Metropolitan Transit
San Antonio, Texas

2013 Comprehensive Annual Financial Report

Years Ended
September 30, 2013
and 2012

2013 Comprehensive Annual Financial Report

Years Ended September 30, 2013 and 2012

Prepared by the Fiscal Management Division

Steven J. Lange
Vice President Fiscal Management/CFO

VIA Metropolitan Transit
San Antonio, Texas

2013 Youth Art Contest Best of Show winning poster by
Madeline Cortez, 12th grade, Clark High School

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Introductory

March 1, 2014

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, 2013. 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 internal control is designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 2012 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 unqualified opinion on VIA's financial statements for the year ended September 30, 2013. 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 1,009 miles and in FY2013 carried an average of 139,335 passengers on weekdays. In FY2013, VIA transported 45.9 million passengers and provided 2.2 million hours of service over 33.6 million miles.

Service is currently available seven days a week, from 4:00 a.m. until 1:00 a.m., with a VIA fleet of 463 buses and 104 Paratransit vans maintained by an around-the-clock maintenance department. Additionally, VIA provides contracted Paratransit service.

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 2013, and the area received national recognition for its performance. San Antonio-New Braunfels leapt 10 positions to 12th in the Milken Institute's "Best Performing Cities 2013" article published in December 2013. The future outlook is also bright, with Moody's Analytics noting that "San Antonio's expansion should accelerate further in 2014, lifted by gains in housing and manufacturing and development in the Eagle Ford Shale" and that "Longer term, the concentration of military cybersecurity and medical activity, growth in commercial aerospace, low costs of doing business, and above-average population gains will contribute to the area's above-average performance."

San Antonio is the seventh largest city in the United States and the second largest in Texas. With a population of more than 1.3 million, San Antonio thrives as one of the fastest growing cities in the U.S. San Antonio's unemployment rate of 6.1% in 2013 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. Also, oil and gas exploration in the Eagle Ford Shale has helped fuel regional growth, as recent drilling levels and high-producing wells are creating a hotbed of industry activity.

VIA's financial results are significantly impacted by sales tax collections, which account for 74% of VIA's budgeted revenues in 2014, and are driven by the local economy. In 2013, VIA's sales taxes were up 6.6% from the prior year. VIA's budgeted sales taxes for 2014 reflect a 4.8% increase over actual 2013 sales taxes. When the 2014 sales tax budget was developed, the budget reflected a 4% increase over forecasted FY13 sales taxes. However, actual sales tax receipts in the last few months of FY13 were slightly below forecast.

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 cybersecurity, 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. The 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 a Trinity University research report, the San Antonio area hosted 2.2 million leisure visitors in 2011.

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, Brooks City-Base, Camp Bullis, and Camp Stanley, as well as leading government contractors such as Boeing, Lockheed Martin, Pratt & Whitney, General Electric, and Sin-Swearingen. 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. The Base Realignment and Closure (BRAC) process, which is now complete, has added an estimated $5.7 billion to the economy (through 2011) and created an estimated 12,000+ jobs. One of the largest medical facilities in the nation, Fort Sam Houston 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 development in the world based on capital investment, according to a Wood Mackenzie report published in January 2013. Some of the new jobs related to the Eagle Ford Shale will be in construction. TexStar Midstream Logistics will build a pipeline from the shale to Calumet's refinery, located near the metro area, and Stabilis Energy will construct a liquefied natural gas plant in the center of the shale. Additionally, Worldwide Energy Consortium has begun to plan for its Whitetail refinery in LaSalle County. 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 Medtronics and Becton Dickinson. The South Texas Medical Center is the center of an industry that has added more than 40,000 jobs over the last decade. Development of new hospitals, offices, and research facilities are projected to create more than $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 2011 Texas Manufacturers Register, San Antonio ranked the fourth-largest manufacturing market in Texas, with 51,777 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, Gore Design, and Southwest Research Institute.

San Antonio's information technology and cybersecurity 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 cybersecurity professionals in the U.S. and three National Centers of Academic Excellence in Information Security. Local cybersecurity 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 in 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 First State Bank.

Education is an important sector of the local economy, with the San Antonio MSA having 14 colleges and universities offering degrees in all major fields of study and educating more than 100,000 students. Through a community-wide initiative known as SA2020, Mayor Julian Castro intends to orchestrate one of the greatest turnarounds in education in the United States 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 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	0.4%	2.2.%	0.6.%
Construction	4.9%	5.3.%	4.2.%
Manufacturing	5.4%	7.9.%	8.9.%
Transportation/Utilities	2.4%	4.1.%	3.7.%
Wholesale Trade	3.4%	4.9.%	4.2.%
Retail Trade	11.2%	11.0.%	11.1.%
Information	2.2%	1.8.%	2.0.%
Financial Activities	8.2%	6.0.%	5.8.%
Prof. and Bus. Services	11.8%	12.7.%	13.2.%
Educ. and Health Services	15.4%	13.5.%	15.1.%
Leisure and Hosp. Services	12.2%	9.9.%	10.3.%
Other Services	3.7%	3.5.%	4.1.%
Government	18.8%	17.2.%	16.8.%

Source: Moody's Analytics November 2013

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 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. Many businesses continue to relocate operations to San Antonio, start new initiatives here, or expand local operations. Recent examples include HVHC Inc., Ercam Trackers, CGI Federal, and Higuchi. The strength of San Antonio's economy is reflected in the Manpower Group's recently naming San Antonio as the country's best city for job seekers, while Forbes ranked it eighth among "best places for business and careers" and fourth among the "next boom towns in the U.S."

