	<u>1.7</u>
Total operating revenues	<u>26.3</u>	<u>27.2</u>	<u>26.1</u>
Operating expenses:			
Line service	147.5	140.3	132.3
Robert Thompson Terminal	0.7	0.7	0.5
Other special events	0.6	0.6	0.6
VIAtrans	34.3	33.1	32.7
Vanpool	0.5	0.5	0.5
Charter	0.1	0.2	0.1
Promotional service	0.1	0.1	0.1
Business development and planning	5.9	4.8	4.3
Transit technology	0.7	0.7	0.7
Depreciation	<u>27.7</u>	<u>20.9</u>	<u>19.0</u>
Total operating expenses	<u>218.1</u>	<u>201.9</u>	<u>190.8</u>
Operating loss	<u>(191.8)</u>	<u>(174.7)</u>	<u>(164.7)</u>
Nonoperating revenues (expenses):			
Sales taxes	190.0	173.8	163.3
Grants reimbursement	26.0	25.1	20.4
Investment income (loss)	0.6	(0.1)	0.2
Bond interest and issuance costs	(3.5)	(0.1)	(0.5)
Gain on sale of assets	-	0.1	0.2
Less amounts remitted to CoSA, TxDOT, and Bexar County	(29.5)	(27.1)	(25.7)
Alamo RMA reimbursement	<u>-</u>	<u>-</u>	<u>0.1</u>
Total nonoperating revenues (expenses) – net	<u>183.6</u>	<u>171.7</u>	<u>158.0</u>
Loss before capital contributions	(8.2)	(3.0)	(6.7)
Capital contributions	<u>14.0</u>	<u>117.5</u>	<u>28.0</u>
Changes in net position	5.8	114.5	21.3
Net position at beginning of year	<u>389.8</u>	<u>275.3</u>	<u>254.0</u>
Net position at end of year	<u>\$ 395.6</u>	<u>\$ 389.8</u>	<u>\$ 275.3</u>

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, VIA's net position increased by \$5.8M, with capital contributions being \$14.0M. Capital contributions are grant funds received from the Federal Transit Administration that VIA used for capital projects and operating expense reimbursements.

Operating Revenues

In FY14, operating revenues were \$26.3M, down \$0.9M (3.3%) from the prior year. The result is attributable to lower line ridership, which was adversely impacted by lower fuel prices in FY14. VIA did install new fareboxes on its entire bus fleet in FY14 and implemented magnetic stripe fare media with smart cards and mobile ticketing to follow; this improved customer convenience should favorably impact future ridership when the projects are complete.

In FY13, operating revenues were \$27.2M, up \$1.1M (4.2%) from the prior year. This result was attributable to higher fare revenue. VIA implemented a fare increase on March 1, 2013.

Net Nonoperating Revenues (Expenses)

In FY14, VIA's net nonoperating revenues (expenses) increased by \$11.9M (6.9%). Sales taxes are up \$13.8M (9.4%), as San Antonio's economy continues to be strong (this \$13.8M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). Bond issuance and interest costs are up \$3.5M, due to the MTA and ATD bonds issued in FY14.

In FY13, VIA's net nonoperating revenues (expenses) increased by \$13.7M (8.7%). Sales taxes were up \$9.1M, due to a strong local economy (this \$9.1M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). Grant reimbursements were up \$4.7M, as VIA used more FTA Section 5307 formula funds for operating expense reimbursements rather than capital projects; this serves to improve cash flow, as operating reimbursements are received more quickly than draws for capital project spending.

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

2014 Total Revenues by Major Category

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
Operating revenues:			
Line service	\$ 18,361,098	\$ 3,742,617	\$ 22,103,715
Robert Thompson Terminal	187,785	-	187,785
Other special events	181,786	-	181,786
VIATrans	1,882,687	-	1,882,687
Charter	195,052	-	195,052
Real estate development	263,360	-	263,360
Ellis Alley Park and Ride	6,491	-	6,491
Bus advertising	749,530	-	749,530
Miscellaneous	759,723	-	759,723
Total operating revenues	<u>22,587,512</u>	<u>3,742,617</u>	<u>26,330,129</u>
Nonoperating revenues:			
Sales taxes	130,882,248	59,082,086	189,964,334
Grants reimbursement	26,045,513	-	26,045,513
Investment income	562,389	15,331	577,720
Gain on sale of assets	40,839	-	40,839
Less amounts remitted to CoSA, TxDOT, and Bexar County	<u>-</u>	<u>(29,541,042)</u>	<u>(29,541,042)</u>
Total nonoperating revenues	<u>157,530,989</u>	<u>29,556,375</u>	<u>187,087,364</u>
Total revenues	<u>\$ 180,118,501</u>	<u>\$ 33,298,992</u>	<u>\$ 213,417,493</u>

Total revenue shown above includes operating and nonoperating revenues. Expenses included in net nonoperating revenues (expenses) are excluded (these expenses are bond interest, issuance costs, and gain on sale of assets).

Expenses

In FY14, operating expenses are \$218.1M, an increase of \$16.2M (8.0%) from the prior year. This increase is primarily attributable to higher wages (up \$3.8M), higher pension expense (up \$2.6M), higher purchased transportation (up \$2.0M), and higher depreciation expense (up \$6.8M). Wages are the most significant cost of providing service. A 3.0% increase was implemented on August 1, 2013 for hourly employees and, on October 1, 2013, for salaried employees, and a 3.5% increase was implemented on August 1, 2014 for hourly employees and, on October 1, 2014 (the first day of FY15), for salaried employees. Pension expense was up due in part to the impact of pension plan assumption changes that were made in FY12; these changes were to lower the investment return assumption from 8.0% to 7.5%, increase the life expectancy assumption, and decrease the employee attrition assumption. Purchased

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

transportation expense was up due to an hours mix shift from directly-provided to purchased paratransit service, and an expansion of VIAtrans Taxi Subsidy Program and Will-Call service to weekends. Higher depreciation expense reflects higher capital asset balances and the impact of the capital projects allowance account.

In FY13, restated operating expenses were \$201.9M, an increase of \$11.1M (5.8%) from the prior year. This increase was primarily attributable to higher wages (up \$1.3M), fuel and lubricants expense (up \$3.0M), professional and technical expense (up \$2.3M), and depreciation (up \$1.9M). A 3.0% increase was implemented on August 1, 2012 for hourly employees and, on October 1, 2012, for salaried employees, and another 3.0% increase was implemented on August 1, 2013 for hourly employees and, on October 1, 2013 (the first day of FY14), for salaried employees. A higher amount of labor being capitalized, rather than expensed, partially offset some of the impact of wage increases on the operating budget.

Long-Term Debt Administration

In FY14, VIA issued MTA farebox revenue improvement and refunding bonds (\$40.0M par) and ATD sales tax revenue improvement and refunding bonds (\$32.9M par). A total of \$10.2M of the bond proceeds were used to retire two 2012 private placement bond issues (\$5.1M MTA and \$5.1M ATD). The bonds are being used to help finance VIA's SmartMove program and other capital projects. VIA received an "A+" rating on the farebox revenue bonds and an "AAA" rating on the ATD bonds. Details of debt issuances are covered in Note 13.

In FY13, VIA did not issue any new debt. However, one of the four private placement bonds issued in FY12 was retired when VIA received \$92M from TxDOT to help fund VIA's capital program.

Capital Assets

At the end of FY14, VIA had \$196.1M in capital assets net of accumulated depreciation, an increase of \$8.1M over the restated prior fiscal year-end balance. The increase is due to gross additions of: buildings and shelters, \$24.1M; revenue and service vehicles, \$7.4M; equipment, \$4.3M; and, land, \$0.1M. Depreciation of nearly \$27.7M (including the \$4.9M allowance for capital projects account), partially offset these increases.

Components of the \$8.1M net change can also be viewed as follows: capital assets before depreciation/allowance and construction in progress ("CIP") increased by \$6.1M (to a balance of \$429.9M); CIP increased by \$24.7M (to a balance of \$54.8M); and accumulated depreciation allowance increased by \$22.3M (to a balance of \$288.6M). VIA's investment in capital assets includes land, buildings, revenue vehicles, service vehicles, communications technology, information technology, maintenance equipment, and other miscellaneous equipment. The assets have been purchased with federal and local funds.

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

The \$6.1M increase in capital assets value before depreciation and CIP reflects the net of \$6.4M in asset additions, \$5.5M in asset deletions, and \$5.2M in transfers from CIP. Spending for revenue vehicles accounts for \$4.6M of the asset additions, as VIA purchased 18 vans and 3 BRT buses. Equipment accounts for \$1.3M of the asset acquisitions, service vehicles account for \$0.3M, and buildings and shelters account for \$0.3M.

CIP increased by \$24.3M, which is the net of \$29.5M in CIP additions and \$5.2M in transfers out. CIP additions were: buildings and shelters, \$23.8M; revenue and service vehicles, \$2.6M, and equipment, \$3.1M. Largest expenditures were for the Westside Multimodal Transit Center, the streetcar project, and U.S. 281 Park and Ride. CIP transfers to capital assets were: buildings and shelters, \$2.3M; revenue and service vehicles, \$1.7M, and equipment, \$1.2M.

At the end of FY13, VIA had \$188.0M in capital assets net of accumulated depreciation, an increase of \$28.6M over the prior fiscal year-end balance. Capital assets before depreciation and CIP increased by \$59.3M, CIP decreased by \$12.6M, and accumulated depreciation increased by \$18.1M.

Readers of this document that desire a more detailed overview of capital asset activity should refer to the notes to the financial statements section of this report. Note 1.F defines accounting policies related to capital assets, and Note 7 gives details of the components of capital asset categories.

Capital Assets (In Millions of Dollars)

	<u>2014</u>	<u>2013 (Restated)</u>	<u>2012</u>
Land	\$ 31.8	\$ 31.7	\$ 27.2
Buildings and shelters	174.7	172.4	150.9
Revenue vehicles	174.2	172.6	147.6
Service vehicles	4.1	3.9	4.1
Equipment	<u>45.1</u>	<u>43.2</u>	<u>34.7</u>
	429.9	423.8	364.5
Less accumulated depreciation and allowance for capital accounts	<u>288.6</u>	<u>266.3</u>	<u>248.2</u>
Net capital assets before construction in progress	<u>141.3</u>	<u>157.5</u>	<u>116.3</u>
Construction in progress:			
Buildings and improvements	42.2	20.7	19.0
Revenue vehicles	2.9	2.0	16.9
Equipment	<u>9.7</u>	<u>7.8</u>	<u>7.2</u>
Total construction-in-progress	<u>54.8</u>	<u>30.5</u>	<u>43.1</u>
Net capital assets	<u>\$ 196.1</u>	<u>\$ 188.0</u>	<u>\$ 159.4</u>

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

September 30, 2014

Economic Factors and Outlook for Fiscal Year 2015

Economic factors and the outlook for FY15 are favorable. Sales tax receipts are expected to be solid, and VIA expects to make significant progress on implementing multimodal choice for San Antonio, as discussed below.

Economic Factors

VIA's financial results are significantly impacted by sales taxes, since these account for approximately 75% of VIA's revenues. VIA's budgeted FY15 sales tax revenue reflects a 4.0% increase over the forecasted FY14 total, and a 3.2% increase over actual FY14 sales taxes. Actual results for 2014 came in higher than forecast. Actual sales tax receipts for 2014 were up 9.4% from 2013, reflecting a relatively strong economy.

San Antonio's economy is expected to be strong in 2015. Many areas of town are starting to see substantial growth and new development projects are coming into play. Growth continues to be strong on the north and northwest areas of San Antonio, and the northeast side of town along the I-35 corridor is also experiencing quite a bit of development. Development also is occurring elsewhere in San Antonio. Examples of recent growth are growth from activity around Eagle Ford Shale, continued development of Brooks City-Base and Port San Antonio, the opening of the new Texas A&M campus, and development at Pearl and the Museum Reach extension of the River Walk. The growth in employment has also been broad-based. The local economy has seen growth in almost all sectors with exceptions being information, construction, and manufacturing.

Longer term, the Eagle Ford Shale, concentration of military cybersecurity and medical activity, growth in commercial aerospace, and above-average population gains will contribute to the area's above-average performance.

VIA Metropolitan Transit

San Antonio, Texas

Management's Discussion and Analysis

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New Service and Facilities

The primary theme of VIA's new budget is our commitment to its riders, which is highlighted by an increase in scheduled line service of 3.8% – to the highest levels in VIA's history. Most of these improvements will go into effect in January 2015. Complementing the service improvements is a transit shelter expansion program to add nearly 1,000 shelters throughout the service area. VIA will also work with other local entities to advance the Long-Range Comprehensive Transportation Plan, upgrade existing transit centers, advance new park and ride facilities, and expand Primo service into the South and West side.

VIA has a very robust capital program, and new passenger facilities are included in VIA's "SmartMove" program. Smartmove projects include seven new transit centers, two transfer centers, Southwest High-Capacity Transit Phase 1, Streetcar/High-Capacity Transit, and the Bus Stop Shelters/Amenities Program. The new transit centers are Centro Plaza (formerly the Westside Multimodal Transit Center Phase II), Stone Oak Park and Ride, Brooks Transit Center, Robert Thompson Transit Center, IH10 Park and Ride, SH151 Park and Ride, and Northeast Park and Ride. The two new transfer centers are Naco Pass and Five Points.

SmartMove. VIA will make significant progress on new facilities in FY15. The facilities include Centro Plaza, Stone Oak Park and Ride, Robert Thompson Transit Center, and Brooks Transit Center, along with additional new facilities that were advanced into the VIA's Five-Year Capital Plan in FY14 due mainly to TxDOT funding that recently became available.

Centro Plaza. VIA will work on construction of new amenities and the transit plaza in FY15. Phase II is located in a block northeast of the Phase I development and will offer covered passenger waiting areas, an attractive and functional public plaza, and transfer capability among 11 VIA transit routes (including VIA Primo).



Centro Plaza

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Three New Park and Ride Lots/Transit Centers. The Stone Oak Park and Ride, Robert Thompson Transit Center, and Brooks Transit Center are among the initial projects of the SmartMove program. The Stone Oak Park and Ride will be located along U.S. 281 north of Loop 1604. In FY15, VIA plans to proceed to 30% design for Phase II, continue working with Alamo Regional Mobility Authority ("RMA") and TxDOT, and begin the design-build procurement process. Phase I of the project was planned to provide a surface parking lot with 150-200 parking spaces and a customer shelter waiting facility that would facilitate connections to Express Bus service on U.S. 281 from downtown San Antonio. Phase II of the project includes a parking structure that will provide 400 parking spaces and a direct connection ramp to the managed lanes that are included in the RMA's U.S. 281 expansion project. The Board decided in May 2014 to only pursue the construction of Phase II of the project. To the south, the Brooks Transit Center will provide transfer opportunity among 5 area routes, including a new express route. Site selection for placement of the transit facility will be finalized in 2015. Both the Stone Oak and the Brooks express services will be operated with environmentally-friendly buses. The third facility is the Robert Thompson Transit Center located on the near eastside of downtown. Currently, a special-use facility, this transit center will offer an off-street transfer site and support a revised downtown operating plan that will reduce total volumes of buses in downtown. This facility and Centro Plaza will provide sheltered transfer capabilities that will result in fewer transfers occurring in the downtown core. In 2015, formal development proposals for the Robert Thompson Transit Center will be evaluated.

Additional New Facilities. In FY15, VIA will begin planning efforts on additional SmartMove projects advanced into VIA's Five-Year Capital Plan, including the IH10 Park and Ride, and SH151 Park and Ride. Five Points and Naco Pass transfer centers will also be addressed, with enhancements and new amenities.

High-Capacity Transit. VIA will collaborate on multimodal transportation planning that could result in a high-capacity transit project, such as light rail or streetcar. CoSA is developing a Comprehensive Plan, one component of which is a Strategic Multimodal Transportation Plan. VIA will work with CoSA to provide transportation-related expertise and input. Additionally, VIA is putting together an Advisory Committee to address multimodal transportation issues; the committee will be comprised of participants/stakeholders throughout the community. The Southwest High-Capacity Transit Phase 1 project will also be addressed in FY15. This project will include Primo (BRT) bus service and capital improvements in the South/West corridor.

Updated Bus Stop Shelter and Amenities. With increased funding made available by TxDOT, VIA will be able to focus on installing a total of nearly 1,000 new bus shelters throughout the community. Approximately 150 of these shelters have already been installed as of fiscal year-end 2014.

State-of-the-Art Fare Collection System. VIA will be implementing smart card technology in 2015, following implementation of new validating fareboxes and electronic fare media in FY14. VIA also plans to implement mobile ticketing in 2015. New technologies will provide more fare options, decrease boarding time, and give riders greater flexibility.

In summary, FY15 will be a year of significant progress for VIA, as the vision of a multimodal transit system for the San Antonio region continues to develop, and investments are made in transit system assets and improvements throughout the region.

VIA Metropolitan Transit
San Antonio, Texas
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September 30, 2014

Requests for Information

This financial report is designed to provide our patrons and other interested parties with a general overview of the financial condition of VIA. If you have questions about this report or need additional financial information, please contact VIA's Public Affairs Division at (210) 362-2370.



Basic Financial Statements

VIA Metropolitan Transit

San Antonio, Texas

Statements of Net Position

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,117,976	\$ 52,961,956
Investments	89,642,132	35,637,742
Accounts receivable:		
Federal government	2,388,898	11,751,115
State of Texas – sales taxes	27,398,931	25,024,182
Interest	599,063	209,508
Other	1,336,318	1,483,618
Inventory	3,618,697	3,738,040
Prepaid expenses and other current assets	425,467	542,914
Restricted assets:		
Cash and cash equivalents	31,611,324	22,034,413
Investments	63,896,196	18,038,041
State of Texas receivable – sales taxes	5,007,328	4,636,172
Total current assets	<u>257,042,330</u>	<u>176,057,701</u>
Noncurrent assets:		
Restricted cash and cash equivalents	3,805,336	130,117
Restricted investments	51,251,072	65,218,000
Capital assets:		
Land	31,812,673	31,729,733
Buildings and shelters	174,765,995	172,366,347
Revenue vehicles	174,165,810	172,570,870
Service vehicles	4,099,491	3,928,614
Equipment	45,113,736	43,205,799
Total capital assets	429,957,705	423,801,363
Less accumulated depreciation	283,755,778	266,300,823
Less allowance for capital projects	4,882,000	-
Construction in progress	54,805,294	30,497,535
Net capital assets	<u>196,125,221</u>	<u>187,998,075</u>
Other assets:		
Net pension asset	-	2,234,430
Net other postemployment benefits (“OPEB”) asset	4,302,687	4,302,687
Total other assets	<u>4,302,687</u>	<u>6,537,117</u>
Total noncurrent assets	<u>255,484,316</u>	<u>259,883,309</u>
Total assets	<u>512,526,646</u>	<u>435,941,010</u>
Deferred Outflow of Resources		
Fuel hedging	1,356,139	340,527
Total deferred outflow of resources	<u>1,356,139</u>	<u>340,527</u>
Total assets and deferred outflow of resources	<u>\$ 513,882,785</u>	<u>\$ 436,281,537</u>

The accompanying notes are an integral part of these statements.

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 13,122,162	\$ 13,776,392
Fuel hedging liability	1,356,139	340,527
Interest payable	899,522	78,942
Bonds payable	2,135,000	440,000
Accrued liabilities	4,894,554	4,269,282
Unearned revenue	835,276	620,367
Claims payable	<u>6,618,537</u>	<u>6,330,281</u>
Subtotal	29,861,190	25,855,791
Current liabilities – payable from restricted assets:		
Payable to CoSA, TxDOT, and Bexar County	5,002,370	4,633,206
Retainage payable	<u>163,542</u>	<u>136</u>
Total current liabilities	<u>35,027,102</u>	<u>30,489,133</u>
Long-term liabilities	<u>83,272,295</u>	<u>15,945,386</u>
Total liabilities	<u>\$ 118,299,397</u>	<u>\$ 46,434,519</u>

Net Position		
Net investment in capital assets	\$ 171,241,292	\$ 175,033,075
Restricted for capital projects	101,174,318	105,420,435
Unrestricted	<u>123,167,778</u>	<u>109,393,508</u>
Total net position	<u>\$ 395,583,388</u>	<u>\$ 389,847,018</u>

VIA Metropolitan Transit

San Antonio, Texas

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Operating revenues:		
Line service	\$ 22,103,715	\$ 23,001,057
Robert Thompson Terminal	187,785	195,549
Other special events	181,786	166,560
VIATrans	1,882,687	1,821,640
Charter	195,052	230,308
Real estate development	263,360	277,714
Ellis Alley Park and Ride	6,491	10,290
Bus advertising	749,530	714,530
Miscellaneous	759,723	783,235
Total operating revenues	<u>26,330,129</u>	<u>27,200,883</u>
Operating expenses:		
Line service	147,478,417	140,264,400
Robert Thompson Terminal	733,305	707,542
Other special events	592,886	584,044
VIATrans	34,330,772	33,147,022
Vanpool	547,806	534,322
Charter	148,332	163,089
Promotional service	90,993	89,743
Real estate development	4,334	857
Business development and planning	5,858,692	4,745,443
Transit technology	694,331	715,552
Total operating expenses before depreciation	190,479,868	180,952,014
Depreciation on capital assets:		
Acquired with VIA equity	6,116,210	6,715,989
Acquired with grants	16,688,763	14,217,462
Allowance for capital projects	4,882,000	-
Total operating expenses after depreciation	<u>218,166,841</u>	<u>201,885,465</u>
Operating loss	<u>(191,836,712)</u>	<u>(174,684,582)</u>
Nonoperating revenues (expenses):		
Sales taxes	189,964,334	173,776,660
Grants reimbursement	26,045,513	25,145,760
Investment income (loss)	577,720	(18,870)
Bond interest and issuance costs	(3,542,815)	(63,884)
Gain on sale of assets	40,839	73,893
Less amounts remitted to CoSA, TxDOT, and Bexar County	<u>(29,541,042)</u>	<u>(27,138,822)</u>
Total nonoperating revenues (expenses) – net	<u>183,544,549</u>	<u>171,774,737</u>
Loss before capital contributions	(8,292,163)	(2,909,845)
Capital contributions	<u>14,028,533</u>	<u>117,491,316</u>
Change in net position	5,736,370	114,581,471
Net position at beginning of year – as restated (Note 15)	<u>389,847,018</u>	<u>275,265,547</u>
Net position at end of year	<u>\$ 395,583,388</u>	<u>\$ 389,847,018</u>

The accompanying notes are an integral part of these statements.

VIA Metropolitan Transit

San Antonio, Texas

Statements of Cash Flows

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 26,444,828	\$ 26,885,148
Cash payments to vendors for goods and services	(69,529,643)	(52,489,768)
Cash payments for employee services, including salaried fringe benefits	<u>(116,357,285)</u>	<u>(118,184,355)</u>
Net cash used in operating activities	<u>(159,442,100)</u>	<u>(143,788,975)</u>
Cash Flows From Noncapital Financing Activities		
Sales taxes	187,238,666	173,005,608
Grants reimbursements received	34,590,137	18,229,255
Payments to CoSA, TxDOT, and Bexar County	<u>(29,171,876)</u>	<u>(26,979,114)</u>
Net cash provided by noncapital financing activities	<u>192,656,927</u>	<u>164,255,749</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital grants	14,846,128	117,414,490
Bond proceeds	67,431,796	-
Bond pay off	-	(4,895,747)
Debt service	(3,060,056)	(604,490)
Proceeds from sale of assets	177,997	74,467
Purchase of capital assets	<u>(35,938,653)</u>	<u>(52,086,214)</u>
Net cash provided by capital and related financing activities	<u>43,457,212</u>	<u>59,902,506</u>
Cash Flows From Investing Activities		
Sale of investment securities	98,144,401	119,907,415
Purchase of investment securities	(183,952,414)	(175,162,245)
Interest earnings	<u>544,124</u>	<u>250,591</u>
Net cash used in investing activities	<u>(85,263,889)</u>	<u>(55,004,239)</u>
Net increase (decrease) in cash and cash equivalents	(8,591,850)	25,365,041
Cash and cash equivalents at beginning of year	<u>75,126,486</u>	<u>49,761,445</u>
Cash and cash equivalents at end of year	<u>\$ 66,534,636</u>	<u>\$ 75,126,486</u>

The accompanying notes are an integral part of these statements.

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Operating loss	\$ (191,836,712)	\$ (174,684,582)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	6,116,210	6,715,989
Acquired with grants	16,688,763	13,864,034
ATD cash transfers for depreciation	-	2,871,017
Allowance for capital projects	4,882,000	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	147,302	(385,141)
(Increase) decrease in inventory	119,343	(504,572)
Decrease in prepaid expenses and other current assets	1,133,059	1,706,322
Decrease in prepaid pension	2,234,430	-
Increase in interfund receivable	(392,187)	-
Increase in accounts payable	705,966	7,089,482
Increase (decrease) in accrued liabilities	759,726	(461,524)
Net cash used in operating activities	<u>\$ (159,442,100)</u>	<u>\$ (143,788,975)</u>

Reconciliation of Cash and Cash Equivalents Per Statements of Cash Flows to the Statements of Net Position

Cash and cash equivalents at end of year:		
Unrestricted	\$ 31,117,976	\$ 52,961,956
Restricted – mandated purpose	<u>35,416,660</u>	<u>22,164,530</u>
Total cash and cash equivalents	<u>\$ 66,534,636</u>	<u>\$ 75,126,486</u>

Noncash Capital and Financing Activities

Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue bonds	\$ 10,200,000	\$ -

VIA Metropolitan Transit

San Antonio, Texas

Notes to the Financial Statements

September 30, 2014

Note 1 – Summary of Significant Accounting Policies

The financial statements of VIA Metropolitan Transit (“VIA,” also referred to as “MTA”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for local governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of VIA’s accounting policies are described below.

A. Reporting Entity

VIA was established on March 1, 1978, under the provisions prescribed in Article 1118x, Revised Civil Statutes of Texas (now codified as Chapter 451, Texas Transportation Code). As a public transit authority, VIA is to develop, maintain, and operate a public mass transportation system for the San Antonio Metropolitan Area, principally within Bexar County, Texas.

VIA is governed by an 11-member Board of Trustees (the “Board”), which has governance responsibilities over all activities related to VIA. Representatives of the Board are appointed by the City of San Antonio (“CoSA”), Bexar County Commissioners Court, and Suburban Council of Mayors. However, since members of the Board have the authority to make decisions, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters, VIA is not included in any other governmental “reporting entity,” as defined by GASB in Section 2100, *Defining the Financial Reporting Entity*.

On November 2, 2004, the citizens of CoSA served by VIA voted to authorize the creation of the Advanced Transportation District (“ATD”) funded by an additional ¼ cent sales tax. ATD was created by VIA’s Board in December 2004. Of the additional sales tax collected, ½ will be used by VIA to provide public transportation improvements, including better service on the busiest routes, expanded service to new areas, better passenger facilities, and new technology, and ½ will be used by CoSA, the Texas Department of Transportation (“TxDOT”), and Bexar County for street improvements, highway projects, and other transit projects.

ATD is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of ATD are not proprietary functions for any purpose, including the application of Chapter 101. In accordance with the governance of ATD, the Board of VIA shall act as the governing body of ATD and is responsible for the management, operation, and control of ATD. The business of ATD is conducted through its governing body and by the employees of VIA acting under the control and direction of the President/Chief Executive Officer of VIA. Accordingly, the ATD is reported as a blended component unit of VIA.

ATD may enter into contracts with VIA, or other private or public entities, to conduct the business of ATD. ATD is presented as a blended component unit in accordance with GASB Codification Section 2100. The accompanying financial statements include the accounts and operations of ATD. All significant intercompany balances have been eliminated.

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The following are condensed financial statements for ATD:

Condensed Statements of Net Position

	<u>2014</u>	<u>2013</u>
Assets		
Total assets – current	\$ <u>58,562,185</u>	\$ <u>29,041,114</u>
Total assets – noncurrent	<u>396,227</u>	<u>13,282</u>
Total assets	\$ <u><u>58,958,412</u></u>	\$ <u><u>29,054,396</u></u>
Liabilities		
Payable to MTA	\$ 2,933,015	\$ 2,408,658
Other current liabilities	<u>6,298,638</u>	<u>4,686,987</u>
Total current liabilities	<u>9,231,653</u>	<u>7,095,645</u>
Total long-term liabilities	<u>36,830,997</u>	<u>5,100,000</u>
Total liabilities	\$ <u><u>46,062,650</u></u>	\$ <u><u>12,195,645</u></u>
Net Position		
Restricted for capital projects	\$ 396,227	\$ 13,282
Unrestricted	<u>12,499,535</u>	<u>16,845,469</u>
Total net position	\$ <u><u>12,895,762</u></u>	\$ <u><u>16,858,751</u></u>

VIA Metropolitan Transit

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Notes to the Financial Statements

September 30, 2014

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2014</u>	<u>2013</u>
Operating revenues – line services	\$ 3,742,617	\$ 3,732,309
Operating expenses before depreciation	26,970,612	25,654,534
Depreciation on capital assets	<u>2,892,617</u>	<u>2,896,624</u>
Operating loss	<u>(26,120,612)</u>	<u>(24,818,849)</u>
Nonoperating revenues:		
Sales taxes	59,082,086	54,277,644
Amount remitted to CoSA, TxDOT, and Bexar County	(29,541,042)	(27,138,822)
Other nonoperating revenues	<u>(1,243,881)</u>	<u>(78,056)</u>
Total nonoperating revenues	28,297,163	27,060,766
Transfer out	<u>(6,139,540)</u>	<u>(4,992,945)</u>
Changes in net position	(3,962,989)	(2,751,028)
Net position at beginning of year	<u>16,858,751</u>	<u>19,609,779</u>
Net position at end of year	<u>\$ 12,895,762</u>	<u>\$ 16,858,751</u>

Condensed Statements of Cash Flows

	<u>2014</u>	<u>2013</u>
Net cash used in operating activities	\$ (23,105,251)	\$ (24,387,532)
Net cash provided by noncapital financing activities	<u>26,288,684</u>	<u>26,979,117</u>
Net cash provided by (used in) capital and related financing activities	<u>25,519,373</u>	<u>(5,048,900)</u>
Net cash used in investing activities	<u>(25,254,960)</u>	<u>(458,612)</u>
Net increase (decrease) in cash and cash equivalents	3,447,846	(2,915,927)
Cash and cash equivalents at beginning of year	<u>2,772,184</u>	<u>5,688,111</u>
Cash and cash equivalents at end of year	<u>\$ 6,220,030</u>	<u>\$ 2,772,184</u>

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Notes to the Financial Statements

September 30, 2014

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The statements of net position and the statements of revenues, expenses, and changes in net position report information on all nonfiduciary activities of the primary government and its component units. Business-type activities are supported to a significant extent on fees charged for support.

The basic financial statements are reported using 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. Sales taxes are recognized as revenues in the period in which the underlying sales transaction that generated the sales tax occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred. Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met.

GASB Statements – In 2014, the following GASB Statements were adopted:

GASB Statement No. 66, *Technical Corrections – 2012, An Amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of GASB Statement No. 66 did not have an effect on VIA's previously reported net position.

GASB Statement No. 67, *Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25*, improves the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The adoption of GASB Statement No. 67 did not have an effect on VIA's previously reported net position.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, governs governments that extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The adoption of GASB Statement No. 70 did not have an effect on VIA's previously reported net position.

Future GASB Statements – The following GASB Statements will be implemented in future years:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement No. 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB Statement No. 68 is effective for fiscal years beginning after June 15, 2014. VIA will implement this statement in fiscal year 2015.

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GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. VIA will implement this statement in fiscal year 2015.

C. Accounts Receivable

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of September 30, 2014 and 2013, there was no allowance for doubtful accounts.

D. Sales Tax

VIA recognizes sales tax revenue based on a methodology that equates to accruing approximately two months of sales tax receipts from the state of Texas. Generally, the sales taxes on sales made in any given month are reported and paid to the State Comptroller's Office the following month. VIA receives the sales taxes from the Comptroller the next month. Sales tax revenues and the related receivable are recognized when the underlying sales transaction that generated the sales tax occurs.

E. Inventory

Inventory, comprised primarily of fuel and repair parts, is stated at the lower of cost or net realizable value. Cost is determined by the average-cost method.

F. Capital Assets

Capital assets are recorded on the basis of cost. VIA's policy is to capitalize purchases of assets if the asset has a useful life of more than one year and an individual value of \$5,000 or greater. Donated capital assets are valued at their estimated fair market value at date of donation. VIA provides for depreciation on assets using the straight-line method in order to amortize costs of assets over their estimated useful lives.

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The following estimated useful lives are used in providing for depreciation:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and shelters	10-20 years
Revenue vehicles	2-12 years
Service vehicles	4 years
Equipment	2-10 years

G. *Compensated Absences*

VIA accrues employee vacation leave as earned. Sick leave is not accrued since terminated employees are not paid for accumulated sick leave.

H. *Estimated Liabilities*

Estimated liabilities include amounts provided for:

- Claims made against VIA involving public injuries and damages related to transit operations
- Claims incurred, but unpaid, and claims incurred, but not reported, as of year-end against VIA’s self-insured employees’ health program
- Claims made against VIA involving employee injuries that are work-related
- Fair value of fixed-rate swaps for fuel

In management’s opinion, the amounts accrued are sufficient to satisfy all claims as of September 30, 2014.

I. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. VIA accounts for fuel hedging derivatives under this reporting category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. VIA accounts for fuel hedging derivatives under this reporting category.

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J. Operating and Nonoperating Revenues and Expenses

VIA classifies operating revenues as all revenue earned from the operation of the various transportation services offered and those revenues generated by the capital assets owned by VIA. Included in this category are fare revenue, revenue from the placement of advertisements on the bus and van system, operation of park and rides, and miscellaneous revenue earned by the operation of various capital assets. Nonoperating revenues include sales tax receipts collected from the community to support transit, grant revenue from all sources, investment income, and other revenues not meeting the definition of operating revenues. All expenses related to operating the bus and van system are reported as operating expenses all other expenses are reported as nonoperating.

K. Operating Revenues

VIA's operating revenues are classified into the following categories.

Line Service – includes revenues related to all regularly scheduled bus routes available to the general public for a fare.

Robert Thompson Terminal – includes revenues related to the operation and maintenance of the Robert Thompson Terminal, which provides services for various Alamodome events.

Other Special Events – include revenues from services provided for various community events throughout the year.

VIAtrans – includes revenues from transportation services provided to the mobility-impaired who are unable to ride the regular line buses.

Charter – includes revenues from transportation services provided to private operators.

Real Estate Development – includes revenues from the rental of the Sunset Depot Complex, the Amtrak facility, and office space.

Ellis Alley Park and Ride – includes revenues related to the collection of parking fees at the Ellis Alley Park and Ride facility.

Bus Advertising – includes revenues related to the placement of advertisements on the bus and van system.

Miscellaneous – includes a variety of miscellaneous revenues, such as fees for the Child Development Center, Alamodome facility fees, and station concessions.

L. Operating Expenses

VIA's operating expenses, excluding depreciation, are classified in the following cost centers.

Line Service – includes expenses related to all regularly scheduled bus routes available to the general public for a fare.

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Robert Thompson Terminal – includes expenses related to the operation and maintenance of the Robert Thompson Terminal, which provides services for various Alamodome events.

Other Special Events – include expenses related to services provided for various community events throughout the year.

VIAtrans – include expenses related to transportation services provided to the mobility-impaired who are unable to ride the regular line buses.

Vanpool – includes expenses related to the provision of shared-ride service used generally for work commute trips.

Charter – includes expenses related to transportation services provided to private operators.

Promotional Service – includes expenses related to community related charters, including school educational program.

Real Estate Development – includes expenses related to the operations and maintenance of the Sunset Depot Complex, the Amtrak facility, and office space.

Business Development and Planning – includes expenses related to planning, designing, constructing, opening, and implementing new capital projects related to new modes of service or new operating facilities.

Transit Technology – includes expenses related to the operation and maintenance of information technology that services transit operations.

M. Statements of Cash Flows

For purposes of the statements of cash flows, and in accordance with VIA's policy, VIA considers all highly liquid investments, including restricted assets with a maturity of 90 days or less when purchased, to be cash equivalents.

N. Reclassification

Certain reclassifications have been made in the prior year's financial statements to conform to the current year's presentation.

Note 2 – Budget

VIA is required by state law to adopt an annual operating budget prior to the commencement of a fiscal year. Before the budget is adopted, VIA's Board is required to conduct a public hearing, and the proposed budget must be made available to the public at least 14 days prior to the hearing.

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VIA may not incur operating expenses in excess of the total budgeted operating expenses unless the Board amends the budget by order after public notice and hearing. VIA's operating budget is prepared on a GAAP budgetary basis. Appropriations lapse at year-end.

Note 3 – Cash and Investments

State law and VIA's investment policy permit VIA to invest in fully secured or fully insured certificates of deposit ("CDs") of state and national banks or savings and loan associations located within the state of Texas, or to invest in direct obligations of the United States of America and its agencies, obligations of the state of Texas and its municipalities, school districts, or other political subdivisions, and obligations guaranteed as to both principal and interest by the United States of America or Texas Local Government Investment Pool ("TexPool").

A. Cash

As of September 30, 2014, the carrying amount of VIA's cash and cash equivalents on the statements of net position was \$66,534,636 (\$75,126,486 in 2013), and the bank balance was \$66,930,675 (\$75,636,843 in 2013). All deposits are insured by federal depository insurance and/or collateralized with securities held by VIA's agent in VIA's name. VIA's cash deposits are held at BBVA Compass and Regions Bank, which qualified as public depositories under Texas law and are deemed to be insured and not subject to classification by credit risk. On a daily basis, VIA participates in a sweep of cash balances to achieve higher yields.

B. Investments

VIA invests in securities of the United States Treasury or agencies of the United States, and these investments are held in safekeeping by VIA's custodial bank, Comerica, and are registered as accounts of VIA. These investments are carried at amortized cost, which approximates fair value, if they have a remaining maturity at the time of purchase or one year or less. All investments with a maturity of one year or more are carried at fair value.

VIA also invests in TexPool (a Texas local government investment pool) and CDs. TexPool investments consist exclusively of United States government securities, repurchase agreements collateralized by United States government securities, and AAA-rated no-load money market mutual funds. The Comptroller of the Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate TexPool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. Although TexPool is not registered with the Securities and Exchange Commission as an investment company, VIA believes it operates as a Rule 2a-7-like pool, as described in GASB Statement No. 59. As such, TexPool uses amortized cost to report net position and share prices, since that amount approximates fair value. VIA's investment in TexPool is reported under "cash and cash equivalents" on the statements of net position. VIA invests in CDs through the Certificate of Deposit Account Registry Service ("CDARS"). Deposits are placed with a CDARS network member – Frost Bank. Frost Bank then uses the CDARS service to place VIA's funds into CDs issued by other members of the CDARS network. This occurs in increments below the standard Federal Deposit Insurance Corporation ("FDIC") insurance maximum (\$250,000), so that both principal and interest are eligible for FDIC insurance.

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The following table shows VIA's investments and their maturities as of September 30:

Investments	2014 Investment Maturities				Carrying Amount
	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	
United States Treasury Notes	\$ -	\$ -	\$ -	\$ 5,231,250	\$ 5,231,250
Federal Home Loan Mortgage Bank Agency Securities	25,395,140	9,747,690	-	-	35,142,830
Federal Farm Credit Bank Agency Securities	-	-	-	29,995,188	29,995,188
Freddie Mac Agency Securities	13,801,088	-	-	46,019,827	59,820,915
Fannie Mae Agency Securities	<u>4,999,310</u>	<u>47,498,361</u>	<u>14,595,826</u>	<u>-</u>	<u>67,093,497</u>
Total United States Treasury and agency securities	44,195,538	57,246,051	14,595,826	81,246,265	197,283,680
Certificates of deposit	7,505,720	-	-	-	7,505,720
TexPool	<u>46,989,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,989,797</u>
Total investments	<u>\$ 98,691,055</u>	<u>\$ 57,246,051</u>	<u>\$ 14,595,826</u>	<u>\$ 81,246,265</u>	<u>\$ 251,779,197</u>
Investments	2013 Investment Maturities				Carrying Amount
	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	
United States Treasury Notes	\$ -	\$ -	\$ -	\$ 5,342,200	\$ 5,342,200
Federal Home Loan Mortgage Bank Agency Securities	8,307,647	6,198,919	-	-	14,506,566
Federal Farm Credit Bank Agency Securities	-	-	-	19,979,400	19,979,400
Freddie Mac Agency Securities	7,497,783	-	12,723,769	39,896,400	60,117,952
Fannie Mae Agency Securities	<u>-</u>	<u>8,799,365</u>	<u>10,148,300</u>	<u>-</u>	<u>18,947,665</u>
Total United States Treasury and agency securities	15,805,430	14,998,284	22,872,069	65,218,000	118,893,783
TexPool	<u>63,872,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,872,669</u>
Total investments	<u>\$ 79,678,099</u>	<u>\$ 14,998,284</u>	<u>\$ 22,872,069</u>	<u>\$ 65,218,000</u>	<u>\$ 182,766,452</u>

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Interest Rate Risk – Interest rate risk, the risk that changes in market interest rates, will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses due to rising interest rates, VIA’s investment policy limits its investment maturities to no more than ten years. Currently, 68% of VIA’s investment portfolio is invested in maturities less than one year (64% in 2013). Investment maturities are as follows:

<u>Maturity</u>	<u>Percentage of Portfolio</u>	
	<u>2014</u>	<u>September 30, 2013</u>
Less than 90 days	39%	43%
From 91 days to 180 days	23%	8%
From 181 days to 364 days	6%	13%
Greater than 365 days	32%	36%

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government are excluded from this requirement.

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Presented below is the minimum rating required (where applicable) by VIA's investment policy and the Public Funds Investment Act and the actual rating for each investment as of September 30:

Credit Risk Ratings as of September 30, 2014					
<u>Investments and Days to Maturity</u>	<u>Minimum Legal Rating</u>	<u>Investment Rating</u>	<u>Rating Organization</u>	<u>Carrying Amount</u>	<u>Percentage Invested</u>
<i>United States Treasury Notes:</i>					
Greater than 365 days	N/A	N/A	N/A	\$ 5,231,250	2.1%
<i>Federal Home Loan Mortgage Bank Agency Securities:</i>					
Less than 90 days	A-1	Aaa	Moody's	25,395,140	10.1%
From 91 days to 180 days	A-1	Aaa	Moody's	9,747,690	3.9%
<i>Federal Farm Credit Bank Agency Securities:</i>					
Equal to or greater than 365 days	A-1	Aaa	Moody's	29,995,188	11.9%
<i>Freddie Mac Agency Securities:</i>					
Less than 90 days	A-1	Aaa	Moody's	13,801,088	5.5%
Equal to or greater than 365 days	A-1	Aaa	Moody's	46,019,827	18.3%
<i>Fannie Mae Agency Securities:</i>					
Less than 90 days	A-1	Aaa	Moody's	4,999,310	2.0%
From 91 days to 180 days	A-1	Aaa	Moody's	47,498,361	18.8%
From 181 days to 364 days	A-1	Aaa	Moody's	<u>14,595,826</u>	<u>5.8%</u>
Total United States Treasury and agency securities				197,283,680	78.4%
Certificates of deposit	AAA	AAAm	Standard & Poor's	7,505,720	3.0%
TexPool	AAA	AAAm	Standard & Poor's	<u>46,989,797</u>	<u>18.6%</u>
Total investments				<u>\$ 251,779,197</u>	<u>100.0%</u>

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Credit Risk Ratings as of September 30, 2013

<u>Investments and Days to Maturity</u>	<u>Minimum Legal Rating</u>	<u>Investment Rating</u>	<u>Rating Organization</u>	<u>Carrying Amount</u>	<u>Percentage Invested</u>
<i>United States Treasury Notes:</i>					
Greater than 365 days	N/A	N/A	N/A	\$ 5,342,200	2.9%
<i>Federal Home Loan Mortgage Bank Agency Securities:</i>					
Less than 90 days	A-1	Aaa	Moody's	8,307,647	4.5%
From 91 days to 180 days	A-1	Aaa	Moody's	6,198,919	3.4%
<i>Federal Farm Credit Bank Agency Securities:</i>					
Greater than 365 days	A-1	Aaa	Moody's	19,979,400	10.9%
<i>Freddie Mac Agency Securities:</i>					
Less than 90 days	A-1	Aaa	Moody's	7,497,783	4.1%
From 181 days to 364 days	A-1	Aaa	Moody's	12,723,769	7.1%
Greater than 365 days	A-1	Aaa	Moody's	39,896,400	21.8%
<i>Fannie Mae Agency Securities:</i>					
From 91 days to 180 days	A-1	Aaa	Moody's	8,799,365	4.8%
Greater than 365 days	A-1	Aaa	Moody's	<u>10,148,300</u>	<u>5.6%</u>
Total United States Treasury and agency securities				118,893,783	65.1%
TexPool	AAA	AAAm	Standard & Poor's	<u>63,872,669</u>	<u>34.9%</u>
Total investments				\$ <u>182,766,452</u>	<u>100.0%</u>

Concentration of Credit Risk – As a means of limiting its exposure to concentration of credit risk, VIA's investment policy limits the maximum percentage allowed in each type of investment. Direct obligations such as United States Treasury Notes are limited to 95% of VIA's investment portfolio; indirect obligations, such as Federal Home Loan Mortgage Bank Agency Securities, Freddie Mac Agency Securities, and Fannie Mae Agency Securities, are limited to 85% of VIA's investment portfolio; and fully collateralized CDs are limited to 50% of VIA's investment portfolio. As of September 30, 2014, VIA's investment portfolio consists of 2% (3% in 2013) in direct obligations and 76% (62% in 2013) in indirect obligations.