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 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 initiatives are to implement multimodal choice for San Antonio and to focus on fiscal sustainability. VIA's becoming a truly multimodal agency involves implementing VIA Primo service, downtown streetcars, the Westside Multimodal Transit Center, three new Park & Ride lots/transit centers, rehabilitation of Ellis Alley buildings, updated amenities, and a new state-of-fare collection system. 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. The 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 agency systems. 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.

Implementing Multimodal Choice for San Antonio
For the last few years, VIA has engaged the community in developing a plan to transform the San Antonio region into a truly multimodal transit system. Significant progress was made in FY13, and in FY14, the vision of a multimodal transit system for the San Antonio region will continue to materialize. VIA has moved full gear into the development and delivery of the transportation infrastructure that supports a fully multimodal transit system.

VIA Primo – In FY14, VIA will implement a Leon Valley extension of Bus Rapid Transit (BRT) service. The region's first BRT line opened in early FY13 (December 2012). VIA Primo operates between the South Texas Medical Center and downtown San Antonio. Two major transit centers – the South Texas Medical Center Transit Center and the first phase of the Westside Multimodal Transit Center – opened in association with the new BRT project. An extension to the U.T.S.A. campus near Interstate 10 and Loop 1604 was implemented in FY13 also.

Downtown Streetcar – A downtown streetcar system will introduce yet another mode to the VIA system, with several major decisions being made in FY14: the vehicle type/look; facility site selection; and, project delivery decision. Additionally, NEPA clearance is expected in F14. In FY13, VIA selected the "locally preferred alternative" (LPA), which is basically the routing of the streetcar lines.

Westside Multimodal Transit Center (WSMMTC) – Phase II – VIA will break ground on the second phase of the WSMMTC in 2014. 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). In FY13, the Westside Multimodal Transit Center Phase I opened; this phase consisted of extensive remodeling of the existing train depot.

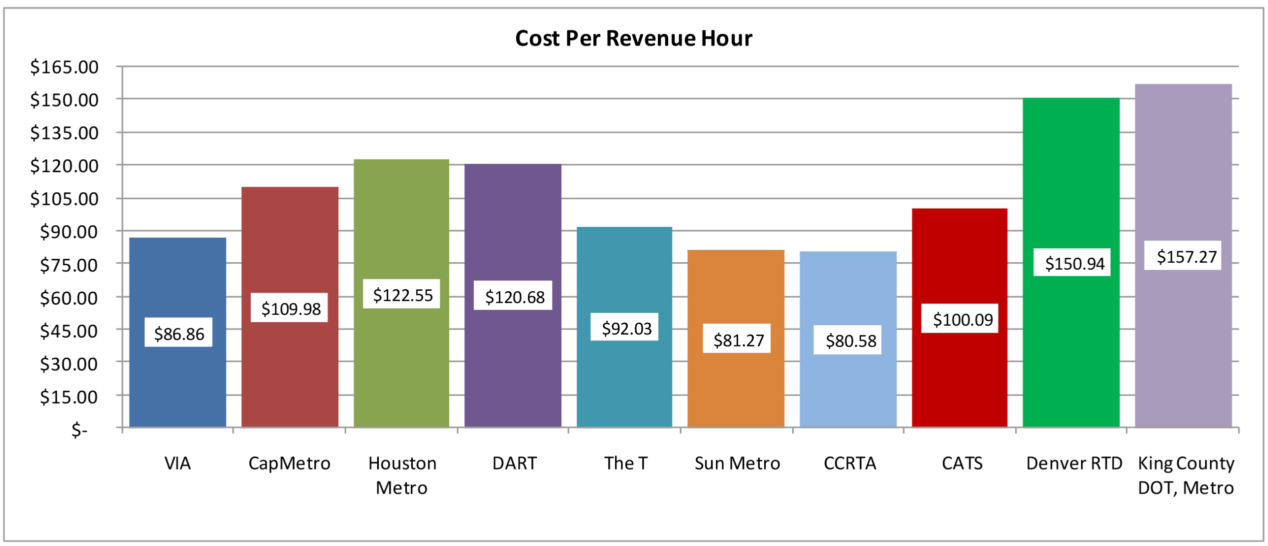
Three New Park & Ride Lots/Transit Centers – VIA will be making investments in three new Park & Ride lots/transit centers; these are the U.S. 281 Park & Ride, Brooks Transit Center, and Robert Thompson Transit Center. For the U.S. 281 Park & Ride, VIA purchased a property in the U.S. 281/Stone Oak area in FY13. Site selection for the Brooks Transit Center at Brooks City-Base will be completed in FY14. The Robert Thompson Transit Center is located on the near eastside of downtown. VIA will be engaged in design work for the Park & Ride lots/transit centers in FY14. VIA's investments in these projects will improve convenience for passengers, and will offer new transfer opportunities among various bus routes.