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The following table reflects the percentage amount invested in each issuer as a percentage of the total portfolio:

Investments	Percentage of Portfolio	
	2014	2013
United States Treasury Notes	2%	3%
Federal Home Loan Mortgage Bank Agency Securities	14%	8%
Federal Farm Credit Bank Agency Securities	12%	11%
Freddie Mac Agency Securities	24%	33%
Fannie Mae Agency Securities	26%	10%
TexPool	19%	35%
Certificates of deposit	3%	0%

C. Financial Hedges for Fuel

VIA has a fuel hedging program that was developed and implemented in 2009, with the goal of managing fuel price risk and providing for fuel price certainty for a period of up to 60 months. Since the price of fuel needed to provide mass transit service has a significant impact on VIA's operating budget, VIA seeks to limit exposure to the impact of fuel price variability. Tactics that may be used to achieve the price risk management goals include Fixed Price Future Delivery Contracts, Guaranteed Price Contracts (Swaps), Maximum/Minimum Price Contracts (Collars), and Maximum Price Contracts (Caps).

For fiscal year 2013, VIA hedged approximately 90% of its budgeted diesel fuel usage volumes, 78% of budgeted unleaded gasoline and 39% of budgeted propane volumes. In January 2012, VIA entered into a fixed rate swap with KS&T covering 5,700,000 gallons of diesel fuel in fiscal year 2013. The fixed price under this swap was \$2.9915 per gallon, and the swap will be settled monthly against Platt's Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 720,000 gallons of unleaded gasoline and, in August 2012, entered into another swap with KS&T to sell back 225,000 gallons of unleaded gasoline. VIA entered into the hedge to sell as a result of a decision that was made to replace paratransit fleet vans with propane-powered vehicles. VIA sold back some of the hedged volumes so that those volumes would not exceed projected usage volumes. The swap to buy is at \$2.6180 per gallon, and the swap to sell is at \$2.7100 per gallon. These swaps were settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline. In September 2012, VIA entered into a fixed rate swap with KS&T covering 520,000 gallons of propane in fiscal year 2013 at \$0.9090 per gallon. In October 2012, VIA entered into another fixed rate swap with KS&T covering an additional 520,000 gallons of propane in fiscal year 2013 at a price of \$.9625 per gallon. These swaps were settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2014, VIA hedged approximately 73% of its budgeted diesel fuel usage volumes, 74% of budgeted unleaded gasoline usage volumes, and 98% of budgeted propane usage volumes. In January 2012, VIA entered into a fixed rate swap with KS&T covering 3,120,000 gallons of diesel fuel at \$2.9150 per gallon. In March 2014, VIA entered into a fixed rate swap with BP to cover an additional 1,350,216 gallons of diesel fuel at \$2.8770 per gallon. Both swaps will be settled monthly against Platts

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Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 360,000 gallons of unleaded gasoline at \$2.5275/gallon. The swap will be settled monthly against Platts Gulf Coast Unleaded Gasoline. In October 2012, VIA entered into a fixed rate swap with Shell Trading Company covering 1,560,000 gallons of propane in fiscal year 2014 at \$0.9735 per gallon. The swap will be settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2015, VIA has hedged approximately 90% of its budgeted diesel fuel usage volumes, 89% of budgeted unleaded gasoline usage volumes, and 95% of budgeted propane volumes. In January 2012, VIA entered into a fixed rate swap with KS&T covering 2,460,000 gallons of diesel fuel at \$2.8850 per gallon. In March 2014, VIA entered into a fixed rate swap with BP covering an additional 3,300,192 gallons of diesel fuel at \$2.8150 per gallon. Both swaps will be settled monthly against Platts Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 360,000 gallons of unleaded gasoline at \$2.4975 per gallon. In October 2014, VIA entered into a fixed rate swap with J.P. Morgan Ventures Energy Corporation ("J.P. Morgan") to cover an additional 165,000 gallons of unleaded gasoline at \$2.2200 per gallon. The swap will be settled monthly against Platts Gulf Coast Unleaded Gasoline. Additionally, in September 2014, VIA entered into an agreement with BP Energy Company ("BP") to cover 899,640 gallons of propane at \$1.0750 per gallon. The propane swap will be settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2016, VIA has hedged approximately 94% of anticipated diesel fuel usage volumes, 91% of anticipated unleaded gasoline usage volumes, and 94% of anticipated propane volumes, although no fiscal year 2016 volumes were hedged as of September 30, 2014. In October 2014, VIA entered into a fixed rate swap with J.P. Morgan covering 5,000,000 gallons of diesel fuel at \$2.5100 per gallon. The swap will be settled monthly against Platts Gulf Coast Ultra Low Sulfur Diesel. In October 2014, VIA also entered into a fixed rate swap with J.P. Morgan covering 540,000 gallons of unleaded gasoline at \$2.2325 per gallon. The swap will be settled monthly against Platts Gulf Coast Unleaded Gasoline. In November 2014, VIA entered into a fixed rate swap with J.P. Morgan to cover 900,000 gallons of propane at \$0.8600 per gallon. The propane swap will be settled monthly against OPIS Mont Belvieu Propane.

VIA's credit risk is minimized since counterparties to the swaps are required to have a minimum long-term rating of "A-" or "A3" by at least two of the three nationally recognized rating agencies or meet collateral posting requirements for entities with ratings below this level. The only swaps that VIA has outstanding as of September 30, 2014 are with KS&T, BP, and J.P. Morgan. As of September 30, 2014, the credit rating of Koch was "AA-" with Standard & Poors and "Aa3" with Moody's; BP was "A" with Standard & Poors and "Baa1" with Moody's; and J.P. Morgan was "A+" with Standard & Poors and "Aa3" with Moody's.

The maximum amount of loss to VIA due to credit risk, based on the fair value of the hedging derivative instruments as of September 30, 2014, is \$0. On September 30, 2014, the outstanding diesel fuel swaps had a combined negative value \$1,274,228, the outstanding gasoline fuel swap had a negative value of \$44,820, and the outstanding propane fuel swap had an outstanding negative value of \$37,091, resulting in a total liability of \$1,356,139 (liability of \$340,527 in 2013). As of September 30, 2014, based on the fair value of the hedging instruments, the counterparty had the credit risk.

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Under VIA's International Swaps and Derivatives Association ("ISDA") Agreement with KS&T, VIA has a credit limit of \$5,000,000, and KS&T has a credit limit of \$15,000,000. For exposure above those credit limits, cash is the only acceptable collateral that can be posted. Under the ISDA Agreement with BP, VIA has a credit limit of \$35,000,000, and BP has a credit limit of \$35,000,000. For exposure above those credit limits, cash is the only acceptable collateral. As per VIA's ISDA agreement with J.P. Morgan, VIA has a credit limit of \$10,000,000 and J.P. Morgan has a credit limit of \$55,000,000. For exposure above those credit limits, cash is the only acceptable collateral.

VIA's outstanding hedges do not involve any basis risk, since the fuel products VIA physically purchases to provide service are based on the same index and are the same products used for the financial contracts (swaps) – Platt's Gulf Coast Ultra Low Sulfur Diesel, Platt's Unleaded Gasoline, and OPIS Mont Belvieu Propane.

Note 4 – Restricted and Unrestricted Cash and Investments

VIA's cash, cash equivalents, and investments are restricted and unrestricted for the following purposes:

Restricted

- A. ***Retainage*** – represents assets equal to the liability payable to contractors for retainage withheld from periodic payments, plus interest earnings.
- B. ***Bond Construction Fund*** – represents bond proceeds and interest to be used for capital expenditures.
- C. ***Bond Fund – Principal and Interest Due*** – used for setting aside funds for upcoming principal and interest payments on outstanding bonds.
- D. ***Capital Grant Local Share*** – represents assets to provide for VIA's matching share of the Federal Transit Administration ("FTA") 49 U.S. Code Section 5307 and Section 5309 grants.
- E. ***Local Assistance Program*** – represents assets to provide for the enhancement of visual, operational, and structural vehicle right-of-way improvements.

Unrestricted

- A. ***VIAcare*** – represents assets to provide for unusually large medical claims from VIA's self-insured employees' health program.
- B. ***Property Insurance Deductibles*** – represent assets to provide for the insurance policy deductible on VIA's vehicles, buildings, and contents.
- C. ***Uninsured Property*** – represents assets to provide for replacement of certain assets which do not equal or exceed the deductible per occurrence amount of the property insurance policy.
- D. ***Stabilization Fund*** – represents assets to provide a level of financial resources to protect against revenue shortfalls or unpredicted one-time expenditures.

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- E. VIA Capital Fund** – represents assets to provide for capital asset acquisitions.
- F. Working Capital** – represents assets designated to provide VIA with sufficient operating funds to pay its day-to-day operational obligations.

Components of restricted and unrestricted cash and investments are summarized as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>2014 Total</u>	<u>2013 Total</u>
Restricted Cash and Investments				
Mandated purposes:				
Retainage	\$ 209,620	\$ -	\$ 209,620	\$ 366,083
Capital assets:				
Bond construction fund	9,222,109	40,003,958	49,226,067	-
Bond fund – principal and interest due	3,805,336	-	3,805,336	130,117
Capital grant local share:				
TxDOT grant	22,179,595	70,024,629	92,204,224	91,692,430
FTA grants	<u>-</u>	<u>5,118,681</u>	<u>5,118,681</u>	<u>13,231,941</u>
Total restricted cash and investments	<u>35,416,660</u>	<u>115,147,268</u>	<u>150,563,928</u>	<u>105,420,571</u>
Unrestricted Cash and Investments				
Board-approved purposes:				
VIAcare	-	5,139,229	5,139,229	4,063,675
Property insurance deductibles	-	500,000	500,000	500,000
Uninsured property	-	945,805	945,805	922,712
Stabilization fund	-	33,370,000	33,370,000	30,450,000
Capital assets:				
VIA capital fund	2,544,544	44,890,530	47,435,074	22,883,457
Working capital:				
MTA	28,340,000	-	28,340,000	23,446,668
ATD	<u>233,432</u>	<u>4,796,568</u>	<u>5,030,000</u>	<u>6,333,186</u>
Total unrestricted cash and investments	<u>31,117,976</u>	<u>89,642,132</u>	<u>120,760,108</u>	<u>88,599,698</u>
Total cash, cash equivalents, and investment balances	<u>\$ 66,534,636</u>	<u>\$ 204,789,400</u>	<u>\$ 271,324,036</u>	<u>\$ 194,020,269</u>

Note 5 – Capital Contributions

Capital contributions consist of funds received through various grants to assist in the acquisition of capital assets. A major portion of these contributions is through the annual and discretionary capital grants provided by FTA, as well as past grant contributions received from the state of Texas. Generally, an FTA grant will provide 80% of the total project cost, and VIA will match the grant funds by paying the remaining 20%. The capital contribution accounts record the funds received through these various grants.

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Note 6 – Capital Grants

VIA has received various federal capital grants. The capital grants amended budgets at September 30, 2014 totaled \$327,503,047 (\$258,570,226 in 2013), of which \$276,247,704 has been expended to date (\$221,827,666 in 2013).

Note 7 – Capital Assets

Components of capital assets are summarized as follows:

	Restated Balance at September 30, 2013	Additions	Deletions	Transfers	Balance at September 30, 2014
Land*	\$ 31,729,733	\$ 82,940	\$ -	\$ -	\$ 31,812,673
Buildings and shelters	172,366,347	304,995	(216,090)	2,310,743	174,765,995
Revenue and service vehicles	176,499,484	4,829,471	(4,764,562)	1,700,908	178,265,301
Equipment	<u>43,205,799</u>	<u>1,250,117</u>	<u>(493,910)</u>	<u>1,151,730</u>	<u>45,113,736</u>
	<u>423,801,363</u>	<u>6,467,523</u>	<u>(5,474,562)</u>	<u>5,163,381</u>	<u>429,957,705</u>
Accumulated depreciation:					
Buildings and shelters	121,292,354	8,068,419	(167,471)	-	129,193,302
Revenue and service vehicles	113,682,344	10,513,880	(4,764,561)	-	119,431,663
Equipment	<u>31,326,125</u>	<u>4,222,674</u>	<u>(417,986)</u>	<u>-</u>	<u>35,130,813</u>
	<u>266,300,823</u>	<u>22,804,973</u>	<u>(5,350,018)</u>	<u>-</u>	<u>283,755,778</u>
Allowance for capital projects	<u>-</u>	<u>4,882,000</u>	<u>-</u>	<u>-</u>	<u>4,882,000</u>
Net capital assets before construction in progress	<u>157,500,540</u>	<u>(21,219,450)</u>	<u>(124,544)</u>	<u>5,163,381</u>	<u>141,319,927</u>
Construction in progress*:					
Buildings and shelters	20,766,452	23,773,429	-	(1,700,908)	42,838,973
Revenue and service vehicles	1,965,827	2,623,948	-	(2,310,743)	2,279,032
Equipment	<u>7,765,256</u>	<u>3,073,763</u>	<u>-</u>	<u>(1,151,730)</u>	<u>9,687,289</u>
Total construction in progress	<u>30,497,535</u>	<u>29,471,140</u>	<u>-</u>	<u>(5,163,381)</u>	<u>54,805,294</u>
Net capital assets	<u>\$ 187,998,075</u>	<u>\$ 8,251,690</u>	<u>\$ (124,544)</u>	<u>\$ -</u>	<u>\$ 196,125,221</u>

*Capital assets not being depreciated.

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	Restated Balance at September 30, 2012	Additions	Deletions	Transfers	Balance at September 30, 2013 (Restated)
Land*	\$ 27,209,314	\$ -	\$ -	\$ 4,520,419	\$ 31,729,733
Buildings and shelters	150,933,881	244,993	-	21,187,473	172,366,347
Revenue and service vehicles	151,664,143	5,005,252	(2,402,124)	22,232,213	176,499,484
Equipment	34,673,587	1,037,451	(466,631)	7,961,392	43,205,799
	<u>364,480,925</u>	<u>6,287,696</u>	<u>(2,868,755)</u>	<u>55,901,497</u>	<u>423,801,363</u>
Accumulated depreciation:					
Buildings and shelters	114,814,173	6,478,181	-	-	121,292,354
Revenue and service vehicles	106,362,143	9,722,325	(2,402,124)	-	113,682,344
Equipment	27,059,811	4,732,945	(466,631)	-	31,326,125
	<u>248,236,127</u>	<u>20,933,451</u>	<u>(2,868,755)</u>	<u>-</u>	<u>266,300,823</u>
Net capital assets before construction in progress	<u>116,244,798</u>	<u>(14,645,755)</u>	<u>-</u>	<u>55,901,497</u>	<u>157,500,540</u>
Construction in progress*:					
Buildings and shelters	19,028,659	27,472,613	-	(25,734,820)	20,766,452
Revenue and service vehicles	16,894,876	7,343,164	-	(22,272,213)	1,965,827
Equipment	7,220,735	8,438,985	-	(7,894,464)	7,765,256
Total construction in progress	<u>43,144,270</u>	<u>43,254,762</u>	<u>-</u>	<u>(55,901,497)</u>	<u>30,497,535</u>
Net capital assets	<u>\$ 159,389,068</u>	<u>\$ 28,609,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,998,075</u>

*Capital assets not being depreciated.

The following is a summary of depreciation expense:

Description	Years Ended September 30,	
	2014	2013
Capital assets acquired with VIA equity	\$ 6,116,210	\$ 6,715,989
Capital assets acquired with grants	<u>16,688,763</u>	<u>14,217,462</u>
	22,804,973	20,933,451
Allowance for capital projects	<u>4,882,000</u>	<u>-</u>
	<u>\$ 27,686,973</u>	<u>\$ 20,933,451</u>

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Note 8 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 86% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2014 (61% in 2013). These revenues are reported as nonoperating revenues in the statements of revenues, expenses, and changes in net position. Included below is a summary of sales tax revenues:

Sales Tax Revenues

<u>Description</u>	Years Ended September 30,	
	<u>2014</u>	<u>2013</u>
MTA	\$ 130,882,248	\$ 119,499,016
ATD	<u>59,082,086</u>	<u>54,277,644</u>
	<u>\$ 189,964,334</u>	<u>\$ 173,776,660</u>

Sales taxes for MTA increased by \$11,383,232 in 2014 and increased by \$7,623,898 in 2013. ATD sales taxes increased \$4,804,442 in 2014 and increased by \$2,836,107 in 2013. In fiscal years 2014 and 2013, of the amount collected by ATD, ¼ is remitted to CoSA and ¾ is remitted to TxDOT/Bexar County.

Sales Tax Receivable From State of Texas

<u>Description</u>	September 30,	
	<u>2014</u>	<u>2013</u>
MTA	\$ 22,391,602	\$ 20,388,012
ATD	<u>10,014,657</u>	<u>9,272,342</u>
	<u>\$ 32,406,259</u>	<u>\$ 29,660,354</u>

VIA recognizes sales tax revenue based on a methodology that equates to accruing approximately two months of sales tax receipts from the state of Texas. Generally, the sales taxes on sales made in any given month are reported and paid to the State Comptroller’s Office the following month. VIA receives the sales taxes from the Comptroller the next month. Sales tax revenues and the related receivables are recognized when the underlying sales transaction that generated the sales tax occurs.

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Note 9 – Defined Benefit Retirement Plan

A. Plan Description

VIA Metropolitan Transit Retirement Plan (the “Plan”) is a single-employer defined benefit retirement plan. The Plan is administered by and covers substantially all employees of VIA. Benefit provisions and obligations to contribute to the Plan by employees and VIA are described in the Plan document. Amendments to the Plan may be made by VIA at any time. A separate audit report is issued that includes financial statements and required supplementary information of the Plan. That report may be obtained by writing to VIA Metropolitan Transit, P.O. Box 12489, San Antonio, Texas 78212-0489, or by calling (210) 362-2000.

B. Eligibility and Benefits

All full-time VIA employees who were hired prior to January 1, 2012 and completed 1 year of continuous service prior to July 1, 2013 are eligible to participate in the Plan. Employees who retire at or after age 65 are entitled to a monthly retirement benefit equal to the higher of the benefit computed under the final-average and career-average methods. If service is terminated at an early retirement date, the participant may be entitled to a reduced monthly benefit computed on formulas adjusted for the earlier retirement date. The Plan also provides death and disability benefits.

C. Funding Policy

VIA follows the policy of funding the Plan through employer and employee contributions. VIA’s contributions are made on a monthly basis and are determined using the entry-age, normal-cost method. VIA’s required contribution for September 30, 2014 was \$13,555,866 (\$11,498,777 in 2013). An annual report that estimates the funds VIA should pay to support Plan benefits is prepared by the actuary for the Plan. The amount of the monthly employee contributions required of each participant equals 5% of the wage base and 8% of that part of the monthly compensation that is in excess of the wage base. The wage base is equal to one-third of the Taxable Wage Base under the Old Age, Survivors, and Disability Insurance Program.

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D. Annual Pension Cost and Net Pension Asset

VIA's annual pension cost and net pension liability to the Plan as of September 30, 2014 are as follows:

Contributions made		\$ 9,798,508
Less:		
Annual pension cost:		
Annual required contribution	\$ 13,555,866	
Interest income on net pension asset	(167,582)	
Adjustment to annual required contribution	<u>131,751</u>	<u>13,520,035</u>
Change in net pension asset		3,721,527
Net pension asset at beginning of year		<u>(2,234,430)</u>
Net pension liability at end of year		\$ <u><u>1,487,097</u></u>

VIA's annual pension cost and net pension asset to the Plan as of September 30, 2013 are as follows:

Contributions made		\$ 10,639,132
Less:		
Annual pension cost:		
Annual required contribution	\$ 11,498,777	
Interest income on net pension asset	(228,138)	
Adjustment to annual required contribution	<u>175,898</u>	<u>11,446,537</u>
Change in net pension asset		807,405
Net pension asset at beginning of year		<u>(3,041,835)</u>
Net pension asset at end of year		\$ <u><u>(2,234,430)</u></u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (Liability)</u>
September 30, 2014	\$ 13,520,035	72.5%	\$ (1,487,097)
September 30, 2013	11,446,537	92.9%	2,234,430
September 30, 2012	8,128,946	100.8%	3,041,835

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E. Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the Plan was 57% funded. The actuarial accrued liability for benefits was \$338,329,011, and the actuarial value of assets was \$192,730,010, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$145,599,001. The covered payroll (annual payroll of active employees covered by the Plan) was \$71,690,366, and the ratio of the UAAL to the covered payroll was 203%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress – unaudited, presented as required supplementary information (“RSI”) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative the actuarial accrued liability for benefits.

F. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the October 1, 2013 actuarial valuation using the entry-age, normal-cost method, the amortization method used was the “level percentage closed” method, and the remaining amortization period was 25 years. The actuarial assumptions included: (a) 7.50% investment rate of return, (b) projected salary increases of 4.25% to 6.75%, and (c) 28-year closed amortization period. A 0.00% payroll growth rate assumption was used for determining the Annual Required Contribution under GASB Statement No. 27. A 3.50% payroll growth assumption was used for determining the recommended contribution under VIA’s funding policy. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Note 10 – Defined Contribution Retirement Plan

A. Plan Description

VIA Metropolitan Transit Defined Contribution Retirement Plan (the “Plan”) is a “money purchase” pension plan and trust. This is an account-type plan, in which all benefits received come directly from participant accounts in the Plan.

The Plan is a “public retirement system” under the laws of Texas and a “governmental plan” under the Internal Revenue Code. As a result, the Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

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B. Eligibility and Benefits

All full-time VIA employees hired after January 1, 2012 are eligible to participate after the first of the month following 30 days of service. Employees who retire on or after their 65th birthday and completion of 5 years of service are entitled to 100% of the employer contribution account balance, as well as 100% of the mandatory employee contribution account. The Plan may also provide benefits in the event of death, disability, or other termination of employment.

C. Funding Policy

VIA follows the policy of funding the Plan through mandatory employee contributions at the rate of 6% of compensation. VIA's contributions to the Employer Contribution Account will be made at the rate of 6% of compensation. Together, mandatory employee contributions and VIA employer contributions will equal 12% of compensation. VIA's required contribution for the fiscal year ended September 30, 2014 totaled \$685,951 (\$118,630 in 2013).

Note 11 – Postemployment Benefits Other Than Pensions

A. Plan Description

In addition to providing pension benefits, VIA provides certain healthcare and life insurance benefits to retired employees. For healthcare, VIA indirectly subsidizes the medical insurance premiums paid by retirees, since premiums are calculated with active workers and retirees pooled together. The Postemployment Benefit Plan is a single-employer defined benefit retirement plan. As of September 30, 2014, there are 293 retirees receiving VIA healthcare benefits (includes active retirees and dependents) and 622 retirees participating in the VIA life insurance program. VIA provides, at no cost, base coverage for life insurance of \$6,000 or \$12,000, based on age, for retirees at a premium rate paid to a life insurance company. Any additional premium to provide coverage in excess of the base amount is shared by VIA and the retirees. The Postemployment Benefit Plan does not have a separate audit performed; however, additional information may be obtained by writing to VIA Metropolitan Transit, P.O. Box 12489, San Antonio, Texas 78212-0489, or by calling (210) 362-2000.

B. Funding Policy

VIA's funding policy is to fund 100% of the annual required contribution ("ARC") by the end of each fiscal year. Other postemployment benefits ("OPEB") funding is handled through a Section 115 trust.

C. Annual OPEB Cost and Net OPEB Obligation

VIA's ARC is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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The following table shows VIA's annual OPEB cost as of September 30, 2014, the amount actually contributed to the plan, and changes in VIA's net OPEB obligation:

Annual required contribution	\$ 1,603,095
Interest on net OPEB asset	(322,702)
Adjustment to annual required contribution	<u>244,271</u>
Annual OPEB cost	1,524,664
Contributions made	<u>(1,524,664)</u>
Increase in net OPEB obligation/(asset)	-
Net OPEB obligation/(asset) at beginning of year	<u>(4,302,687)</u>
Net OPEB obligation/(asset) at end of year	<u>\$ (4,302,687)</u>

The following table shows VIA's annual OPEB cost as of September 30, 2013, the amount actually contributed to the plan, and changes in VIA's net OPEB obligation:

Annual required contribution	\$ 1,220,038
Interest on net OPEB asset	(322,702)
Adjustment to annual required contribution	<u>338,901</u>
Annual OPEB cost	1,236,237
Contributions made	<u>(1,236,237)</u>
Increase in net OPEB obligation/(asset)	-
Net OPEB obligation/(asset) at beginning of year	<u>(4,302,687)</u>
Net OPEB obligation/(asset) at end of year	<u>\$ (4,302,687)</u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost ("AOC")</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
September 30, 2014	\$ 1,524,664	100.0%	\$ 4,302,687
September 30, 2013	1,236,237	100.0%	4,302,687
September 30, 2012	1,196,035	76.6%	4,302,687

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D. Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was 31% funded. The actuarial accrued liability for benefits was \$21,805,189, and the actuarial value of assets was \$6,866,735, resulting in an UAAL of \$14,938,454. The covered payroll (annual payroll of active employees covered by the plan) was \$73,480,430, and the ratio of the UAAL to the covered payroll was 20%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress – unaudited, presented as RSI following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

For the fiscal year ended September 30, 2014 (and the plan year ended December 31, 2013), the actuarial valuation date was October 1, 2013. The actuarial cost method used was the “projected unit credit” method, the amortization method used was the “level percentage open” method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate, and variable merit or longevity component. The healthcare trend rate used was 7.50% in 2014, decreasing 0.25% per year to an ultimate trend of 4.50% in 2026.

Note 12 – Risk Management

VIA is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, patrons, and the general public; and natural disasters. During the fiscal year, VIA was self-funded for workers’ compensation, unemployment compensation, employee health coverage, and public liability coverage. VIA purchased insurance coverage for fire and extended coverage on buildings and contents and fire, lightning, and windstorm insurance coverage for its revenue vehicles for damages in excess of \$500,000.

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There were no significant reductions in insurance coverage from the prior year by major category of risk. In addition, there were no insurance settlements exceeding insurance coverage in any of the past three years.

Competitive bids are solicited through VIA's Procurement Department to obtain the required insurance coverages at the lowest possible cost. The requirements specify only insurance carriers with a current Best's rating of A- or better will be considered for award. Sealed bids are accepted by the due date and time specified and presented to the Board for approval.

Detailed information on the major categories of risk is as follows.

A. Property and Casualty Coverage

VIA purchases fire and extended coverage on buildings; building contents; and fire, lightning, and windstorm insurance coverage for its revenue vehicles. VIA self-insures for the deductible amount of \$500,000.

B. Public Liability Coverage

VIA is self-insured for public liability claims and maintains a reserve for estimated liabilities to fund such claims. VIA estimates the liabilities on a case-by-case basis based on historical claims experience. A liability for a claim is established if information indicates it is probable a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Reserves are adjusted on a monthly basis based on the latest information available for each case. VIA's limits under the Texas Tort Claim Act are \$100,000 per person and \$300,000 per occurrence. A reconciliation of changes in aggregate liabilities for public liability claims for the current year is presented in section D of this note.

C. Workers' Compensation

VIA is self-insured for all workers' compensation coverage and maintains a reserve for estimated liabilities to fund such claims. VIA estimates the liabilities on a cumulative basis using a formula based on historical claims experience. Reserves are adjusted on a monthly basis based on the latest information. A reconciliation of changes in the aggregate liabilities for workers' compensation claims for the current year is presented in section D of this note.

D. Employee Health Coverage

VIA offers health insurance coverage through its self-insured, self-administered program, VIAcare. On an annual basis, an actuarial valuation is performed to establish the level of reserves, determine appropriate funding levels for the medical benefits for the calendar year, and establish the monthly premiums for VIAcare. Claims adjudication is administered in accordance with the benefit provisions, exclusions, and limitations, as stipulated in the VIAcare plan document. A reconciliation of changes in the aggregate liabilities for medical claims for the current year is presented below.

At September 30, 2014, VIA recorded claims payable of \$6,618,537 for its self-insured programs based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (\$6,330,281 in 2013). The statement requires a liability for claims to be reported

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if it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims payable amounts for the most recent period are presented below.

	<u>Property and Casualty and Public Liability Coverage</u>	<u>Workers' Compensation</u>	<u>Employee Health Coverage</u>	<u>Total</u>
Claims payable at September 30, 2012	\$ 1,620,674	\$ 2,666,460	\$ 1,712,247	\$ 5,999,381
Current period claims and changes in estimates	918,640	2,715,188	12,437,990	16,071,818
Claim payments	<u>(519,587)</u>	<u>(2,511,094)</u>	<u>(12,710,237)</u>	<u>(15,740,918)</u>
Claims payable at September 30, 2013	2,019,727	2,870,554	1,440,000	6,330,281
Current period claims and changes in estimates	563,515	2,299,006	13,682,302	16,544,823
Claim payments	<u>(637,887)</u>	<u>(2,073,378)</u>	<u>(13,545,302)</u>	<u>(16,256,567)</u>
Claims payable at September 30, 2014	\$ <u>1,945,355</u>	\$ <u>3,096,182</u>	\$ <u>1,577,000</u>	\$ <u>6,618,537</u>

Note 13 – Long-Term Debt

MTA Farebox Revenue Bonds

On August 29, 2012, MTA issued a par amount of \$5,100,000 of Series 2012-1 MTA Farebox Revenue Bonds. VIA anticipates utilizing proceeds for the purpose of financing the design, construction, acquisition, and equipping of multimodal transportation improvements to the Transit Authority System and to pay costs of issuance. The bonds are dated July 1, 2012 and have an interest rate of 1.3% through July 15, 2014. Thereafter, the interest rate is a floating rate equal to 65.0% of LIBOR, plus 105 basis points, not to exceed a maximum rate of 15.0%. Interest on the bonds is payable on January 15 and July 15 of each year, commencing January 15, 2013. Principal payments are due and payable on July 15 of each year from 2015 through 2022. These bonds were paid off during the year ended September 30, 2014.

The primary source of security for the bonds is provided by a first and prior lien on and pledge of VIA “net revenues.” VIA “net revenues” mean, generally, all revenues (including income, receipts, and increment) received by VIA, from time to time, as a result of its ownership and operation of the Transit Authority System, that remain after the payment of expenses necessary for the operation and maintenance of the Transit Authority System. “Transit Authority System” means any and all VIA real and personal property that is owned, rented, leased, controlled, operated, or held for mass transit purposes.

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MTA Contractual Obligations

On August 29, 2012, MTA issued a par amount of \$3,200,000 of Series 2012-2 MTA Contractual Obligations. VIA anticipates utilizing proceeds for the purpose of financing acquisition of personal property in support of the Transit Authority System and to pay costs of issuance. The interest rate is 1.97% and the stated final maturity is July 15, 2019. Interest on the bonds is payable on January 15 and July 15 of each year, commencing January 15, 2013. Principal payments are due and payable on July 15 of each year from 2013 through 2019.

The primary source of security for the obligations is provided for by a first and prior lien on and pledge of VIA "sales tax revenues." VIA "sales tax revenues" mean the revenues derived by VIA from its imposition and collection within its boundaries of a sales and use tax equal to $\frac{1}{2}$ of 1%, the purpose of which is to support VIA's ownership, operation, and maintenance of the Transit Authority System, as provided and in accordance with Chapter 451, as amended, Texas Transportation Code. "Transit Authority System" means any and all VIA real and personal property that is owned, rented, leased, controlled, operated, or held for mass transit purposes.

ATD Sales Tax Revenue Bonds

On August 29, 2012, the ATD issued a par amount of \$5,100,000 of Series 2012-3 ATD Sales Tax Revenue Bonds. VIA anticipates utilizing proceeds for the purpose of financing the design, construction, acquisition, and equipping of multimodal transportation improvements and to pay costs of issuance. The bonds are dated July 1, 2012 and have an interest rate of 1.25% through July 15, 2014. Thereafter, the interest rate is a floating rate equal to 65.00% of LIBOR, plus 100 basis points not to exceed a maximum of 15.00%. Interest on the bonds is payable on January 15 and July 15 of each year, commencing January 15, 2013. Principal payments are due and payable on July 15 of each year from 2015 through 2022. These bonds were paid off during the year ended September 30, 2014.

VIA ATD imposes and collects within its boundaries a sales and use tax equal to $\frac{1}{4}$ of 1% (the "ATD Tax"), the proceeds from which are divided three ways: one-half of the proceeds of the ATD Tax are retained by ATD (the "ATD Share") and used for projects including advanced transit services, passenger amenities, equipment, and other Advanced Transportation (as defined by statute) purposes; one-fourth of the proceeds of the ATD Tax are delivered to CoSA, as the only "participating unit" (defined by statute) within the ATD, and used thereby to construct, improve, and maintain streets, sidewalks, and related infrastructure designed to improve mobility and other Advanced Transportation or Mobility Enhancement (as defined by statute) within ATD; and the remaining $\frac{1}{4}$ of the proceeds of the ATD Tax are for use as the local share for state and federal grants for improved highways, transportation infrastructure designed to improve mobility, and other Advanced Transportation or Mobility Enhancement purposes within ATD.

The primary source of security for the bonds is provided by a first and prior lien on and pledge of the revenues derived by VIA ATD from the ATD Share.

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MTA Farebox Revenue and Refunding Bonds

On November 13, 2013, MTA issued a par amount of \$39,965,000 of Series 2013 MTA Farebox Revenue and Refunding Bonds. VIA anticipates utilizing proceeds to: pay a portion of the costs of capital projects, primarily projects defined as VIA's SmartMove program, as well as VIA's new automated fare collection system; refund VIA's Series 2012-1 MTA Farebox Revenue Bonds; fund the Reserve Fund for the bonds; and pay the costs of issuance of the bonds. VIA's SmartMove program includes the following capital projects: streetcar starter lines; Westside Multimodal Transit Center; Robert Thompson Transit Center; Brooks Transit Center, U.S. 281 Park and Ride; and Downtown Amenities. The bonds are dated October 1, 2013 and have an interest rate varying between 1.00% and 5.25%. Interest on the bonds is payable on February 1 and August 1 of each year, commencing February 15, 2014. Principal payments are due and payable on August 1 of each year from 2014 through 2038. Since the bonds increased the term of the originally issued debt from a short-term to a long-term obligation there was no economic gain.

The primary source of security for the bonds is provided by a first and prior lien on and pledge of VIA "net revenues." VIA "net revenues" mean, generally, all revenues (including income, receipts, and increment) received by VIA, from time to time, as a result of its ownership and operation of the Transit Authority System, that remain after the payment of expenses necessary for the operation and maintenance of the Transit Authority System. "Transit Authority System" means any and all VIA real and personal property that is owned, rented, leased, controlled, operated, or held for mass transit purposes.

ATD Sales Tax Revenue and Refunding Bonds

On July 30, 2014, ATD issued a par amount of \$32,925,000 of Series 2014 ATD Sales Tax Revenue and Refunding Bonds. VIA anticipates utilizing proceeds to: pay a portion of the costs of capital projects, primarily projects defined as VIA's SmartMove program, as well as VIA's new automated fare collection system; refund VIA's Series 2012-3 ATD Sales Tax Revenue Bonds; and pay the costs of issuance of the bonds. VIA's SmartMove program includes the following capital projects: streetcar starter lines; Westside Multimodal Transit Center; Robert Thompson Transit Center; Brooks Transit Center, U.S. 281 Park and Ride; and Downtown Amenities. The bonds are dated July 1, 2014 and have an interest rate varying between 2% and 5%. Interest on the bonds is payable on February 1 and August 1 of each year, commencing August 1, 2015. Principal payments are due and payable on August 1 of each year from 2015 through 2038. Since the bonds increased the term of the originally issued debt from a short-term to a long-term obligation there was no economic gain.

VIA ATD imposes and collects within its boundaries a sales and use tax equal to $\frac{1}{4}$ of 1% (the "ATD Tax"), the proceeds from which are divided three ways: one-half of the proceeds of the ATD Tax are retained by ATD (the "ATD Share") and used for projects including advanced transit services, passenger amenities, equipment, and other Advanced Transportation (as defined by statute) purposes; one-fourth of the proceeds of the ATD Tax are delivered to CoSA, as the only "participating unit" (defined by statute) within the ATD, and used thereby to construct, improve, and maintain streets, sidewalks, and related infrastructure designed to improve mobility and other Advanced Transportation or Mobility Enhancement (as defined by statute) within ATD; and the remaining $\frac{1}{4}$ of the proceeds of the ATD Tax are for use as the local share for state and federal grants for improved highways, transportation infrastructure designed to improve mobility, and other Advanced Transportation or Mobility Enhancement purposes within ATD.

VIA Metropolitan Transit

San Antonio, Texas

Notes to the Financial Statements

September 30, 2014

The primary source of security for the bonds is provided by a first and prior lien on and pledge of the revenues derived by VIA ATD from the ATD Share.

Changes in long-term obligations for the year ended September 30, 2014 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Series 2012-1 MTA Farebox Revenue Bonds	1.30% - 15.00%	\$ 5,100,000	\$ 5,100,000	\$ -	\$ (5,100,000)	\$ -	\$ -
Series 2012-2 MTA Contractual Obligations	1.97%	3,200,000	2,765,000	-	(440,000)	2,325,000	445,000
Series 2012-3 ATD Sales Tax Revenue Bonds	1.25% - 15.00%	5,100,000	5,100,000	-	(5,100,000)	-	-
Series 2013 MTA Farebox Revenue and Refunding Bonds	1.00% - 5.25%	39,965,000	-	39,965,000	(1,105,000)	38,860,000	905,000
Series 2014 ATD Sales Tax Revenue and Refunding Bonds	2.00% - 5.00%	<u>32,925,000</u>	<u>-</u>	<u>32,925,000</u>	<u>-</u>	<u>32,925,000</u>	<u>785,000</u>
Total revenue bonds		86,290,000	12,965,000	72,890,000	(11,745,000)	74,110,000	2,135,000
Bond premium		N/A	-	6,453,453	(94,702)	6,358,751	266,368
Compensated absences		N/A	5,350,294	671,508	(298,095)	5,723,707	2,005,892
Net pension liability		<u>N/A</u>	<u>-</u>	<u>1,487,097</u>	<u>-</u>	<u>1,487,097</u>	<u>-</u>
Total long-term liabilities		<u>\$ 86,290,000</u>	<u>\$ 18,315,294</u>	<u>\$ 81,502,058</u>	<u>\$ (12,137,797)</u>	<u>\$ 87,679,555</u>	<u>\$ 4,407,260</u>

Changes in long-term obligations for the year ended September 30, 2013 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Series 2012-1 MTA Farebox Revenue Bonds	1.30% - 15.00%	\$ 5,100,000	\$ 5,100,000	\$ -	\$ -	\$ 5,100,000	\$ -
Series 2012-2 MTA Contractual Obligations	1.97%	3,200,000	3,200,000	-	(435,000)	2,765,000	440,000
Series 2012-3 ATD Sales Tax Revenue Bonds	1.25% - 15.00%	5,100,000	5,100,000	-	-	5,100,000	-
Series 2012-4 MTA Contract Revenue Bonds	1.40% - 15.00%	<u>5,100,000</u>	<u>5,100,000</u>	<u>-</u>	<u>(5,100,000)</u>	<u>-</u>	<u>-</u>
Total revenue bonds		18,500,000	18,500,000	-	(5,535,000)	12,965,000	440,000
Compensated absences		<u>N/A</u>	<u>5,151,494</u>	<u>1,728,846</u>	<u>(1,530,046)</u>	<u>5,350,294</u>	<u>1,929,908</u>
Total long-term liabilities		<u>\$ 18,500,000</u>	<u>\$ 23,651,494</u>	<u>\$ 1,728,846</u>	<u>\$ (7,065,046)</u>	<u>\$ 18,315,294</u>	<u>\$ 2,369,908</u>

VIA Metropolitan Transit
San Antonio, Texas
Notes to the Financial Statements
September 30, 2014

The following is a schedule of the required payments for these bonds:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 2,135,000	\$ 3,539,245	\$ 5,674,245
2016	2,205,000	3,474,186	5,679,186
2017	2,285,000	3,395,223	5,680,223
2018	2,365,000	3,313,262	5,678,262
2019	2,460,000	3,219,605	5,679,605
2020-2024	11,390,000	14,547,500	25,937,500
2025-2029	14,440,000	11,491,263	25,931,263
2030-2034	18,440,000	7,490,775	25,930,775
2035-2038	18,390,000	2,355,000	20,745,000
	<u>\$ 74,110,000</u>	<u>\$ 52,826,059</u>	<u>\$ 126,936,059</u>

Note 14 – Commitments and Contingencies

A. Grants

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although VIA's management expects such amounts, if any, to be immaterial.

B. Public-Injury Lawsuits

VIA is a defendant in various public-injury lawsuits. The probability of adverse decisions was evaluated by management, and a provision for potential losses is included in estimated liabilities.

C. Pending Claims and Litigation

There are several other pending claims and litigation against VIA. While the result of any pending claims and litigation contains an element of uncertainty, VIA's management believes the amount of any liability and costs which might result would not have a material adverse effect on the financial statements.

D. Construction Commitments

Significant construction commitments outstanding as of September 30, 2014 are as follows:

<u>Project Description</u>	<u>Amount</u>
WSMMTC Phase II	\$ <u>1,009,159</u>

VIA Metropolitan Transit

San Antonio, Texas

Notes to the Financial Statements

September 30, 2014

Note 15 – Prior Period Adjustment

In fiscal year 2014, VIA reclassified various planning study costs from capital assets to operating expenses, following an internal review. VIA capitalizes costs for planning studies that are directly identifiable with specific projects; however, other planning study costs should be expensed. The impact of the reclassification results in restated 2013 capital assets and net position balances as follows:

	<u>Previously Reported 2013</u>	<u>Restatement</u>	<u>Restated 2013</u>
Statement of Net Position			
Buildings and shelters	\$ 173,812,358	\$ (1,446,011)	\$ 172,366,347
Less accumulated depreciation	266,447,469	(146,646)	266,300,823
Construction in progress	32,093,317	(1,595,782)	30,497,535
Statement of Revenues, Expenses, and Changes in Net Position			
Business development and planning	2,202,247	2,543,196	4,745,443
Acquired with VIA equity	6,862,635	(146,646)	6,715,989
Net position at beginning of year	275,764,144	(498,597)	275,265,547
Net position at end of year	392,742,165	(2,895,147)	389,847,018

Note 16 – Allowance for Streetcar Project Capitalized Costs

In July 2014, VIA's management and its Board put its Streetcar Project on hold to assure alignment with the CoSA's development of a transportation plan. VIA is also updating its own Long-Range Comprehensive Transportation Plan, which will cover the present through 2040. Both plans are projected to be complete by mid-2016.

VIA still has a rail project in its five-year capital program (with \$150,000,000 in spending for that time frame). Currently, the project is programmed to be funded by the FTA, private and local support, and VIA funds. The rail project is also in the Metropolitan Planning Organization's newly adopted Long-Range Comprehensive Transportation Plan and 2015-2019 Transportation Improvement Program.

VIA believes it is probable the updated transportation plans will include a streetcar/light rail project that utilizes all or part of VIA's 5.9-mile route alignment included in the original Streetcar Project. Streetcar Project costs as of September 30, 2014 are \$19,524,354, which VIA has capitalized as construction in progress. Determining exactly what portion of the 5.9-mile route alignment will ultimately be used is not possible at this time. Thus, management has determined a 25% allowance for capital projects is a prudent amount to book as a contra-account to construction in progress in the event the final project does not

VIA Metropolitan Transit

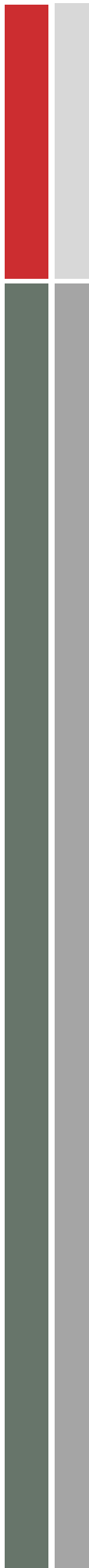
San Antonio, Texas

Notes to the Financial Statements

September 30, 2014

fully reflect the Streetcar Project for which the \$19,524,354 was originally incurred. The 25%, or \$4,882,000, is reported in the statement of revenues, expenses, and changes in net position as a component of depreciation expense for the year ended September 30, 2014.

Management of VIA will periodically reassess the adequacy of the allowance as developments under the updated transportation plans occur. The periodic assessments will be made based on consideration of approved transportation plans that are developed, route alignments involved, and the extent to which costs already incurred for work performed can be expected to reduce costs that would otherwise be necessary for the selected project and alignment. As noted above, the updated transportation plans are expected to be complete by mid-2016.