Ellis Alley – VIA is investing in rehabilitation of the three unimproved structures located in the historic Ellis Alley Enclave – the Beacon Light Lodge and two smaller residential structures. Ellis Alley is a historically significant area immediately east of downtown.

Updated Amenities – Downtown will continue to be the largest single activity center of the transit system. The Downtown Amenities project will provide enhanced passenger waiting areas and information at selected stops. These improved amenities will be installed in FY14. Additionally, new and upgraded shelter sites will also be completed in FY14.

State-of-the-Art Fareboxes – VIA has entered into a contract for the purchase of a new fare collection system. In November 2013, VIA replaced all fareboxes on buses and implemented magnetic stripe fare media. In FY14, VIA will implement smart card technology. New technologies will enable the introduction of new fare media, decrease boarding time, and give riders greater 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 Austin, Houston and Dallas, and lower than the cost for all but two other agencies in the peer comparison below. 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. As noted earlier, Austin, Houston and Dallas 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 FY14, VIA will continue to explore ways to improve financial sustainability. Key fiscal sustainability efforts for FY14 are as follows:

Revenue Fleet Vehicles – VIA will begin developing vehicle specifications for the replacement for the vast majority of the bus fleet in FY14. Plans are to purchase compressed natural gas (CNG) vehicles, to replace diesel vehicles; the cost for CNG is substantially lower than diesel. Vehicles will be replaced beginning in FY16.

In FY13, VIA was able to improve VIAtrans (paratransit) service and financial sustainability by restructuring this service. The restructuring included the following major elements: introduction of a taxi program to expand capacity at lower per trip costs; replacing the entire fleet with new vans; utilizing cleaner and cheaper propane fuel for larger vans (vehicle replaced were gas-powered); providing hedged fuel opportunities for contract operation; and better productivity through scheduling enhancements. The savings resulting from this restructuring program allowed VIA to absorb a substantial rate increase in its contract operation while introducing the new taxi service with a modest net increase to the VIAtrans budget.

Business Process/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 vehicle costs, wages, fuel, healthcare, and pension. VIA continues to make various efforts to control these costs.

Fuel costs are being controlled with plans to acquire vehicles that use cheaper fuels, and through fuel hedging. VIA is currently in the process of working with potential fuel hedging counterparties to get hedging agreements in place that comply with new Dodd-Frank Act requirements. VIA has saved over $6 million in fuel costs since implementing a hedging program back in 2009; the first year hedged was FY10.

Healthcare, pension, and other employee costs are also being effectively managed. The implementation of the national healthcare law will likely impact the kinds of plans that we must offer as well as introduce additional options for employee and retiree health insurance. Options are being explored. 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. A review of VIA's compensation practices is being wrapped up, and recommendations for implementation of changes are being addressed. VIA is striving to ensure that its compensation system is consistent with being an employer of choice.

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. During FY14, VIA will again perform a detailed service analysis, using its route performance index, to identify opportunities match service levels with ridership. This effort is anticipated to result in a modest adjustment to service hours (less than 1% for the year) by focusing on areas that will have minimal impact to our customers' ability to complete their trip.

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, 2012. This was the twenty-third 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:

Corporate Citizen of the Year – Awarded by the Alamo Area Council of Governments in recognition of VIA's efforts to reduce its impact on the environment.

ACEC Engineering Excellence Award – Awarded by the American Council of Engineering Companies for the VIA BRT project.

Healthy Workplace Recognition Program Award – Received from the San Antonio Business Group on Health and Mayors Fitness Council.

Natural Gas Vehicle Trendsetter – Awarded by the Alamo Natural Gas Vehicle Consortium for recent efforts to acquire revenue vehicles powered by compressed natural gas.

Great Texas Trailhead – Awarded by the Texas Trails Network to recognize the development of the Ingram Transit Center Trailhead.

Outstanding Metropolitan Transit Agency for 2010 and 2011 – Awarded two years running by the Texas Transit Association to recognize VIA as the best transit system in the state.

First Place, International Roadeo Competition, Maintenance – Awarded by American Public Transportation Association for International Bus/Maintenance Roadeo.