Required Supplementary Information

VIA Metropolitan Transit

San Antonio, Texas

Schedule of Funding Progress – Unaudited

Year Ended September 30, 2014

Schedule of Funding Progress – Defined Benefit Retirement Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability ("AAL")</u>	<u>Unfunded (Surplus) AAL ("UAAL")</u>	<u>Fund Ratio</u>	<u>Covered Payroll</u>	<u>UAAL (Surplus) as a Percentage of Covered Payroll</u>
October 1, 2013	\$192,730,010	\$338,329,011	\$145,599,001	57%	\$71,690,366	203%
October 1, 2012	\$180,666,604	\$321,986,219	\$141,319,615	56%	\$74,276,531	190%
October 1, 2011	\$181,644,919	\$304,214,927	\$122,570,008	60%	\$69,947,664	175%

Schedule of Funding Progress – Postretirement Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability ("AAL")</u>	<u>Unfunded (Surplus) AAL ("UAAL")</u>	<u>Fund Ratio</u>	<u>Covered Payroll</u>	<u>UAAL (Surplus) as a Percentage of Covered Payroll</u>
October 1, 2013	\$6,866,735	\$21,805,189	\$14,938,454	31%	\$73,480,430	20%
October 1, 2011	\$3,800,747	\$13,229,068	\$9,428,321	29%	\$69,772,318	14%
October 1, 2010	\$2,652,921	\$10,478,347	\$7,825,426	25%	\$66,748,265	12%

VIA Metropolitan Transit

San Antonio, Texas

Notes to the Required Supplementary Information – Unaudited

September 30, 2014

The actuarial methods and assumptions used for VIA's defined benefit retirement plan and postemployment benefits other than pensions are as follows.

Note 1 – Defined Benefit Retirement Plan

The annual required contribution for the current year was determined as part of the October 1, 2013 actuarial valuation using the entry-age, normal-cost method, the amortization method used was the "level percentage closed" method, and the remaining amortization period was 25 years. The actuarial assumptions included: (a) 7.50% investment rate of return, (b) projected salary increases of 4.25% to 6.75%, and (c) 28-year closed amortization period. A 0.00% payroll growth rate assumption was used for determining the Annual Required Contribution under GASB Statement No. 27. A 3.50% payroll growth assumption was used for determining the recommended contribution under VIA's funding policy. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Note 2 – Postemployment Benefits Other Than Pension

For the fiscal year ended September 30, 2014 (and the plan year ended December 31, 2013), the actuarial valuation date was October 1, 2013. The actuarial cost method used was the "projected unit credit" method, the amortization method used was the "level percentage open" method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate, and variable merit or longevity component. The healthcare trend rate used was 7.50% in 2014, decreasing 0.25% per year to an ultimate trend of 4.50% in 2026.

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Other Supplementary Information

VIA Metropolitan Transit
San Antonio, Texas
Combining Schedule of Net Position
September 30, 2014

	<u>MTA</u>	<u>ATD</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 30,884,544	\$ 233,432	\$ -	\$ 31,117,976
Investments	67,354,094	22,288,038	-	89,642,132
Fuel hedging assets				
Accounts receivable:				
Federal government	2,388,898	-	-	2,388,898
State of Texas – sales taxes	22,391,602	5,007,329	-	27,398,931
Interest	146,194	452,869	-	599,063
ATD	2,933,015	-	(2,933,015)	-
Other	1,336,318	-	-	1,336,318
Inventory	3,618,697	-	-	3,618,697
Prepaid expenses and other current assets	425,467	-	-	425,467
Restricted assets:				
Cash and cash equivalents	26,020,953	5,590,371	-	31,611,324
Investments	43,913,378	19,982,818	-	63,896,196
State of Texas receivable – sales taxes	-	5,007,328	-	5,007,328
Total current assets	<u>201,413,160</u>	<u>58,562,185</u>	<u>(2,933,015)</u>	<u>257,042,330</u>
Noncurrent assets:				
Restricted cash and cash equivalents	3,409,109	396,227	-	3,805,336
Restricted investments	51,251,072	-	-	51,251,072
Capital assets:				
Land	31,812,673	-	-	31,812,673
Buildings and shelters	174,765,995	-	-	174,765,995
Revenue vehicles	174,165,810	-	-	174,165,810
Service vehicles	4,099,491	-	-	4,099,491
Equipment	45,113,736	-	-	45,113,736
Total capital assets	429,957,705	-	-	429,957,705
Less accumulated depreciation	283,755,778	-	-	283,755,778
Less allowance for capital projects	4,882,000	-	-	4,882,000
Construction in progress	54,805,294	-	-	54,805,294
Net capital assets	<u>196,125,221</u>	<u>-</u>	<u>-</u>	<u>196,125,221</u>
Other assets:				
Net OPEB asset	4,302,687	-	-	4,302,687
Total other assets	<u>4,302,687</u>	<u>-</u>	<u>-</u>	<u>4,302,687</u>
Total noncurrent assets	<u>255,088,089</u>	<u>396,227</u>	<u>-</u>	<u>255,484,316</u>
Total assets	<u>456,501,249</u>	<u>58,958,412</u>	<u>(2,933,015)</u>	<u>512,526,646</u>
Deferred Outflow of Resources				
Fuel hedging	1,356,139	-	-	1,356,139
Total deferred outflow of resources	<u>1,356,139</u>	<u>-</u>	<u>-</u>	<u>1,356,139</u>
Total assets and deferred outflow of resources	<u>\$ 457,857,388</u>	<u>\$ 58,958,412</u>	<u>\$ (2,933,015)</u>	<u>\$ 513,882,785</u>

	<u>MTA</u>	<u>ATD</u>	<u>Eliminations</u>	<u>Total</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 13,122,162	\$ -	\$ -	\$ 13,122,162
Payable to MTA	-	2,933,015	(2,933,015)	-
Fuel hedging liability	1,356,139	-	-	1,356,139
Interest payable	388,254	511,268	-	899,522
Bonds payable	1,350,000	785,000	-	2,135,000
Accrued liabilities	4,894,554	-	-	4,894,554
Unearned revenue	835,276	-	-	835,276
Claims payable	6,618,537	-	-	6,618,537
Subtotal	28,564,922	4,229,283	(2,933,015)	29,861,190
Current liabilities – payable from restricted assets:				
Payable to CoSA, TxDOT, and Bexar County	-	5,002,370	-	5,002,370
Retainage payable	163,542	-	-	163,542
Total current liabilities	<u>28,728,464</u>	<u>9,231,653</u>	<u>(2,933,015)</u>	<u>35,027,102</u>
Long-term liabilities	<u>46,441,298</u>	<u>36,830,997</u>	<u>-</u>	<u>83,272,295</u>
Total liabilities	<u>\$ 75,169,762</u>	<u>\$ 46,062,650</u>	<u>\$ (2,933,015)</u>	<u>\$ 118,299,397</u>

Net Position				
Net invested in capital assets	\$ 171,241,292	\$ -	\$ -	\$ 171,241,292
Restricted for capital projects	100,778,091	396,227	-	101,174,318
Unrestricted	<u>110,668,243</u>	<u>12,499,535</u>	<u>-</u>	<u>123,167,778</u>
Total net position	<u>\$ 382,687,626</u>	<u>\$ 12,895,762</u>	<u>\$ -</u>	<u>\$ 395,583,388</u>

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VIA Metropolitan Transit

San Antonio, Texas

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2014

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
Operating revenues:			
Line service	\$ 18,361,098	\$ 3,742,617	\$ 22,103,715
Robert Thompson Terminal	187,785	-	187,785
Other special events	181,786	-	181,786
VIAtrans	1,882,687	-	1,882,687
Charter	195,052	-	195,052
Real estate development	263,360	-	263,360
Ellis Alley Park and Ride	6,491	-	6,491
Bus advertising	749,530	-	749,530
Miscellaneous	759,723	-	759,723
Total operating revenues	<u>22,587,512</u>	<u>3,742,617</u>	<u>26,330,129</u>
Operating expenses:			
Line service	121,912,640	25,565,777	147,478,417
Robert Thompson Terminal	733,305	-	733,305
Other special events	592,886	-	592,886
VIAtrans	34,330,772	-	34,330,772
Vanpool	-	547,806	547,806
Charter	148,332	-	148,332
Promotional service	90,993	-	90,993
Real estate development	4,334	-	4,334
Business development and planning	5,695,994	162,698	5,858,692
Transit technology	-	694,331	694,331
Total operating expenses before depreciation	<u>163,509,256</u>	<u>26,970,612</u>	<u>190,479,868</u>
Depreciation on capital assets:			
Acquired with VIA equity	5,379,018	737,192	6,116,210
Acquired with grants	14,533,338	2,155,425	16,688,763
Allowance for capital projects	4,882,000	-	4,882,000
Total operating expenses after depreciation	<u>188,303,612</u>	<u>29,863,229</u>	<u>218,166,841</u>
Operating loss	<u>(165,716,100)</u>	<u>(26,120,612)</u>	<u>(191,836,712)</u>
Nonoperating revenues (expenses):			
Sales taxes	130,882,248	59,082,086	189,964,334
Grants reimbursement	26,045,513	-	26,045,513
Investment income (loss)	562,389	15,331	577,720
Bond interest and issuance costs	(2,283,603)	(1,259,212)	(3,542,815)
Gain (loss) on sale of assets	40,839	-	40,839
Less amounts remitted to CoSA, TxDOT, and Bexar County	-	(29,541,042)	(29,541,042)
Total nonoperating revenues (expenses) – net	<u>155,247,386</u>	<u>28,297,163</u>	<u>183,544,549</u>
Income (loss) before capital contributions and transfers	<u>(10,468,714)</u>	<u>2,176,551</u>	<u>(8,292,163)</u>
Capital contributions	14,028,533	-	14,028,533
Transfer in	6,139,540	-	6,139,540
Transfer out	-	(6,139,540)	(6,139,540)
Changes in net position	<u>9,699,359</u>	<u>(3,962,989)</u>	<u>5,736,370</u>
Net position at beginning of year – as restated (Note 15)	<u>372,988,267</u>	<u>16,858,751</u>	<u>389,847,018</u>
Net position at end of year	<u>\$ 382,687,626</u>	<u>\$ 12,895,762</u>	<u>\$ 395,583,388</u>

VIA Metropolitan Transit
San Antonio, Texas
Combining Schedule of Cash Flows
Year Ended September 30, 2014

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
Cash Flows From Operating Activities			
Cash received from customers	\$ 22,687,956	\$ 3,756,872	\$ 26,444,828
Cash payments to vendors for goods and services	(53,350,139)	(16,179,504)	(69,529,643)
Cash payments for employee services, including salaried fringe benefits	<u>(105,674,666)</u>	<u>(10,682,619)</u>	<u>(116,357,285)</u>
Net cash used in operating activities	<u>(136,336,849)</u>	<u>(23,105,251)</u>	<u>(159,442,100)</u>
Cash Flows From Noncapital Financing Activities			
Sales taxes	128,894,914	58,343,752	187,238,666
Grants reimbursements received	34,590,137	-	34,590,137
Payments to CoSA TxDOT, and Bexar County	-	(29,171,876)	(29,171,876)
Interfund cash transfers	<u>2,883,192</u>	<u>(2,883,192)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>166,368,243</u>	<u>26,288,684</u>	<u>192,656,927</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from capital grants	14,846,128	-	14,846,128
Bond proceeds	35,738,482	31,693,314	67,431,796
Bond spending	6,110,191	(6,110,191)	-
Debt service	(2,996,306)	(63,750)	(3,060,056)
Proceeds from sale of assets	177,997	-	177,997
Purchase of capital assets	<u>(35,938,653)</u>	<u>-</u>	<u>(35,938,653)</u>
Net cash provided by capital and related financing activities	<u>17,937,839</u>	<u>25,519,373</u>	<u>43,457,212</u>
Cash Flows From Investing Activities			
Sale of investment securities	60,749,756	37,394,645	98,144,401
Purchase of investment securities	(121,291,984)	(62,660,430)	(183,952,414)
Interest earnings	<u>533,299</u>	<u>10,825</u>	<u>544,124</u>
Net cash used in investing activities	<u>(60,008,929)</u>	<u>(25,254,960)</u>	<u>(85,263,889)</u>
Net increase (decrease) in cash and cash equivalents	(12,039,696)	3,447,846	(8,591,850)
Cash and cash equivalents at beginning of year	<u>72,354,302</u>	<u>2,772,184</u>	<u>75,126,486</u>
Cash and cash equivalents at end of year	<u>\$ 60,314,606</u>	<u>\$ 6,220,030</u>	<u>\$ 66,534,636</u>

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
Operating loss	\$ (165,716,100)	\$ (26,120,612)	\$ (191,836,712)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:			
Acquired with VIA equity	5,379,018	737,192	6,116,210
Acquired with grants	14,533,338	2,155,425	16,688,763
Allowance for capital projects	4,882,000	-	4,882,000
Changes in assets and liabilities:			
Decrease in accounts receivable	147,302	-	147,302
Decrease in inventory	119,343	-	119,343
Decrease in prepaid expenses and other current assets	1,133,059	-	1,133,059
Decrease in prepaid pension	2,234,430	-	2,234,430
(Increase) decrease in interfund receivable	(514,931)	122,744	(392,187)
Increase in accounts payable	705,966	-	705,966
Increase in accrued liabilities	759,726	-	759,726
Net cash used in operating activities	<u>\$ (136,336,849)</u>	<u>\$ (23,105,251)</u>	<u>\$ (159,442,100)</u>

Reconciliation of Cash and Cash Equivalents Per Combining Schedule of Cash Flows to the Combining Statements of Net Position

Cash and cash equivalents at end of year:			
Unrestricted	\$ 30,884,544	\$ 233,432	\$ 31,117,976
Restricted – mandated purpose	<u>29,430,062</u>	<u>5,986,598</u>	<u>35,416,660</u>
Total cash and cash equivalents	<u>\$ 60,314,606</u>	<u>\$ 6,220,030</u>	<u>\$ 66,534,636</u>

Noncash Capital and Financing Activities

Bond proceeds deposited into an escrow account for purposes of refunding:			
Revenue bonds	\$ 5,100,000	\$ 5,100,000	\$ 10,200,000

VIA Metropolitan Transit San Antonio, Texas

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual

Year Ended September 30, 2014

	<u>MTA</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Line service	\$ 20,688,120	\$ 18,361,098	\$ (2,327,022)
Robert Thompson Terminal	121,628	187,785	66,157
Other special events	211,550	181,786	(29,764)
VIATrans	1,913,526	1,882,687	(30,839)
Charter	235,200	195,052	(40,148)
Real estate development	276,803	263,360	(13,443)
Ellis Alley Park and Ride	6,000	6,491	491
Bus advertising	750,000	749,530	(470)
Miscellaneous	621,197	759,723	138,526
Total operating revenues	<u>24,824,024</u>	<u>22,587,512</u>	<u>(2,236,512)</u>
Operating expenses (excluding depreciation):			
Line service	119,513,919	121,912,640	(2,398,721)
Robert Thompson Terminal	469,831	733,305	(263,474)
Other special events	631,700	592,886	38,814
VIATrans	33,906,448	34,330,772	(424,324)
Charter	152,594	148,332	4,262
Promotional service	93,975	90,993	2,982
Real estate development	3,144	4,334	(1,190)
Business development and planning	7,413,533	5,695,994	1,717,539
Total operating expenses (excluding depreciation)	<u>162,185,144</u>	<u>163,509,256</u>	<u>(1,324,112)</u>
Operating loss	<u>(137,361,120)</u>	<u>(140,921,744)</u>	<u>(3,560,624)</u>
Nonoperating revenues (expenses):			
Sales taxes	125,480,000	130,882,248	5,402,248
Grants reimbursement	25,560,400	26,045,513	485,113
Investment income	460,000	562,389	102,389
Bond interest and issuance costs	(2,445,755)	(2,283,603)	162,152
Gain on sale of assets	-	40,839	40,839
Total nonoperating revenues (expenses) – net	<u>149,054,645</u>	<u>155,247,386</u>	<u>6,192,741</u>
Income before depreciation	11,693,525	14,325,642	2,632,117
Less depreciation	<u>-</u>	<u>24,794,356</u>	<u>(24,794,356)</u>
Income (loss) after depreciation	<u>\$ 11,693,525</u>	<u>\$ (10,468,714)</u>	<u>\$ (22,162,239)</u>

VIA Metropolitan Transit

San Antonio, Texas

Schedule of Revenues, Expenses, and Changes in Net Position – Budget (GAAP Basis) and Actual – Continued

Year Ended September 30, 2014

	<u>ATD</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Operating revenues:			
Line service	\$ 3,979,006	\$ 3,742,617	\$ (236,389)
Total operating revenues	<u>3,979,006</u>	<u>3,742,617</u>	<u>(236,389)</u>
Operating expenses (excluding depreciation):			
Line service	26,782,398	25,565,777	1,216,621
Vanpool	551,461	547,806	3,655
Business development and planning	221,860	162,698	59,162
Transit technology	753,999	694,331	59,668
Total operating expenses (excluding depreciation)	<u>28,309,718</u>	<u>26,970,612</u>	<u>1,339,106</u>
Operating loss	<u>(24,330,712)</u>	<u>(23,227,995)</u>	<u>1,102,717</u>
Nonoperating revenues (expenses):			
Sales taxes	56,460,000	59,082,086	2,622,086
Investment income	44,000	15,331	(28,669)
Bond interest and amortization	(1,441,813)	(1,259,212)	182,601
Less amounts remitted to CoSA, TxDOT, and Bexar County	<u>(28,230,000)</u>	<u>(29,541,042)</u>	<u>(1,311,042)</u>
Total nonoperating revenues (expenses) – net	<u>26,832,187</u>	<u>28,297,163</u>	<u>1,464,976</u>
Net income before depreciation	2,501,475	5,069,168	2,567,693
Less depreciation	<u>-</u>	<u>2,892,617</u>	<u>(2,892,617)</u>
Net income after depreciation	<u>\$ 2,501,475</u>	<u>\$ 2,176,551</u>	<u>\$ (324,924)</u>

VIA Metropolitan Transit

San Antonio, Texas

Schedule of Operating Expenses by Expense Category and Cost Center

Year Ended September 30, 2014

	MTA		
	<u>Line Service</u>	<u>Robert Thompson Terminal</u>	<u>Other Special Events</u>
Labor	\$ 46,099,988	\$ 276,505	\$ 221,459
Fringe benefits	-	-	-
Services	2,447,013	40,024	48,399
Materials and supplies	23,597,001	96,761	89,862
Utilities	873,904	25,732	2,438
Casualty and liability	509,137	2,546	1,678
Taxes	1,021,626	4,117	3,973
Purchased transportation	-	-	-
Miscellaneous expense	803,835	139	233
Leases and rentals	38,248	1,716	6,522
Expense transfer to Capital Program	-	-	-
Fringe distribution	29,729,734	179,106	140,412
Expense transfers	<u>16,792,154</u>	<u>106,659</u>	<u>77,910</u>
Subtotal	<u>121,912,640</u>	<u>733,305</u>	<u>592,886</u>
Depreciation:			
Direct	13,234,354	412,609	31,864
Indirect	3,390,576	19,999	16,476
Fringe Allowance	41,420	224	190
	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal depreciation	<u>16,666,350</u>	<u>432,832</u>	<u>48,530</u>
Total operating expenses (including depreciation)	<u>\$ 138,578,990</u>	<u>\$ 1,166,137</u>	<u>\$ 641,416</u>

MTA

<u>VIATrans</u>	<u>Charter</u>	<u>Promotional Service</u>	<u>Real Estate Development</u>	<u>Business Development and Planning</u>
\$ 8,902,849	\$ 63,127	\$ 38,793	\$ -	\$ 674,455
-	-	-	-	-
384,528	285	118	3,394	3,540,413
3,233,932	23,976	10,073	696	14,682
212,710	581	197	-	-
(28,427)	267	244	244	-
190,434	972	446	-	-
12,176,268	-	-	-	-
23,081	5	19	-	694,172
9,100	33	14	-	-
-	-	-	-	-
5,935,845	39,709	26,155	-	506,992
<u>3,290,452</u>	<u>19,377</u>	<u>14,934</u>	<u>-</u>	<u>265,280</u>
<u>34,330,772</u>	<u>148,332</u>	<u>90,993</u>	<u>4,334</u>	<u>5,695,994</u>
1,915,223	9,244	3,644	115,162	-
654,822	4,683	2,843	-	50,346
7,992	58	33	-	594
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,882,000</u>
<u>2,578,037</u>	<u>13,985</u>	<u>6,520</u>	<u>115,162</u>	<u>4,932,940</u>
<u>\$ 36,908,809</u>	<u>\$ 162,317</u>	<u>\$ 97,513</u>	<u>\$ 119,496</u>	<u>\$ 10,628,934</u>

VIA Metropolitan Transit

San Antonio, Texas

Schedule of Operating Expenses by Expense Category and Cost Center – Continued

Year Ended September 30, 2014

	ATD			
	<u>Line Service</u>	<u>Vanpool</u>	<u>Business Development and Planning</u>	<u>Transit Technology</u>
Labor	\$ 9,378,666	\$ 44,638	\$ 77,074	\$ 318,598
Fringe benefits	-	-	-	-
Services	276,458	-	-	11,719
Materials and supplies	5,377,530	-	-	4,379
Utilities	138,234	-	-	-
Casualty and liability	134,248	224,788	-	-
Taxes	258,779	-	-	-
Purchased transportation	-	228,860	-	-
Miscellaneous expense	19,950	-	-	-
Leases and rentals	10,577	-	-	7,584
Expense transfer to Capital Program	-	-	-	-
Fringe distribution	6,281,035	31,064	53,011	219,472
Expense transfers	<u>3,690,300</u>	<u>18,456</u>	<u>32,613</u>	<u>132,579</u>
Subtotal	<u>25,565,777</u>	<u>547,806</u>	<u>162,698</u>	<u>694,331</u>
Depreciation:				
Direct	2,161,801	-	-	-
Indirect	689,637	3,286	5,676	23,397
Fringe	8,423	41	71	285
Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal depreciation	<u>2,859,861</u>	<u>3,327</u>	<u>5,747</u>	<u>23,682</u>
Total operating expenses (including depreciation)	<u>\$ 28,425,638</u>	<u>\$ 551,133</u>	<u>\$ 168,445</u>	<u>\$ 718,013</u>

<u>Subtotal</u>	<u>MTA Indirect</u>	<u>ATD Indirect</u>	<u>Combined MTA and ATD Fringe Benefits</u>	<u>Total</u>
\$ 66,096,152	\$ 11,423,450	\$ 111,829	\$ 807,070	\$ 78,438,501
-	-	-	49,087,760	49,087,760
6,752,351	3,850,874	54,903	727,988	11,386,116
32,448,892	340,746	-	39,097	32,828,735
1,253,796	943,715	-	26,458	2,223,969
844,725	40,313	-	-	885,038
1,480,347	-	-	-	1,480,347
12,405,128	-	-	-	12,405,128
1,541,434	900,221	6,523	118,155	2,566,333
73,794	70,234	150	103,293	247,471
-	-	-	(1,069,530)	(1,069,530)
43,142,535	6,921,020	69,282	(50,132,837)	-
<u>24,440,714</u>	<u>(24,490,573)</u>	<u>(242,687)</u>	<u>292,546</u>	<u>-</u>
<u>190,479,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,479,868</u>
17,883,901	4,921,072	-	-	22,804,973
4,861,741	(4,921,072)	-	59,331	-
59,331	-	-	(59,331)	-
<u>4,882,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,882,000</u>
<u>27,686,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,686,973</u>
<u>\$ 218,166,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,166,841</u>

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Statistical

This part of VIA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about VIA's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how VIA's financial performance and well-being have changed over time.