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	Steven J. Lange
President/CEO	Vice President Fiscal Management/CFO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

VIA Metropolitan Transit

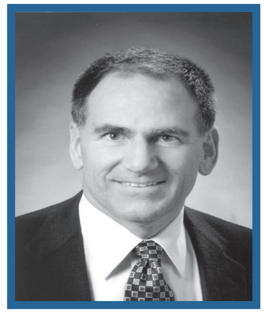
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

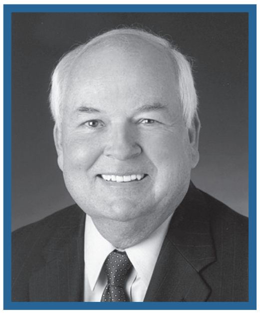
September 30, 2012

Executive Director/CEO


Henry R. Muñoz III
Chair


Rick Pych
Vice Chair

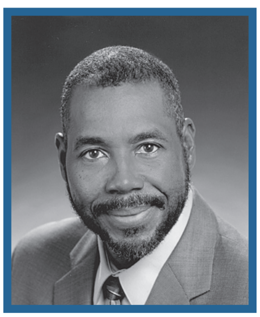

Mary Briseño
Secretary


Steve P. Allison


Dr. Richard Gambitta


Gerald Lee


Bill Martin


Lou Miller


Douglas "Doug" Poneck

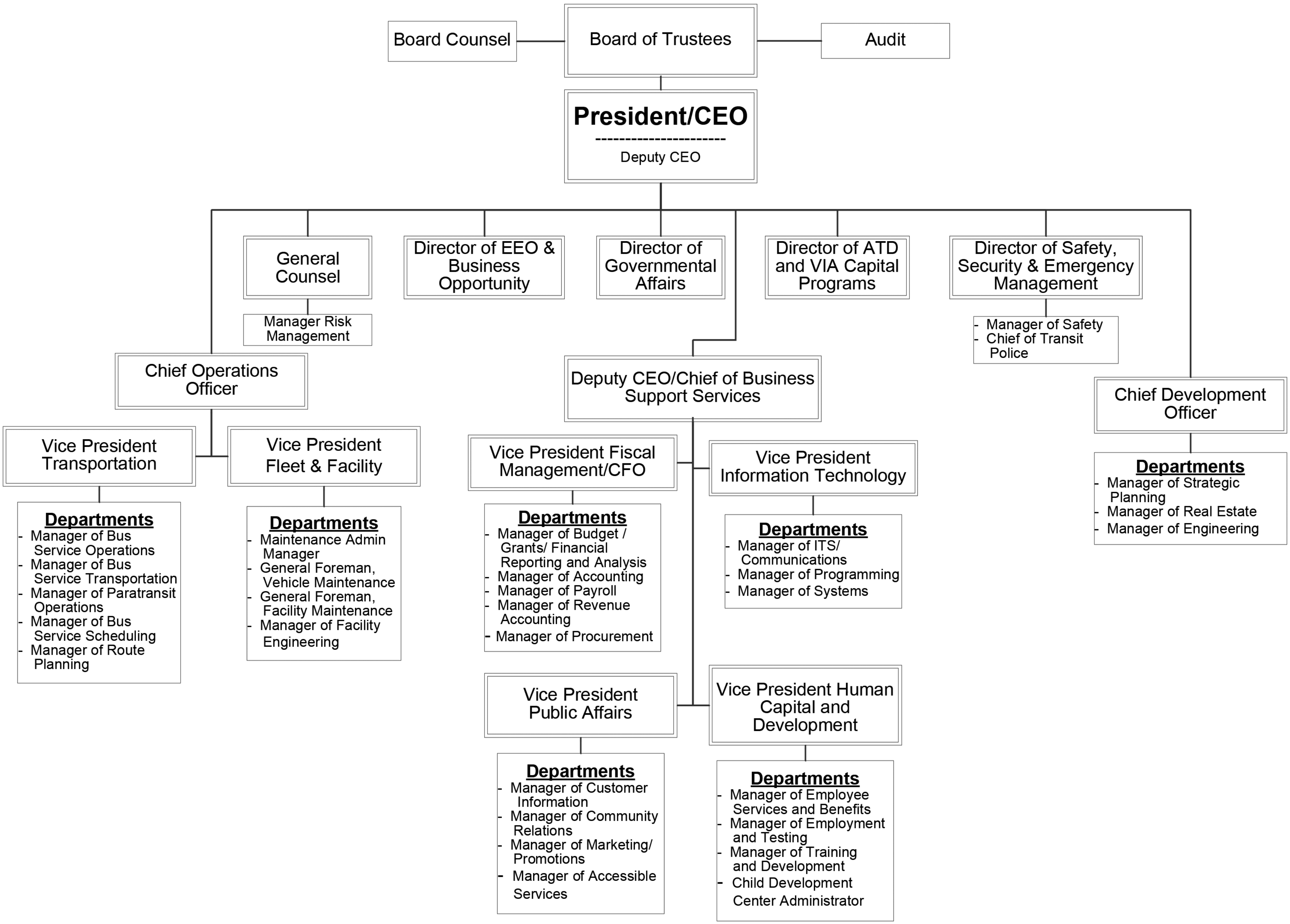

Gavino Ramos


Katherine Thompson-Garcia

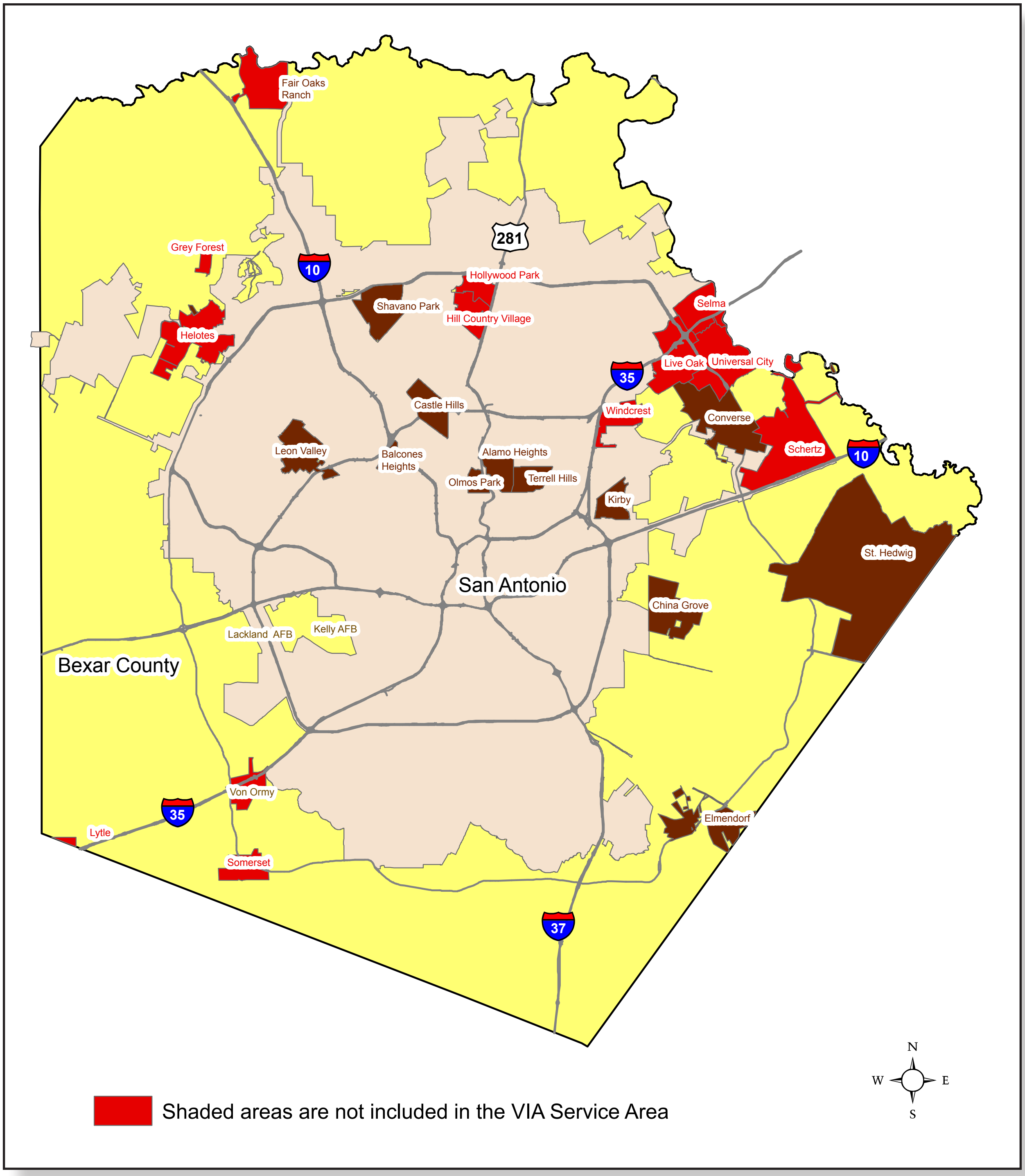
VIA

Board of Trustees

VIA Metropolitan Organizational Chart
October 1, 2012 – September 30,2013



VIA Service Area



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Financial

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise VIA's 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of VIA as of September 30, 2013 and 2012, and the respective changes in financial position and, its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1-B, VIA adopted Governmental Accounting Standards Board ("GASB") Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity, Omnibus, An Amendment to GASB Statements No. 14 and 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective October 1, 2012. The adoption of these GASB statements had no effect on the financial statements, except for GASB Statement No. 65, as described in Note 15. The adoption of GASB Statement No. 65 resulted in an adjustment to the prior year's financial statements. Our opinion is not modified with respect to these matters.

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 financial statements. Such information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of the financial reporting for placing the 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 inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise VIA's 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 financial statements.

The 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014 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, Stratemann + Co., L.L.P.

San Antonio, Texas
January 28, 2014

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Management's Discussion & Analysis

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Management's Discussion and Analysis
September 30, 2013

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") ending September 30, 2013. 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 $27.2M in 2013, up $1.1M from the prior year. This result was driven by higher fares; on March 1, 2013, regular line fares went from $1.10 to $1.20, monthly passes increased from $30 to $35, and paratransit fares increased from $1.75 to $1.95. Bus line ridership was down 2.3% compared to the prior year.

- Net nonoperating revenues (expenses) are $171.7M in 2013, up $13.7M from the prior year. This result is primarily attributable to: sales taxes, which were up $9.1M (excluding amounts paid to the City of San Antonio and Bexar County) due to a stronger economy, and higher grant reimbursements, up $4.7M, due to VIA using more formula grant funds for capital projects in FY13.

- VIA's sales tax revenue, which is the largest component of nonoperating revenue, came in at $146.6M in 2013, up $9.1M from the prior year (total sales taxes were $173.8M in 2013, of which $27.2M 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 2013, 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 $199.5M in 2013, an increase of $9.0M (4.7%) compared to the prior year. Wages are up $1.3M, fuel and lubricants expense is up $3.0M, and depreciation is up $2.1M. 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, 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.

- VIA's net position increased by $116.9M in FY13, ending the year at $392.7M. This increase is accounted for by the following: net investment in capital assets, up $18.5M; funds restricted for capital projects, up $97.6M; and unrestricted funds, up $0.8M. Capital assets were up due to a strong capital program. Funds restricted for capital projects were up due to $92.0M of grant funds that TxDOT provided to VIA in 2013 to help fund VIA's SmartMove capital projects; $91.7M of this amount was on-hand at year-end. The SmartMove program consists of streetcar starter lines, the Westside Multimodal Transit Center, Robert Thompson Transit Terminal, Brooks Transit Center, U.S. 281 Park & Ride, and Downtown Amenities projects. Unrestricted funds were up due to higher Federal Transit Administration ("FTA") receivables.

Total capital/cash reserves and working capital (which equals cash, cash equivalents, and investments) increased by $80.2M in 2013, finishing FY13 with a balance of $194.0M compared to $113.8M at the end of the prior year. The increase was attributable to TxDOT grant funds that were provided to VIA in 2013. The largest reserve decrease in 2013 was a $18.0M decrease in the Bond Construction Fund. This decrease reflects the spending of proceeds from four private bonds issued in 2012. Spending was primarily for capital projects, although some of the funds were used to help retire one of the private placement bond issues.

- As of the end of 2013, VIA's Stabilization Fund and working capital are each funded at Board policy level, which is to have a balance adequate to cover 60 days of operating expenses. Both of those fund balances were at $30.4M at the end of FY13, each equal to 60 days of expenses.

- Of the $37.8M in America Recovery and Reinvestment Act ("ARRA") funds that VIA was awarded in 2009-2010, only $3.4M was remaining as of the end of FY13. VIA spent approximately $5.5M of ARRA funds on a new automated fare collection system in FY13, and the project will be fully implemented in FY14 as remaining ARRA funds are spent. The project is expected to include Smart Fare media, speed up passenger entry, provide improved ridership data, and be more convenient to the riding public. ARRA funds spent in prior years were primarily for dozens of new environmentally-friendly vehicles, including diesel-hybrid buses and compressed natural gas ("CNG") buses. VIA has also used ARRA funds for an automatic notification system for VIAtrans customers, downtown amenities, additional park and ride capacity, supporting equipment for new buses, new engines, and operating assistance. The $37.8M in ARRA funds awarded to VIA consists of an appropriation of $31.2M and discretionary funds of $6.6M. The discretionary funds include $5.0M from the Federal Transit Administration's ("FTA") Transit Investment for Greenhouse Gas Emissions Reduction ("TIGGER") grant program, and $1.6M under an Environmental Protection Agency ("EPA") program. The only local match required for ARRA funds was a 20% match on EPA funds.

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 in the Financial Statements gives details concerning the use of proprietary fund accounting for governmental entities.

Required Financial Statements

VIA's Balance Sheet now reflects GASB Statement No. 63, which deals with deferred inflows and outflows of resources, and net position; for VIA, this statement is being 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 Balance Sheet includes all the assets and liabilities of VIA, and the deferred inflows and outflows of resources. The residual measure has been renamed net position, rather than net assets, consistent with GASB Statement No. 63. The Balance Sheet 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 operations and investment 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 the system. 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.

Net Position

A summary of VIA's condensed Balance Sheet is presented below.