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Change in Net Position	106

Revenue Capacity

These schedules contain information to help the reader assess VIA's most significant local revenue source, sales tax.

Direct and Overlapping Sales Tax Rates	108
Estimated MTA/ATD Sales Tax Receipts by City	110

Debt Capacity

Schedule of Outstanding Debt and Public Debt Coverage Ratios	112
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which VIA's financial activities take place.

Demographic and Economic Statistics	113
Principal Employers	114

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in VIA's financial report relates to the services VIA provides and the activities it performs.

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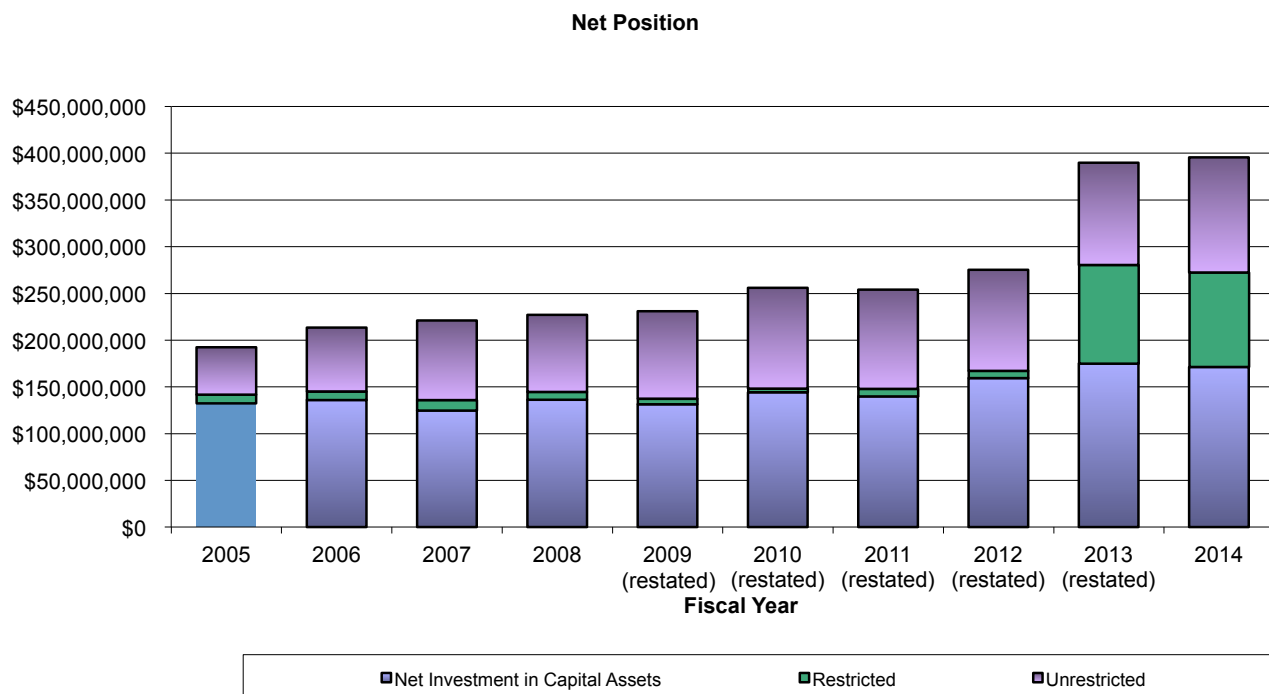
VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Net Position Last Ten Fiscal Years

	<u>Fiscal Year</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Investment in Capital Assets	\$132,328,355	\$136,016,634	\$124,803,894	\$136,185,129
Restricted	9,174,518	9,079,589	11,054,290	8,396,663
Unrestricted	50,696,152	68,318,000	85,172,797	82,472,378
Total Net Position	<u>\$192,199,025</u>	<u>\$213,414,223</u>	<u>\$221,030,981</u>	<u>\$227,054,170</u>

Source: VIA's Annual Audited Financial Statements



VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Fiscal Year

<u>2009 (Restated)</u>	<u>2010 (Restated)</u>	<u>2011 (Restated)</u>	<u>2012 (Restated)</u>	<u>2013 (Restated)</u>	<u>2014</u>
\$131,417,640	\$144,198,151	\$139,898,123	\$159,389,068	\$175,033,075	\$171,241,292
5,948,362	3,950,272	7,983,145	7,752,249	105,420,435	101,174,318
93,565,489	107,831,356	106,150,372	108,124,230	109,393,508	123,167,778
<u>\$230,931,491</u>	<u>\$255,979,779</u>	<u>\$254,031,640</u>	<u>\$275,265,547</u>	<u>\$389,847,018</u>	<u>\$395,583,388</u>

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Changes in Net Position Last Ten Fiscal Years

	2005	2006	2007	2008
Operating Revenues				
Line Service	\$ 13,942,530	\$ 15,790,730	\$ 17,304,994	\$ 19,536,847
Starlight Service	-	86,567	250,368	144,909
Robert Thompson Terminal	29,682	136,887	59,216	60,527
Other Special Events	241,931	212,573	227,927	239,099
VIAtrans	1,176,711	1,217,323	1,424,369	1,493,059
Charter	170,451	94,866	54,429	35,122
Contract	1,787,268	1,856,995	2,185,330	1,876,060
Real Estate Development	263,650	221,732	226,620	230,426
Ellis Alley Park and Ride	30,912	29,016	22,971	13,821
Bus Advertising	308,334	384,274	388,300	307,729
Miscellaneous	499,360	753,324	768,869	1,047,201
<i>Total Operating Revenues</i>	<u>18,450,829</u>	<u>20,784,287</u>	<u>22,913,393</u>	<u>24,984,800</u>
Operating Expenses				
Line Service	85,928,719	91,852,227	99,915,598	116,822,879
Bus Disaster Relief ¹	175,115	53,871	35,011	410,447
Robert Thompson Terminal	86,272	271,576	200,395	234,952
Other Special Events	416,262	414,916	444,467	499,455
VIAtrans	20,593,538	22,969,804	24,396,340	26,921,960
Van Disaster Relief ¹	75,660	7,868	7,729	25,927
Vanpool	-	100,648	133,120	294,744
Bus Rapid Transit	-	-	-	501,065
Starlight Service	-	656,749	1,232,416	752,355
Charter	220,955	128,476	131,509	79,595
Contract	1,657,657	1,792,659	2,135,119	1,854,243
Real Estate Development	350	998	3,025	719
Business Development and Planning	1,953,062	2,043,179	2,579,352	2,975,743
Transit Technology	222,663	608,319	534,783	528,972
<i>Total Operating Expenses</i>	<u>111,330,253</u>	<u>120,901,290</u>	<u>131,748,864</u>	<u>151,903,056</u>
Non-Operating Revenues (Expenses)				
Sales Taxes	98,973,080	128,615,461	136,525,865	142,157,492
Grants Reimbursement	11,475,043	11,688,746	9,449,194	7,327,679
Investment Income	941,625	2,641,183	4,343,935	3,472,825
Bond Interest and Amortization	-	-	-	-
Net Gain(Loss) on Sale of Assets	610,130	(426,450)	94,366	(132,242)
Other Revenue	841,500	-	-	-
ATD, CoSA, TxDOT, Bexar Co., and Election Expense ²	(8,503,002)	(20,636,545)	(22,035,752)	(22,807,203)
Local Assistance Program and RMA ³	(394,618)	(25,113)	(250,829)	(227,976)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>103,943,758</u>	<u>121,857,282</u>	<u>128,126,779</u>	<u>129,790,575</u>
Income(Loss) before Depreciation and Capital Contributions	<u>11,064,334</u>	<u>21,740,279</u>	<u>19,291,308</u>	<u>2,872,319</u>
Depreciation ⁴	(20,951,430)	(21,321,762)	(21,719,090)	(19,747,254)
Capital Contributions	8,189,816	20,796,681	10,044,540	22,898,124
Change in Net Position	<u>\$ (1,697,280)</u>	<u>\$ 21,215,198</u>	<u>\$ 7,616,758</u>	<u>\$ 6,023,189</u>

Source: VIA's Annual Audited Financial Statements

¹VIA is occasionally asked to provide transportation services for communities that are impacted by hurricanes. These citizens are transported from the coastal areas to relief centers in San Antonio.

²This amount includes ATD sales tax revenue remitted to the City of San Antonio and ATD sales tax revenue and investment income payable to the Texas Department of Transportation and Bexar County.

³The Local Assistance Program returns a portion of sales tax receipts to eligible communities to be used for improvements to streets used by VIA buses. VIA contributed \$1.6 million to The Regional Mobility Authority (RMA) in FY 2009 for the US281 Super Street project.

⁴Depreciation is shown at 100%; however, VIA fully expects future federal capital grants to provide 80% of capital asset replacement cost. 20% of future capital cost will be covered by local funds.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

	Fiscal Year					
2009	2010 (Restated)	2011 (Restated)	2012 (Restated)	2013 (Restated)	2014	
\$ 20,862,060	\$ 20,571,968	\$ 21,625,077	\$ 22,315,482	\$ 23,001,057	\$ 22,103,715	
32,716	-	-	-	-	-	
13,023	42,550	76,917	78,925	195,549	187,785	
179,279	180,666	174,383	177,119	166,560	181,786	
1,661,674	1,713,729	1,705,738	1,681,635	1,821,640	1,882,687	
114,616	145,500	107,523	113,915	230,308	195,052	
-	-	-	-	-	-	
215,488	267,859	277,257	267,719	277,714	263,360	
11,445	11,566	8,243	6,854	10,290	6,491	
731,810	464,100	516,250	615,000	714,530	749,530	
765,361	993,321	842,939	843,534	783,235	759,723	
<u>24,587,472</u>	<u>24,391,259</u>	<u>25,334,327</u>	<u>26,100,183</u>	<u>27,200,883</u>	<u>26,330,129</u>	
111,333,647	117,495,205	127,048,368	132,326,068	140,264,400	147,478,417	
-	-	-	-	-	-	
68,564	201,686	361,462	512,763	707,542	733,305	
421,502	470,726	490,118	541,478	584,044	592,886	
27,092,432	29,078,861	31,038,547	32,677,623	33,147,022	34,330,772	
-	-	-	-	-	-	
188,444	200,962	366,252	537,218	534,322	547,806	
740,086	494,849	361,888	391,558	-	-	
200,527	-	-	-	-	-	
140,352	160,020	151,927	131,882	252,832	239,325	
-	-	-	-	-	-	
582	6,239	794	3,192	857	4,334	
3,256,780	3,392,485	3,446,449	3,894,405	4,745,443	5,858,692	
597,196	601,376	690,381	719,319	715,552	694,331	
<u>144,040,112</u>	<u>152,102,409</u>	<u>163,956,186</u>	<u>171,735,506</u>	<u>180,952,014</u>	<u>190,479,868</u>	
134,962,020	137,285,707	144,588,735	163,316,655	173,776,660	189,964,334	
19,237,153	27,196,327	23,279,480	20,360,615	25,145,760	26,045,513	
1,262,374	585,219	617,320	252,009	(18,870)	577,720	
-	-	-	(546,141)	(63,884)	(3,542,815)	
5,903	(126,707)	(367,766)	170,308	73,893	40,839	
-	-	-	-	-	-	
(21,468,658)	(21,700,854)	(23,085,686)	(25,720,768)	(27,138,822)	(29,541,042)	
(2,312,343)	-	-	90,150	-	-	
<u>131,686,449</u>	<u>143,239,692</u>	<u>145,032,083</u>	<u>157,922,828</u>	<u>171,774,737</u>	<u>183,544,549</u>	
<u>12,233,809</u>	<u>15,528,542</u>	<u>6,410,224</u>	<u>12,287,505</u>	<u>18,023,606</u>	<u>19,394,810</u>	
(20,075,564)	(20,281,792)	(21,588,388)	(19,035,123)	(20,933,451)	(27,686,973)	
11,719,076	29,801,538	13,230,025	27,981,525	117,491,316	14,028,533	
<u>\$ 3,877,321</u>	<u>\$ 25,048,288</u>	<u>\$ (1,948,139)</u>	<u>\$ 21,233,907</u>	<u>\$ 114,581,471</u>	<u>\$ 5,736,370</u>	

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Direct and Overlapping Sales Tax Rates As of September 30, 2014

City	Direct Rates			Overlapping Rates ¹			Total Sales Tax Rate
	Metropolitan Transit Authority (MTA)	Advanced Transportation District (ATD)	Total Direct Rate	Local		Special Purpose District	
				State	City		
Alamo Heights	0.50%		0.50%	6.25%	1.25%		8.00%
Balcones Heights	0.50%		0.50%	6.25%	1.00%	0.50%	8.25%
Castle Hills	0.50%		0.50%	6.25%	1.25%	0.25%	8.25%
China Grove	0.50%		0.50%	6.25%	1.00%		7.75%
Converse	0.50%		0.50%	6.25%	1.50%		8.25%
Elmendorf	0.50%		0.50%	6.25%	1.00%		7.75%
Kirby	0.50%		0.50%	6.25%	1.25%		8.00%
Leon Valley	0.50%		0.50%	6.25%	1.375%		8.125%
Olmos Park	0.50%		0.50%	6.25%	1.50%		8.25%
Saint Hedwig	0.50%		0.50%	6.25%	1.00%		7.75%
Shavano Park	0.50%		0.50%	6.25%	1.00%	0.50%	8.25%
Terrell Hills	0.50%		0.50%	6.25%	1.00%		7.75%
San Antonio	0.50%	0.25% ²	0.75%	6.25%	1.25%		8.25%
Unincorporated (Bexar County)	0.50%		0.50%	6.25%			6.75%

Source: State of Texas Comptroller of Public Accounts

Note: The Texas state sales and use tax rate is 6.25%. Local taxing jurisdictions (cities, counties, special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. Transit authority rates are limited to between .25% and 1% and may be increased only by a majority vote of the city's residents.

¹Overlapping rates are other state and local rates that apply to taxable sales in cities with direct MTA and ATD rates.

²VIA Metropolitan Transit retains 1/2 of the .25% ATD tax collected and remits 1/4 to the City of San Antonio and 1/4 to the Texas Department of Transportation.

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VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Estimated MTA/ATD Sales Tax Receipts by City Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Alamo Heights	\$ 409,242	\$ 374,798	\$ 393,983	\$ 406,932
Balcones Heights	557,401	615,823	637,859	641,981
Castle Hills	332,521	345,133	454,499	394,859
China Grove	42,671	35,856	45,522	48,470
Converse	318,652	370,466	396,735	721,440
Elmendorf	18,874	18,540	20,124	25,405
Kirby	69,300	85,291	86,135	83,575
Leon Valley	806,734	776,464	793,085	864,745
Olmos Park	153,924	161,693	169,600	190,994
Saint Hedwig	22,576	25,854	25,870	28,251
San Antonio (MTA)	75,425,518	82,262,642	88,108,466	93,358,659
San Antonio (ATD) ¹	8,487,979	20,166,322	21,566,150	22,584,786
Shavano Park	22,068	47,215	55,314	74,195
Terrell Hills	47,205	61,351	76,086	79,717
Other ²	2,563,870	2,963,891	2,130,287	68,698
Total Sales Tax Receipts	\$ 89,278,535	\$ 108,311,339	\$ 114,959,715	\$ 119,572,707

Source: VIA's Fiscal Management Department

Note: VIA does not receive MTA sales tax receipt details by individual member city from the Texas Comptroller. Gross sales tax receipts for the MTA are allocated by city based on the ratio of the MTA sales tax rate to the total city sales tax rate. Cities within Bexar County, Texas can elect to join or leave the metropolitan transit authority by majority vote.

On November 2, 2004, voters in San Antonio approved the formation of the Advanced Transportation District (ATD). The ATD provides funding for transportation projects carried out by VIA, the City of San Antonio, and the Texas Department of Transportation. The ATD sales tax are not allocated as they are collected from a single city.

¹ This amount does not include the portion of ATD sales tax receipts that VIA remits to the City of San Antonio and the Texas Department of Transportation.

² This line represents the unincorporated areas within Bexar County, as well as those communities that have withdrawn from the MTA.

Fiscal Years 2005-2007 have been restated to reflect an accounting change.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	389,993	\$	369,810	\$	382,503	\$	418,716	\$	445,742	\$	473,443
	574,183		573,949		609,594		670,081		702,293		701,787
	390,619		378,022		422,138		438,952		459,610		458,501
	39,141		39,759		42,669		54,047		57,159		77,598
	712,810		762,992		744,263		841,257		856,192		906,675
	20,054		22,021		27,340		35,960		40,532		54,865
	83,631		90,744		91,851		95,966		108,265		115,451
	883,285		826,649		840,965		869,196		933,280		1,084,454
	189,249		179,401		189,850		238,399		232,007		224,911
	28,075		29,149		27,148		26,136		30,063		36,134
	88,566,698		90,350,846		94,720,036		104,895,568		112,728,315		123,682,950
	21,429,342		21,700,855		23,085,685		25,720,768		27,138,822		29,541,044
	80,010		93,876		145,632		371,253		407,841		334,104
	80,350		100,277		103,667		119,890		107,737		113,730
	65,238		66,502		69,710		2,799,697		2,389,980		2,617,645
\$	113,532,678	\$	115,584,852	\$	121,503,051	\$	137,595,886	\$	146,637,838	\$	160,423,292

Schedule of Outstanding Debt and Public Debt Coverage Ratios

	<u>2005-2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>OUTSTANDING DEBT</u>				
Private Placement Bond Issues (All Issued in 2012):				
MTA Farebox Revenue Bonds	\$ -	\$ 5,100,000	\$ 5,100,000	\$ -
MTA Contractual Obligation Bonds	-	3,200,000	2,765,000	2,325,000
ATD Sales Tax Revenue Bonds	-	5,100,000	5,100,000	-
MTA Contract Revenue Bonds	-	5,100,000	-	-
Public Bond Issues:				
MTA Farebox Revenue Bonds Series 2013	-	-	-	38,860,000
ATD Sales Tax Revenue Bonds Series 2014	-	-	-	32,925,000
Total Debt Outstanding	-	18,500,000	12,965,000	74,110,000
Gross Revenues (a)	N/A	184,479,002	199,039,504	213,417,493
Ratio of Total Debt to Gross Revenues	N/A	0.10	0.07	0.35
# of Riders (b)	N/A	46,893,169	45,894,417	44,346,565
Debt Per Rider	N/A	0.39	0.28	1.67

COVERAGE RATIOS FOR PUBLIC DEBT

MTA Farebox Revenue Bonds Series 2013

Operating Revenue	N/A	26,100,183	27,200,883	26,330,129
Maintenance & Operating Expense:	N/A			
Total Expenses	N/A	171,735,506	180,952,014	190,479,868
Contractual Obligation Debt Service	N/A	-	490,335	494,471
Subtotal	N/A	171,735,506	181,442,349	190,974,339
Less MTA Sales Tax	N/A	(111,875,118)	(119,499,016)	(130,882,248)
Less Available ATD Sales Tax (c)	N/A	(25,720,768)	(27,082,864)	(29,477,293)
Less Grants Available to Pay M&O Expense	N/A	(20,350,615)	(25,145,760)	(26,045,513)
Net M&O Expense	N/A	13,789,005	9,714,709	4,569,285
Net Revenue for Debt Service	N/A	12,311,178	17,486,174	21,760,844
Debt Service on Farebox Revenue Bonds	N/A	-	55,958	63,750
Debt Service Coverage Ratio (d)	N/A	N/A	312.5	341.3
Maximum Annual Debt Service (MADS)	N/A	2,816,750	2,816,700	2,816,700
MADS Coverage Ratio	N/A	4.4	6.2	7.7

ATD Sales Tax Revenue Bonds Series 2014

ATD Sales Tax Revenue	N/A	25,720,768	27,138,822	29,541,043
Less District Debt Service	N/A	-	(55,958)	(63,750)
Net ATD Sales Tax Revenue	N/A	25,720,768	27,082,864	29,477,293
Debt Service Coverage Ratio (d)	N/A	N/A	484.0	462.4
Maximum Annual Debt Service (MADS)	N/A	2,374,750	2,374,750	2,374,750
MADS Coverage Ratio	N/A	10.8	11.4	12.4

Note: For a description of pledged revenues associated with the above bonds, please refer to the Long-Term Debt footnote in VIA's audited financial statements.

- (a) Total operating revenue, plus nonoperating revenue from sales taxes, grants reimbursement, investment income and asset sales.
- (b) Total systemwide passengers (includes all bus service and paratransit service).
- (c) ATD sales taxes less debt service on ATD bonds.
- (d) Coverage ratios shown are slightly different than those in VIA's public debt continuing disclosure documents due to rounding (the latter ratios are based on figures rounded to \$0.01 million).