Condensed Balance Sheet Information
(In Millions of Dollars)

	2013	2012 (Restated)	2011
Current assets	$ 176.1	$ 129.5	$ 118.7
Capital assets	190.9	159.9	140.1
Other noncurrent assets	71.8	30.8	19.3
Total assets	438.8	320.2	278.1
Deferred ouflow	0.4	–	–
Total assets and deferred outflow	$ 439.2	320.2	278.1
Current liabilities	$ 30.5	$ 22.6	$ 19.2
Long term liabilities	16.0	21.4	3.0
Total liabilities	46.5	44.0	22.2
Deferred inflow	–	0.4	1.7
Net position			
Net investment in capital assets	177.9	159.4	140.1
Restricted for capital projects	105.4	7.8	8.0
Unrestricted	109.4	108.6	106.1
Total net position	392.7	275.8	254.2
Total liabilities, deferred inflow, and net position	$ 439.2	$ 320.2	$ 278.1

Total net position may serve, over time, as a useful indicator of an entity's financial position. At the close of FY13, VIA's net position is $392.7M. A significant portion of VIA's net position 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.

Net position increased by $116.9M in FY13, driven by increases in net investments in capital assets (up $18.5M) and restricted assets (up $97.6M). Also, unrestricted assets increased slightly (up $0.8M).

The reported net investment in capital assets (up $18.5M) is net capital assets less the difference between bonds outstanding and unspent bond proceeds. In FY13, net capital assets were up $31.0M, and the difference between bonds outstanding and unspent bond proceeds decreased by $12.5M. For three of the four private placement bonds issued in FY12, funds were all spent in FY13; funds for the fourth bond issue were used to help pay off the bond issue when VIA received funds from Bexar County, through the Texas Department of Transportation, in December 2012.

The $31.0M increase in net capital assets results from asset acquisitions of $52.1M (including work-in-progress) less depreciation of $21.1M (there were some fixed asset disposals in FY13, but the net book value of these items was zero). The $52.1M in asset acquisitions is comprised of: buildings and structures, $30.3M; equipment, $9.5M; and, revenue and service vehicles, $12.3M.

The $97.6M increase in restricted net position is driven by an increase of $91.7M from TxDOT funds received for VIA's SmartMove capital project. The next most significant change to net position was a $6.2M increase to the capital grant local share, reflecting VIA's stong capital spending program.

The decrease in unrestricted net position reflects the net change of all assets other than capital assets and restricted assets. Examples include accounts receivable, inventory, and unrestricted cash and investments.

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 is presented on the next page.

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

	2013	2012 Restated	2011
Operating revenues:			
Passenger revenues	$ 25.4	$ 24.4	$ 23.7
Advertising, real estate development, and other	1.8	1.7	1.6
Total operating revenues	27.2	26.1	25.3
Operating expenses:			
Line service	140.3	132.3	127.0
Robert Thompson Terminal	0.7	0.5	0.3
Other special events	0.6	0.6	0.5
VIAtrans	33.1	32.7	31.0
Vanpool	0.5	0.5	0.4
Bus Rapid Transit	–	0.4	0.4
Charter	0.2	0.1	0.1
Promotional service	0.1	0.1	0.1
Business development and planning	2.2	3.6	3.3
Transit technology	0.7	0.7	0.7
Depreciation	21.1	19.0	21.6
Total operating expenses	199.5	190.5	185.4
Operating loss	(172.3)	(164.4)	(160.1)
Nonoperating revenues (expenses):			
Sales taxes	173.8	163.3	144.6
Grants reimbursement	25.1	20.4	23.3
Investment income (loss)	(0.1)	0.2	0.6
Bond interest and issuance costs	(0.1)	(0.5)	–
Gain (loss) on sale of assets	0.1	0.2	(0.4)
Less amounts remitted to CoSA, TxDOT, and Bexar County	(27.1)	(25.7)	(23.1)
Alamo RMA reimbursement	–	0.1	–
Total nonoperating revenues	171.7	158.0	145.0
Loss before capital contributions	(0.6)	(6.4)	(15.1)
Capital contributions	117.5	28.0	13.2
Changes in net position	116.9	21.6	(1.9)
Net position at beginning of year	275.8	254.2	256.1
Net position at end of year	$ 392.7	$ 275.8	$ 254.2

Management's Discussion and Analysis
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As shown on the Statements of Revenues, Expenses, and Changes in Net Position, VIA's net position increased by $116.9M, with capital contributions being $117.5M. Capital contributions include the funds received from TxDOT, which were discussed earlier, as well as grant funds received from the Federal Transit Administration that VIA used for capital projects and operating expense reimbursements.

Operating Revenues

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

In FY12, operating revenues increased by $0.8M (3.2%). This result was due to higher fare revenue resulting from higher ridership. Line ridership was up 3.4% compared to the prior year, due to a stronger economy and measures that VIA has taken to improve bus service, such as improved safety, cleaner buses, and installation of a wi-fi network on express bus routes.