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Demographic and Economic Statistics for the City of San Antonio Last Ten Fiscal Years

Fiscal Year	Population ^a	Total Personal Income (in thousands)	Per Capita Income ^a	Median Age ^a	Population 25 Years and over - Percent high school Graduate or Higher ^a	School Enrollment ^a	Average Yearly Unemployment Rate ^b
2005	1,202,223	24,533,765	20,407	32.3	78.8	267,416	5.0%
2006	1,273,374	25,319,769	19,884	32.6	78.3	273,942	4.6%
2007	1,284,332	26,724,380	20,808	32.5	79.7	273,969	4.1%
2008	1,292,997	27,905,461	21,582	32.9	78.7	276,532	4.7%
2009	1,373,677	28,920,022	21,053	32.2	79.3	299,688	6.6%
2010	1,327,407	28,439,695	21,425	32.8	80.2	285,152	7.4%
2011	1,337,897	29,879,254	22,333	32.6	79.8	384,725	7.4%
2012	1,383,194	30,752,552	22,233	33.2	80.7	397,500	6.5%
2013	1,409,019	31,870,601	22,619	33.0	80.8	398,694	4.7%
2014	*	*	*	*	*	*	*

*2014 data not yet available

Source: ^aAmerican Community Survey, www.census.gov

^bTexas Workforce Commission (Not seasonally adjusted)

Note: The Total Personal Income is calculated by multiplying the Population by the Per Capita Income figures.
School Enrollment includes students enrolled in preschool to grade 12.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Principal Employers Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment ¹	Employees	Rank	Percentage of Total City Employment ²
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	80,165	1	8.86%			
H.E.B. Food Stores	20,000	2	2.21%			
USAA	16,000	3	1.77%	13,965	1	1.85%
Northside Independent School District	13,000	4	1.44%	10,320	2	1.36%
City of San Antonio	11,326	5	1.25%	9,601	3	1.27%
North East Independent School District	9,141	6	1.01%	7,574	6	1.00%
Methodist Health Care System	8,118	7	0.90%	7,027	8	0.93%
San Antonio Independent School District	7,425	8	0.82%	7,685	5	1.02%
Baptist Health Systems	7,205	9	0.80%			
Wells Fargo	6,500	10	0.72%			
SBC Communications (AT&T)				5,941	9	0.79%
Fort Sam Houston				8,160	4	1.08%
Alamo Community College District				7,200	7	0.95%
University Health System				5,000	10	0.66%
Total	178,880		19.78%	82,473		10.91%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2014, and Department of Defense personnel statistics.

¹ Percent based on an Employment Estimate of 905,100 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2014. Figure provided by the Texas Workforce Commission.

² Percent based on an Employment Estimate of 756,700 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2005 Figure provided by the Texas Workforce Commission.

VIA Metropolitan Transit

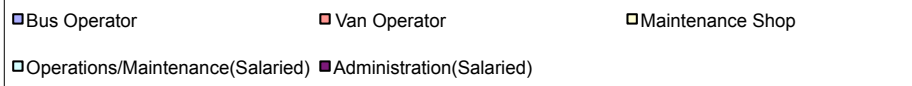
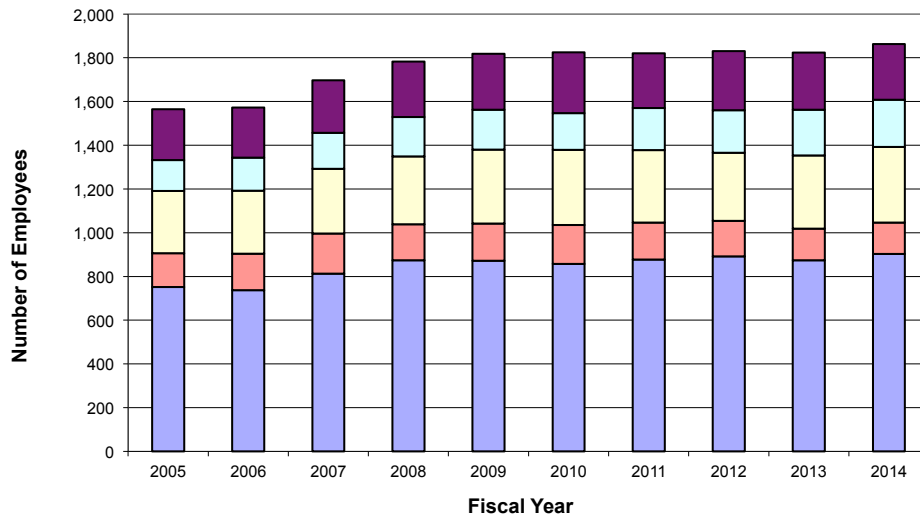
SAN ANTONIO, TEXAS

Full Time Equivalents Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Full-Time Employees										
Bus Operator	656	653	712	719	728	716	746	733	742	795
Van Operator	151	161	178	161	168	176	167	161	143	140
Maintenance Shop	285	288	296	311	338	343	331	311	334	345
Operations/Maintenance(Salaried)	131	138	150	165	168	151	178	178	195	201
Administration(Salaried)	221	220	233	245	244	265	239	257	249	244
Subtotal	1,444	1,460	1,569	1,601	1,646	1,651	1,661	1,640	1,663	1,725
Part-Time (Full-Time Equivalents)										
Bus Operator	95.5	84.7	101.1	155.3	143.5	141.2	131.3	158.6	131.6	107.6
Van Operator	3.7	5.1	5.1	2.9	2.8	2.5	2.6	1.8	2.4	4.2
Maintenance Shop	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations/Maintenance(Salaried)	9.8	13.3	14.4	14.8	14.8	17.8	14.8	17.0	15.0	15.0
Administration(Salaried)	12.0	9.8	7.5	9.0	11.0	12.8	11.3	13.5	12.0	11.3
Subtotal	121.0	112.9	128.2	182.0	172.1	174.2	160.0	190.9	161.0	138.1
Grand Total										
Bus Operator	751.5	737.7	813.1	874.3	871.5	857.2	877.3	891.6	873.6	902.6
Van Operator	154.7	166.1	183.1	163.9	170.8	178.5	169.6	162.8	145.4	144.2
Maintenance Shop	285.0	288.0	296.0	311.0	338.0	343.0	331.0	311.0	334.0	345.0
Operations/Maintenance(Salaried)	140.8	151.3	164.4	179.8	182.8	168.8	192.8	195.0	210.0	216.0
Administration(Salaried)	233.0	229.8	240.5	254.0	255.0	277.8	250.3	270.5	261.0	255.3
Grand Total	1,565.0	1,572.9	1,697.2	1,783.0	1,818.1	1,825.2	1,821.0	1,830.9	1,824.0	1,863.1

Source: VIA's Monthly Personnel Report

Grand Total by Function



VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Fare History Last Ten Fiscal Years

Category	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bus Service										
Regular Bus Service	\$ 0.80	\$ 0.80	\$ 1.00	\$ 1.00	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.20	\$ 1.20
Regular Half Fare	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60
Express Bus Service	1.60	1.60	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50
Express Half Fare	0.80	0.80	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25
Bus Transfer	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Bus Transfer Half Fare	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Streetcar Service										
Streetcar Service	0.80	0.80	1.00	1.00	1.10	1.10	1.10	1.10	1.20	1.20
Streetcar Half Fare	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60
Streetcar Transfer	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Streetcar Transfer Half Fare	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
VIATrans Service										
VIATrans Service	1.25	1.25	1.50	1.50	1.75	1.75	1.75	1.75	1.95	1.95
VIATrans Taxi Subsidy	-	-	-	-	-	-	-	-	9.00	9.00
Special Event Service	5.00	5.00	6.00	4.00	5.00	5.00	5.00	5.00	5.00	2.50
Special Event Half Fare	2.50	2.50	3.00	2.00	2.50	2.50	2.50	2.50	2.50	1.25
Off Peak Special for Seniors and riders with limited mobility 9am-3pm	0.20	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Starlight Service										
Starlight Service	-	3.00	5.50	5.50	5.50	-	-	-	-	-
Starlight Service Half Fare	-	1.50	2.75	2.75	2.75	-	-	-	-	-
Passes										
Monthly Big Pass	20.00	20.00	25.00	25.00	30.00	30.00	30.00	30.00	35.00	35.00
Big Pass Half Fare	10.00	10.00	12.50	12.50	15.00	15.00	15.00	15.00	17.50	17.50
Semester Pass	20.00	20.00	25.00	25.00	35.00	35.00	35.00	35.00	35.00	35.00
Day Tripper	3.00	3.00	3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.00

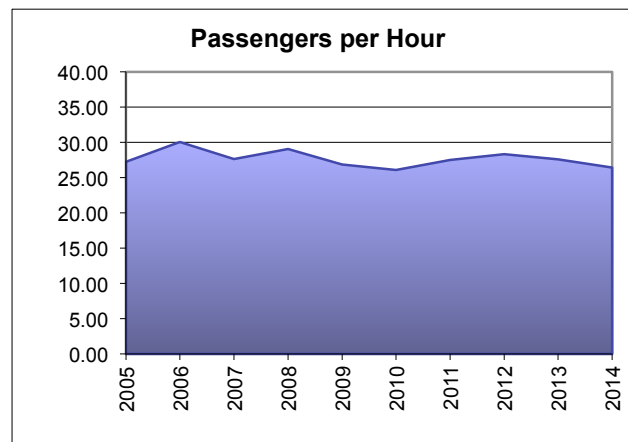
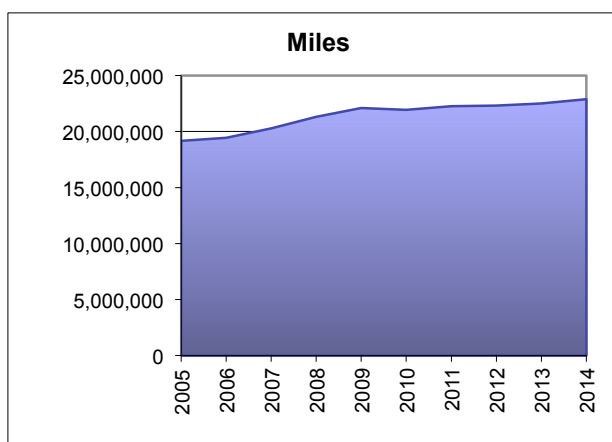
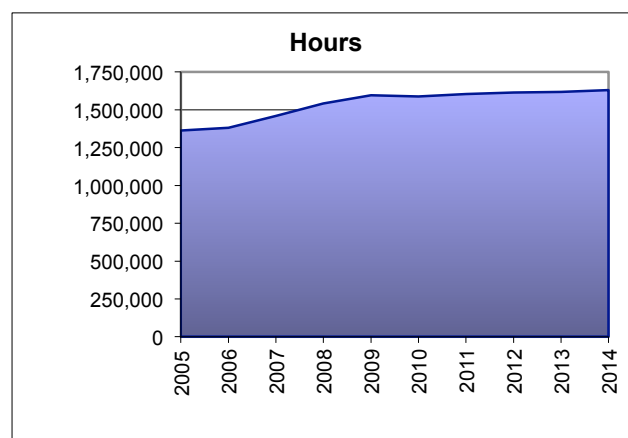
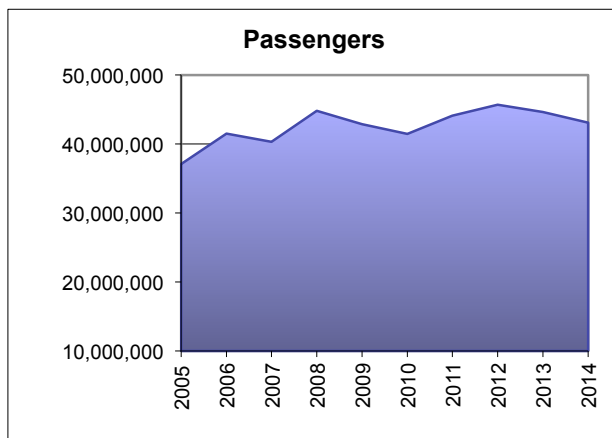
Source: VIA's Fiscal Management Division

Note: Senior citizens, disabled persons, students and eligible Medicare recipients with a valid VIA identification card are eligible for half fare rates on regular, express, streetcar and special event service. Children ages 5-11 ride for half-fare and those under age five ride free.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Line Service Statistics Last Ten Fiscal Years



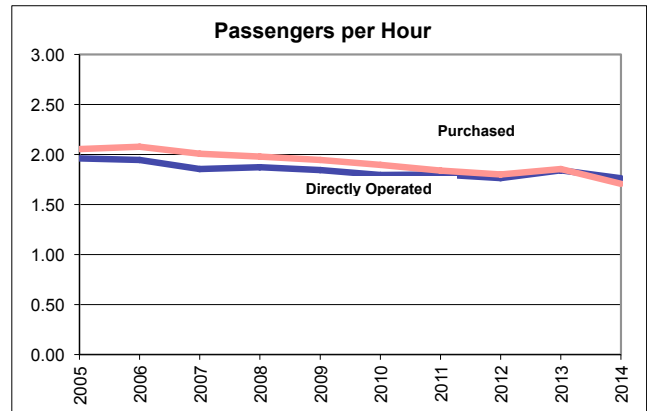
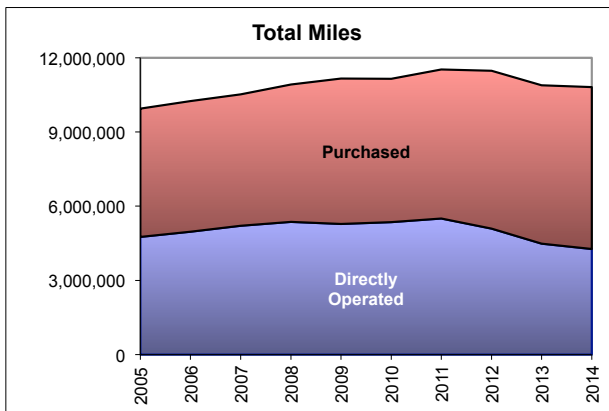
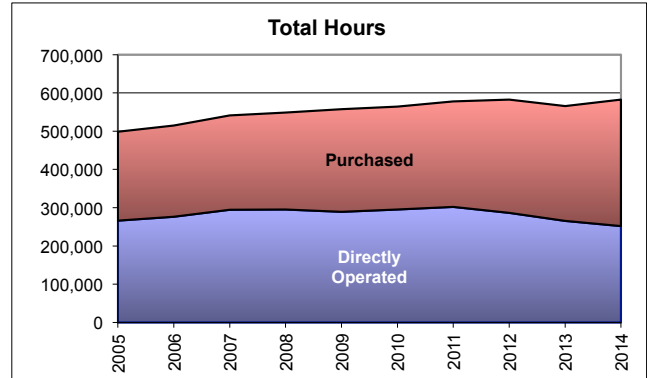
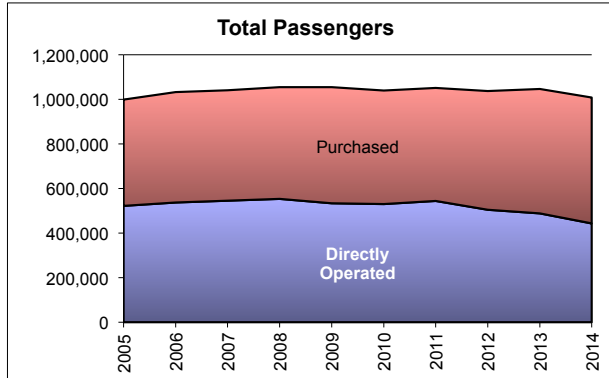
Fiscal Year	Passengers	Hours	Miles	Passengers Per Hour
2005	37,116,882	1,363,003	19,182,546	27.23
2006	41,498,069	1,381,605	19,443,620	30.04
2007	40,342,110	1,458,556	20,289,379	27.66
2008	44,820,655	1,542,100	21,328,743	29.06
2009	42,863,990	1,595,778	22,094,377	26.86
2010	41,450,314	1,587,804	21,952,740	26.11
2011	44,129,717	1,604,282	22,252,846	27.51
2012	45,704,025	1,613,457	22,308,405	28.33
2013	44,635,608	1,618,364	22,520,641	27.58
2014	43,085,594	1,629,262	22,877,589	26.44

Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

VIATrans Service Statistics Last Ten Fiscal Years



Fiscal Year	Total Passengers		Total Hours		Total Miles		Passengers per Hour	
	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased
2005	522,748	476,781	266,393	231,941	4,760,960	5,179,097	1.96	2.06
2006	537,746	495,535	276,319	238,554	4,964,851	5,286,153	1.95	2.08
2007	545,825	495,521	294,423	246,936	5,208,221	5,311,191	1.85	2.01
2008	553,332	501,339	295,498	253,444	5,364,599	5,549,201	1.87	1.98
2009	533,379	522,163	289,290	268,503	5,283,792	5,876,735	1.84	1.94
2010	529,854	510,662	294,970	269,416	5,355,046	5,789,331	1.80	1.90
2011	543,981	507,888	302,135	275,986	5,496,656	6,034,974	1.80	1.84
2012	505,217	532,719	286,473	295,883	5,089,293	6,387,270	1.76	1.80
2013	488,752	557,800	265,249	300,535	4,480,271	6,404,527	1.84	1.86
2014	443,678	565,297	251,695	331,163	4,269,252	6,540,867	1.76	1.71

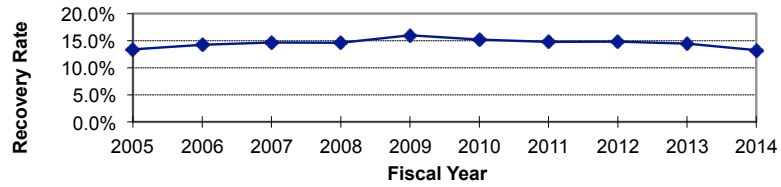
Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report and Procurement's Contract Administrator for purchased service contracts.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

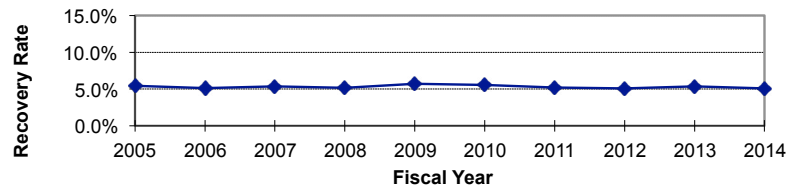
Line Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2005	13.4%
2006	14.3%
2007	14.7%
2008	14.6%
2009	16.0%
2010	15.2%
2011	14.8%
2012	14.8%
2013	14.4%
2014	13.2%



VIAtrans Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2005	5.4%
2006	5.1%
2007	5.4%
2008	5.2%
2009	5.7%
2010	5.5%
2011	5.2%
2012	5.1%
2013	5.3%
2014	5.1%



Source: VIA's Annual Audited Financial Statements

Note: Recovery rate is fare revenue divided by total expenses including depreciation.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Service Miles by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans			Starlight Service	Total
						Direct	Purchased	Van Disaster Relief		
2005	19,182,546	85,906	41,063	417,086	31,046	4,760,960	5,179,097	-	-	29,697,704
2006	19,443,620	103,502	22,452	411,679	9,381	4,964,851	5,286,153	-	233,457	30,475,095
2007	20,289,379	91,410	11,428	458,137	6,593	5,208,221	5,311,191	-	459,250	31,835,609
2008	21,328,743	92,420	9,573	383,188	55,897	5,364,599	5,549,201	-	444,314	33,227,935
2009	22,094,377	72,326	18,738	-	-	5,283,792	5,876,735	-	105,026	33,450,994
2010	21,952,740	86,148	18,117	-	-	5,355,046	5,789,331	-	-	33,201,382
2011	22,252,846	116,627	17,469	-	-	5,496,656	6,034,974	-	-	33,918,572
2012	22,308,405	122,658	16,283	-	-	5,089,293	6,387,270	-	-	33,923,909
2013	22,520,641	153,521	30,137	-	-	4,480,271	6,404,527	-	-	33,589,097
2014	22,877,589	143,754	27,242	-	-	4,269,252	6,540,867	-	-	33,858,704

Service Hours by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans			Starlight Service	Total
						Direct	Purchased	Van Disaster Relief		
2005	1,363,003	6,301	3,950	27,277	2,693	266,393	231,941	1,821	-	1,903,379
2006	1,381,605	7,682	2,422	27,719	678	276,319	238,554	331	7,943	1,943,253
2007	1,458,556	6,870	1,706	32,081	524	294,423	246,936	-	14,924	2,056,020
2008	1,542,100	6,977	1,417	25,985	4,620	295,498	253,444	-	19,728	2,149,769
2009	1,595,778	5,119	2,350	-	-	289,290	268,503	-	4,804	2,165,844
2010	1,587,804	6,648	2,881	-	-	294,970	269,416	-	-	2,161,719
2011	1,604,282	8,287	2,201	-	-	302,135	275,986	-	-	2,192,891
2012	1,613,457	9,434	2,261	-	-	286,473	295,883	-	-	2,207,508
2013	1,618,364	12,234	3,232	-	-	265,249	300,535	-	-	2,199,614
2014	1,629,262	10,996	2,906	-	-	251,695	331,163	-	-	2,226,022

Source: VIA's Miles and Hours Report and Procurement's Contract Administrator for purchased service contracts.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Revenues by Source Last Ten Fiscal Years

Fiscal Year	Operating Revenues	SalesTax	Grant Revenues	Investment Income	Misc Income (Expense)	Total
2005	18,450,829	89,278,535	11,475,043	941,625	-5,147,195	114,998,837
2006	20,784,287	108,311,339	11,688,746	2,641,183	-21,047,756	122,377,799
2007	22,913,393	114,959,715	9,449,194	4,343,935	-22,192,215	129,474,022
2008	24,984,800	119,572,707	7,327,679	3,472,825	-23,167,421	132,190,590
2009	24,587,472	113,532,678	19,237,153	1,262,374	-23,775,098	134,844,579
2010	24,391,259	115,584,852	27,196,327	585,219	-21,827,561	145,930,096
2011	25,334,327	121,503,051	23,279,480	617,320	-23,453,452	147,280,726
2012	26,100,183	137,595,886	20,360,615	252,009	-26,006,451	158,302,242
2013	27,200,883	146,637,838	25,145,760	-18,870	-27,128,813	171,836,798
2014	26,330,129	160,423,292	26,045,513	577,720	-33,043,018	180,333,636

Operating Expenses by Cost Center (Including Depreciation) Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	VIATrans	Starlight Service	Vanpool	Other	Total
2005	104,220,780	1,147,659	252,548	1,958,661	21,689,356	-	-	3,012,679	132,281,683
2006	110,791,888	1,340,830	146,509	2,098,171	23,795,051	660,515	102,173	3,287,915	142,223,052
2007	118,113,096	1,274,262	140,603	2,445,167	26,566,225	1,240,754	135,286	3,552,561	153,467,954
2008	133,947,136	1,351,438	85,613	2,066,769	28,847,814	756,444	296,152	4,298,944	171,650,310
2009	130,449,544	1,096,860	153,244	-	29,172,611	202,358	190,739	4,184,459	165,449,815
2010	135,647,299	1,283,286	170,791	-	30,923,402	-	202,045	4,157,378	172,384,201
2011	146,420,289	1,492,528	164,376	-	32,765,906	-	368,195	4,333,280	185,544,574
2012	150,416,200	1,698,539	142,909	-	33,140,705	-	539,429	4,832,847	190,770,629
2013	159,497,124	1,962,959	275,894	-	34,095,208	-	537,595	5,516,685	201,885,465
2014	167,004,628	1,807,553	162,317	-	36,908,809	-	551,133	11,732,401	218,166,841

Source: VIA's Annual Audited Financial Statements

Note: FY2012 Misc Income (Expense) was restated to recognize bond issuance costs that were previously reported on an amortized basis. FY2013 through FY2014 Bus Rapid Transit Expense has been moved to Line Service Expense due to the new MAP21 (Sec. 5302) requirements under which a dedicated lane for rapid transit buses during peak periods is required for service to be considered "BRT"

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Operating Expenses by Object Class Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
Operator	\$ 30,497,019	\$ 32,487,377	\$ 35,556,338	\$ 37,706,299	\$ 37,519,147
Garage	9,325,157	9,677,955	9,703,761	10,562,622	11,345,672
Salaried	14,092,521	14,930,202	16,193,801	18,062,321	18,960,436
<i>Total Labor</i>	<u>53,914,697</u>	<u>57,095,534</u>	<u>61,453,900</u>	<u>66,331,242</u>	<u>67,825,255</u>
Fringe Benefits	24,838,135	26,639,472	29,572,250	32,902,957	34,319,563
<i>Total Labor and Fringe Benefits</i>	<u>78,752,832</u>	<u>83,735,006</u>	<u>91,026,150</u>	<u>99,234,199</u>	<u>102,144,818</u>
Advertising Fees	246,609	139,805	201,342	311,832	532,580
Prof. & Tech Fees	1,685,441	1,351,486	1,636,642	1,774,244	1,934,705
Temporary Help	20,022	-	-	-	-
Contract Maintenance	1,065,371	1,317,694	1,431,956	1,412,628	1,557,547
Custodial Services	-	-	-	-	-
Security Services	892,788	1,049,421	1,063,722	1,241,303	1,547,567
Other Services	352,778	379,963	417,832	426,325	470,475
<i>Total Services</i>	<u>4,263,009</u>	<u>4,238,369</u>	<u>4,751,494</u>	<u>5,166,332</u>	<u>6,042,874</u>
Fuel & Lubricants	10,214,806	14,308,066	14,623,296	24,368,920	13,844,663
Tires & Tubes	795,770	857,253	750,467	846,027	1,113,669
Other Materials & Supplies	6,150,889	7,304,577	7,172,264	7,580,792	8,069,919
<i>Total Materials & Supplies</i>	<u>17,161,465</u>	<u>22,469,896</u>	<u>22,546,027</u>	<u>32,795,739</u>	<u>23,028,251</u>
Utilities	1,148,176	1,228,285	1,128,092	1,364,766	1,378,117
Casualty & Liability	737,825	(1,282,604)	518,628	807,857	453,733
Taxes	1,094,669	1,132,504	1,310,151	1,514,318	1,501,359
Purchased Transportation	6,694,875	7,738,791	8,768,749	9,141,155	8,995,692
Dues & Subscriptions	258,715	274,180	300,682	344,703	316,700
Training & Meetings	93,109	104,322	192,972	203,408	236,561
Fines & Penalties	(68,292)	-	509	608	100
Bad Debt Expense	7,259	7,996	43,872	4,963	6,888
Advertising/Promotion Media	513,083	535,838	403,031	431,403	410,197
Miscellaneous Expense	457,373	486,293	549,510	643,181	565,572
<i>Total Miscellaneous Expense</i>	<u>1,261,247</u>	<u>1,408,629</u>	<u>1,490,576</u>	<u>1,628,266</u>	<u>1,536,018</u>
Interest Expense	-	-	-	-	-
Leases & Rentals	216,155	232,416	208,997	250,424	293,389
Expense transfer to Capital Program	-	-	-	-	-
<i>Total Operating Expense Before Depreciation & Capitalized Amounts</i>	<u>111,330,253</u>	<u>120,901,292</u>	<u>131,748,864</u>	<u>151,903,056</u>	<u>145,374,251</u>
Depreciation	20,951,430	21,321,762	21,719,090	19,747,254	20,075,564
Allowance	-	-	-	-	-
<i>Total Operating Expenses</i>	<u>\$ 132,281,683</u>	<u>\$ 142,223,054</u>	<u>\$ 153,467,954</u>	<u>\$ 171,650,310</u>	<u>\$ 165,449,815</u>

Source: VIA's Annual Audited Financial Statements

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Fiscal Year				
2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014
\$ 39,163,412	\$ 41,016,213	\$ 40,562,190	\$ 41,573,464	\$ 42,947,778
12,022,721	12,417,401	12,729,474	12,741,074	13,435,740
19,376,845	20,365,495	21,028,258	20,927,964	22,054,983
70,562,978	73,799,109	74,319,922	75,242,502	78,438,501
34,640,866	37,618,626	41,928,210	44,339,708	49,087,760
105,203,844	111,417,735	116,248,132	119,582,210	127,526,261
524,532	376,212	457,068	834,106	868,797
1,975,904	2,546,400	2,602,244	5,012,806	5,575,998
-	-	-	-	-
1,510,826	1,834,136	1,900,734	2,304,871	2,727,184
-	-	-	-	-
1,617,845	1,652,563	1,610,368	1,576,519	1,668,227
509,582	522,596	550,437	571,305	545,909
6,138,688	6,931,907	7,120,851	10,299,607	11,386,115
16,470,705	19,866,016	20,155,666	23,177,525	22,148,972
1,168,105	1,299,140	1,365,594	1,374,880	1,200,905
8,060,535	8,739,916	9,355,225	9,725,894	9,478,859
25,699,345	29,905,072	30,876,485	34,278,299	32,828,736
1,617,829	1,647,480	1,572,250	2,006,016	2,223,969
861,475	341,603	1,231,907	1,243,807	885,038
1,510,880	1,526,586	1,536,285	1,573,900	1,480,347
9,101,700	9,911,331	10,916,344	10,410,650	12,405,128
350,446	532,092	416,275	379,151	405,648
337,885	353,681	407,148	487,004	494,390
-	-	600	-	294
7,813	847	7,352	2,635	8,858
408,590	406,816	437,122	514,553	929,762
586,888	724,770	678,063	783,941	727,381
1,691,622	2,018,206	1,946,561	2,167,284	2,566,333
-	-	-	-	-
277,027	256,265	286,692	296,882	247,471
-	-	-	(906,641)	(1,069,530)
152,102,409	163,956,186	171,735,507	180,952,014	190,479,868
20,281,792	21,588,388	19,035,123	20,933,451	22,804,973
-	-	-	-	4,882,000
\$ 172,384,201	\$ 185,544,574	\$ 190,770,629	\$ 201,885,465	\$ 218,166,841

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Capital Assets Last Ten Fiscal Years

	2005	2006	2007	2008	2009
Land	\$ 25,155,546	\$ 25,991,724	\$ 21,839,086	\$ 25,976,887	\$ 26,447,326
Revenue Vehicles					
Bus	108,510,605	124,549,670	125,258,628	125,335,354	125,514,249
Van	7,298,710	6,995,861	8,339,955	8,339,955	8,339,955
Total Revenue Vehicles	115,809,316	131,545,531	133,598,583	133,675,309	133,854,204
Service Vehicles					
Trucks	1,357,010	1,325,401	1,365,375	1,726,520	1,909,471
Automobiles	1,142,086	1,137,478	1,165,503	1,201,622	1,360,960
Other Service Vehicles	281,726	276,215	357,641	357,641	357,641
Total Service Vehicles	2,780,821	2,739,094	2,888,519	3,285,783	3,628,072
Buildings and Structures					
Transit Way Facilities	33,532,669	33,532,668	33,532,669	33,532,669	33,680,565
Passenger Stations	28,192,412	29,656,620	30,841,555	35,824,534	42,677,004
Passenger Parking Stations	2,686,439	2,618,036	2,618,036	2,618,686	2,618,686
Operating Yards and Stations	14,290,648	14,364,207	14,392,200	14,531,233	14,563,987
Vehicle Maintenance Shops and Garages	8,002,456	9,335,431	10,933,306	11,138,288	16,679,760
Other General Administration Facilities	11,452,996	11,497,240	11,541,536	12,399,143	12,647,099
Stadium/Depot Complex	6,435,442	6,437,115	6,437,115	6,437,115	6,437,115
Total Buildings and Structures	104,593,062	107,441,317	110,296,417	116,481,668	129,304,216
Equipment					
Passenger Stations	871,375	871,375	871,375	1,338,262	3,254,607
Operating Yards and Stations	127,883	150,789	57,868	57,868	57,868
Vehicle Maintenance Shops and Garages	1,365,191	1,413,680	1,460,875	1,625,454	1,784,250
Other General Administration Facilities	1,409,991	1,400,932	1,460,342	1,498,987	1,482,498
Revenue Vehicle Movement Control	15,612,765	15,491,235	15,415,162	15,415,162	15,415,161
Revenue Collection and Processing	292,558	279,752	279,752	297,342	294,009
Data Processing	8,659,415	8,494,125	9,942,333	10,458,794	10,505,926
Communication	970,604	983,572	598,317	665,976	764,697
Office Equipment	498,034	176,063	173,465	173,465	110,630
Total Equipment	29,807,815	29,261,523	30,259,489	31,531,310	33,669,646
Total Capital Assets Before Depreciation	278,146,560	296,979,189	298,882,094	310,950,957	326,903,464
Accumulated Depreciation					
Revenue Vehicles	(57,935,825)	(59,673,927)	(67,839,345)	(66,562,072)	(77,915,736)
Service Vehicles	(2,492,141)	(2,595,242)	(2,741,586)	(2,785,742)	(2,976,301)
Buildings and Structures	(67,384,707)	(73,848,074)	(79,821,381)	(86,769,910)	(94,060,411)
Equipment	(23,482,135)	(25,777,889)	(27,730,455)	(29,155,888)	(29,769,422)
Total Accumulated Depreciation	(151,294,808)	(161,895,132)	(178,132,767)	(185,273,612)	(204,721,870)
Allowance for Capital Projects					
Allowance for Capital Projects	-	-	-	-	-
Total Allowance for Capital Projects	-	-	-	-	-
Work In Progress					
Revenue Vehicles	5,088,736	3,781	-	695	-
Service Vehicles	-	-	-	-	-
Buildings and Structures	387,867	630,703	3,763,402	9,203,875	5,162,105
Equipment	-	298,093	291,164	1,303,214	4,073,941
Total Work In Progress	5,476,603	932,576	4,054,567	10,507,784	9,236,046
Net Capital Assets	\$ 132,328,355	\$ 136,016,634	\$ 124,803,895	\$ 136,185,130	\$ 131,417,641

Source: VIA's Annual Audited Financial Statements

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

<u>2010 Restated</u>	<u>2011 Restated</u>	<u>2012 Restated</u>	<u>2013 Restated</u>	<u>2014</u>
\$ 26,804,057	\$ 27,209,314	\$ 27,209,314	\$ 31,729,733	\$ 31,812,673
141,523,621	139,158,252	139,405,043	156,393,853	161,102,879
8,339,955	8,341,255	8,194,102	16,177,015	13,062,931
<u>149,863,576</u>	<u>147,499,506</u>	<u>147,599,144</u>	<u>172,570,868</u>	<u>174,165,810</u>
1,951,568	2,069,486	2,419,698	2,397,254	2,500,468
1,299,180	1,391,934	1,190,073	939,038	897,848
357,641	357,641	455,229	592,318	701,175
<u>3,608,390</u>	<u>3,819,060</u>	<u>4,064,999</u>	<u>3,928,610</u>	<u>4,099,491</u>
38,475,179	38,991,798	38,991,798	38,962,046	38,948,550
47,273,563	48,625,854	49,206,787	69,465,333	71,174,228
2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
15,148,156	15,277,206	17,270,455	17,783,579	18,010,568
17,228,927	17,570,026	18,557,910	18,562,713	18,623,635
12,845,785	17,677,094	17,851,130	18,536,882	18,953,212
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
<u>140,027,411</u>	<u>147,197,779</u>	<u>150,933,881</u>	<u>172,366,354</u>	<u>174,765,995</u>
3,266,389	3,266,389	2,445,424	3,249,984	3,249,984
65,362	78,954	83,646	199,938	323,809
1,813,373	1,847,220	2,280,783	2,704,444	3,088,946
1,476,252	1,486,143	578,057	594,149	611,740
15,410,422	15,410,420	15,363,365	15,363,365	15,493,408
343,476	343,476	337,586	341,679	340,268
12,860,355	13,231,350	9,321,340	16,437,124	17,455,993
743,945	4,027,759	4,112,984	4,124,438	4,152,708
103,608	121,776	150,401	190,677	396,880
<u>36,083,182</u>	<u>39,813,487</u>	<u>34,673,586</u>	<u>43,205,798</u>	<u>45,113,736</u>
<u>356,386,616</u>	<u>365,539,146</u>	<u>364,480,925</u>	<u>423,801,363</u>	<u>429,957,705</u>
(84,564,130)	(93,746,131)	(103,077,815)	(110,594,492)	(116,038,273)
(2,882,462)	(3,221,642)	(3,284,327)	(3,087,851)	(3,393,392)
(102,091,886)	(108,594,211)	(113,991,594)	(121,292,354)	(129,193,302)
(29,604,437)	(31,298,434)	(27,882,391)	(31,326,126)	(35,130,813)
<u>(219,142,915)</u>	<u>(236,860,419)</u>	<u>(248,236,127)</u>	<u>(266,300,823)</u>	<u>(283,755,779)</u>
-	-	-	-	(4,882,000)
-	-	-	-	(4,882,000)
156,000	582,964	16,894,876	1,965,827	2,279,032
523	-	-	-	-
3,332,888	8,663,926	19,028,659	20,766,453	42,838,973
3,465,039	1,972,506	7,220,735	7,765,256	9,687,289
<u>6,954,450</u>	<u>11,219,396</u>	<u>43,144,270</u>	<u>30,497,535</u>	<u>54,805,294</u>
<u>\$ 144,198,152</u>	<u>\$ 139,898,124</u>	<u>\$ 159,389,069</u>	<u>\$ 187,998,076</u>	<u>\$ 196,125,221</u>

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Changes in Retirement Plan Net Position Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Additions										
Member Contributions	\$ 2,172	\$ 2,287	\$ 2,359	\$ 2,469	\$ 2,390	\$ 2,584	\$ 3,224	\$ 3,441	\$ 3,703	\$ 4,227
Employer Contributions	2,156	2,468	3,056	4,918	5,039	6,252	7,321	8,259	10,639	9,799
Investment Income (net of expenses)	14,918	10,674	20,588	(25,136)	(5,999)	15,342	1,646	29,942	25,017	22,741
Total additions to plan net position	19,245	15,428	26,003	(17,749)	1,430	24,178	12,191	41,642	39,359	36,767
Deductions										
Benefit Payments	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525	16,093	17,168
Refunds	252	154	185	255	214	207	252	186	461	218
Administrative Expenses	175	155	159	155	166	188	238	218	241	215
Total Deductions from plan net position	7,468	7,852	8,977	9,889	11,246	12,427	13,992	14,929	16,795	17,601
Change in net position	\$ 11,778	\$ 7,576	\$ 17,026	\$ (27,638)	\$ (9,816)	\$ 11,751	\$ (1,801)	\$ 26,713	\$ 22,564	\$ 19,166

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

Benefit and Refund Deductions from Net Position by Type Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Type of Benefit										
Age and service benefits	\$ 5,602	\$ 6,073	\$ 6,954	\$ 7,708	\$ 8,896	\$ 9,966	\$ 11,403	\$ 12,216	\$ 13,572	\$ 14,630
Disability benefits	599	592	686	744	802	851	836	929	996	1,076
Beneficiaries	840	880	993	1,027	1,168	1,215	1,263	1,380	1,525	1,462
Total benefits	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525	16,093	17,168
Type of Refund										
Separation	252	154	185	255	214	207	252	186	461	218
Death										
Total refunds	\$ 252	\$ 154	\$ 185	\$ 255	\$ 214	\$ 207	\$ 252	\$ 186	\$ 461	\$ 218

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Retired Members by Type of Benefit

As of September 30, 2014

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement ¹							Option Selected ²						
		1	2	3	4	5	6	7	1	2	3	4	5	6	
Deferred	56														
\$1 - \$500	148	3	44	25	10	14	49	3	50	6	4	25	18	44	
501 - 1,000	188	3	90	22	19	4	46	4	38	19	9	18	44	58	
1,001 - 1,500	142	13	69	8	18	3	26	5	36	12	4	14	25	50	
1,501 - 2,000	86	23	44	5	6	2	4	2	16	7	4	8	24	26	
2,001 - 2,500	106	52	37	7	4	-	6	-	16	7	7	13	35	28	
2,501 - 3,000	82	54	21	3	2	-	-	2	13	3	5	8	26	25	
Over 3,000	104	76	12	7	8	-	-	1	13	5	7	11	34	33	
Total	912	224	317	77	67	23	131	17	182	59	40	97	206	264	

¹ Type of retirement:

- 1 - Normal Retirement for age and service
- 2 - Early Retirement
- 3 - Disability Retirement
- 4 - Late Retirement
- 5 - Vested Termination Retirement
- 6 - Beneficiary, all types except death in service plus alternate payees
- 7 - Beneficiary, death in service

² Option Selected:

- Option 1 - Life only
- Option 2 - 5 year certain and life
- Option 3 - 10 year certain and life
- Option 4 - 15 year certain and life
- Option 5 - Joint and 50% survivor
- Option 6 - Joint and 100% survivor
(Excludes 10 death in service options)

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

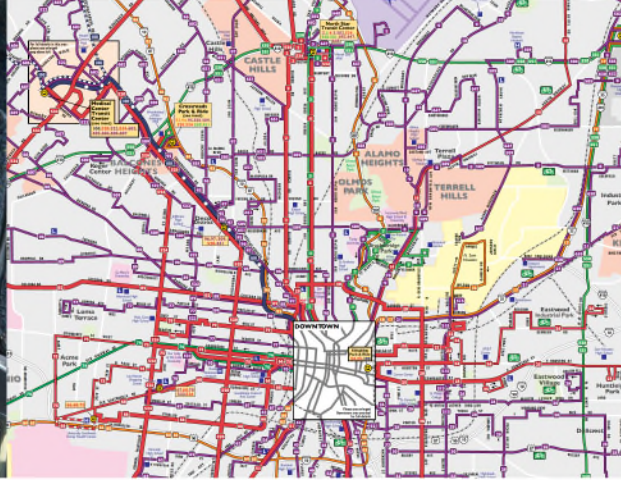
VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Schedule of Average Benefit Payment Amounts Last Ten Fiscal Years

Retirement Effective Dates	Years Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40+
2004 - 2005								
Average Monthly Benefit	\$ 167	\$ 177	\$ 483	\$ 1,019	\$ 1,707	\$ 1,577	\$ 1,992	\$ -
Average Final Average Salary	\$ 34,534	\$ 26,984	\$ 30,131	\$ 50,378	\$ 66,089	\$ 42,127	\$ 46,857	\$ -
Number of Active Retirants	2	2	10	2	3	5	5	-
2005 - 2006								
Average Monthly Benefit	\$ 172	\$ 281	\$ 523	\$ 732	\$ 1,161	\$ 1,863	\$ -	\$ 2,659
Average Final Average Salary	\$ 31,365	\$ 28,048	\$ 32,845	\$ 34,413	\$ 40,302	\$ 48,744	\$ -	\$ 49,032
Number of Active Retirants	2	2	4	8	5	11	-	1
2006 - 2007								
Average Monthly Benefit	\$ 72	\$ 256	\$ 844	\$ 920	\$ 1,598	\$ 2,472	\$ 2,265	\$ 3,503
Average Final Average Salary	\$ 15,674	\$ 28,758	\$ 48,051	\$ 38,979	\$ 45,025	\$ 57,702	\$ 47,061	\$ 61,622
Number of Active Retirants	1	7	8	4	7	13	1	1
2007 - 2008								
Average Monthly Benefit	\$ 132	\$ 364	\$ 611	\$ 1,075	\$ 1,088	\$ 2,176	\$ 2,603	\$ 3,099
Average Final Average Salary	\$ 31,842	\$ 40,676	\$ 33,659	\$ 43,771	\$ 36,305	\$ 51,456	\$ 51,384	\$ 61,601
Number of Active Retirants	3	3	3	8	3	14	12	1
2008 - 2009								
Average Monthly Benefit	\$ 97	\$ 428	\$ 574	\$ 964	\$ 1,005	\$ 3,084	\$ 3,057	\$ 3,005
Average Final Average Salary	\$ 26,161	\$ 37,148	\$ 34,423	\$ 45,308	\$ 65,837	\$ 66,282	\$ 62,942	\$ 57,485
Number of Active Retirants	2	5	5	10	1	12	13	4
2009 - 2010								
Average Monthly Benefit	\$ 182	\$ 350	\$ 634	\$ 1,015	\$ 1,551	\$ 2,834	\$ 2,850	\$ 3,569
Average Final Average Salary	\$ 34,295	\$ 36,840	\$ 38,505	\$ 42,966	\$ 51,892	\$ 67,197	\$ 57,867	\$ 64,416
Number of Active Retirants	6	5	4	16	6	4	17	9
2010 - 2011								
Average Monthly Benefit	\$ 500	\$ 582	\$ 837	\$ 1,056	\$ 1,430	\$ 2,573	\$ 2,673	\$ 3,231
Average Final Average Salary	\$ 28,145	\$ 46,639	\$ 44,838	\$ 45,109	\$ 48,907	\$ 52,684	\$ 54,675	\$ 58,231
Number of Active Retirants	1	1	7	7	6	9	14	6
2011 - 2012								
Average Monthly Benefit	\$ 285	\$ 439	\$ 782	\$ 1,062	\$ 1,491	\$ 2,471	\$ 2,861	\$ 3,662
Average Final Average Salary	\$ 38,117	\$ 39,502	\$ 48,801	\$ 47,504	\$ 47,914	\$ 59,327	\$ 55,681	\$ 65,396
Number of Active Retirants	1	1	9	5	3	9	10	8
2012 - 2013								
Average Monthly Benefit	\$ -	\$ 430	\$ 718	\$ 982	\$ 1,156	\$ 2,516	\$ 2,731	\$ 4,226
Average Final Average Salary	\$ -	\$ 40,461	\$ 39,314	\$ 38,714	\$ 43,209	\$ 58,176	\$ 56,142	\$ 72,406
Number of Active Retirants	-	10	6	7	6	6	17	14
2013 - 2014								
Average Monthly Benefit	\$ -	\$ 425	\$ 562	\$ 1,040	\$ 1,657	\$ 2,865	\$ 3,246	\$ 3,771
Average Final Average Salary	\$ -	\$ 35,020	\$ 29,016	\$ 40,021	\$ 48,571	\$ 62,333	\$ 60,134	\$ 61,360
Number of Active Retirants	-	5	4	5	7	12	15	10

Source: VIA's Retirement Plan Comprehensive Annual Financial Report



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