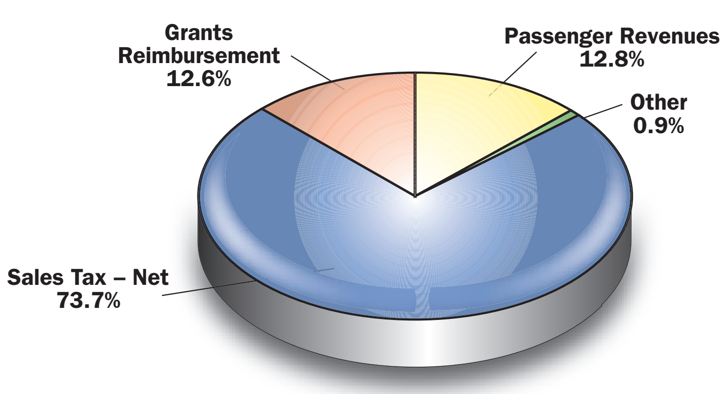
Net Nonoperating Revenues (Expenses)

In FY13, VIA's net nonoperating revenues/(expenses) increased by $13.7M (8.7%). Sales taxes are up $9.1M, as San Antonio's economy continues to be strong (this $9.1M is total sales taxes, net of amounts distributed to ATD entities other than VIA). Grant reimbursements are 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.

In FY12, VIA's net nonoperating revenues/(expenses) increased by $13.5M (9.3%). Sales taxes were up $16.1M (this figure is net of sales taxes remitted to the City of San Antonio and Bexar County), reflecting a stronger economy. Grant reimbursements were down $2.4M in FY12, due to VIA using more formula grant funds for capital projects in FY12.

Total revenue shown below includes operating and nonoperating revenues. Expenses included in net nonoperating revenue/(expense) are excluded (these expenses are bond interest and issuance costs).

2013 Total Revenues by Major Category



Expenses

In FY13, operating expenses are $199.5M, an increase of $9.0M (4.7%) from the prior year. This increase is primarily attributable to higher wages (up $1.3M), fuel and lubricant expense (up $3.0M), and depreciation (up $2.1M). Wages are the most significant costs associated with providing service. A 3.0% increase was implemented on 8/1/12 for hourly employees and on 10/1/12 for salaried employees, and another 3.0% increase was implemented on 8/1/13 for hourly employees and on 10/1/13 (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; VIA has a very robust capital program and capital spending has been increasing as VIA has been working to bring transit improvements to the community.

In FY12, operating expenses are $190.5M, an increase of $5.1M (2.8%) from the prior year. This increase is primarily attributable to higher wages (up $1.1M), higher fringes (up $3.7M), and higher purchased transportation expense (up $1.0M). There was a 1.5% wage increase effective on 8/1/11 for hourly employees and 10/1/11 for salaried employees, and a 3.0% increase effective on 8/1/2012 for hourly employees (salaried employees also got a 3.0% increase, which was effective on the first day of FY13, 10/01/12). Fringes were up due to higher VIAcare expenses, up $2.0M due mainly to medical cost inflation and claims experience, and higher pension costs, which were up $0.9M due mainly to the impact of weak investment returns from 2008. VIAcare is VIA's self-administered and self insured healthcare program. Purchased transportation expense was up due to a shift in the mix of directly-provided and purchased paratransit service.

Long-Term Debt Administration

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 the Texas Department of Transportation to help fund VIA's "SmartMove" capital program. In FY12, VIA issued debt to help fund various capital purchases; prior to that time, capital asset purchases were funded on a pay-as-you-go basis. Details of debt issuances are covered in Note 13.

Capital Assets

At the end of FY13, VIA had $190.9M in capital assets net of accumulated depreciation, an increase of $31.0M over the prior fiscal year-end balance. The increase is attributable to gross additions of: buildings and shelters, $30.3M; revenue and service vehicles, $12.3M; and, equipment, $9.5M. Depreciation of $21.1M for the year partially offset these increases.

Components of the $31.0M net change can also be viewed as follows: capital assets before depreciation and construction-in-progress increased by $60.8M (to a balance of $425.2M); construction/work-in progress ("WIP") decreased by $11.6M (to a balance of $32.1M); and accumulated depreciation increased by $18.2M (to a contra-asset balance of $266.4M). 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.

Management's Discussion and Analysis
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The $60.8M increase in capital assets value before depreciation and construction-in-progress reflects the net of $6.3M in asset additions, $2.9M in asset disposals, and $57.4M in transfers from WIP. Spending for revenue vehicles accounts for $4.7M of the asset additions, as VIA completed the replacement of their fleet of paratransit vans; some vans were also purchased for contractor-provided paratransit service. Equipment accounts for $1.0M of the asset acquisitions, service vehicles account for $0.3M, and buildings and shelters account for $0.3M.

WIP decreased by $11.6M, which is the net of $45.8M in WIP additions and $57.4M in transfers out. WIP additions were: buildings and shelters, $30.0M; revenue and service vehicles, $7.4M, and equipment, $8.4M. Largest expenditures were for the Westside Multimodal transit center, the streetcar project, Primo/BRT, the South Texas Medical Center Transfer Center, and U.S. 281 Park and Ride. WIP transfers to capital assets were: buildings and shelters, $27.2M; revenue and service vehicles, $22.3M, and equipment, $7.9M.

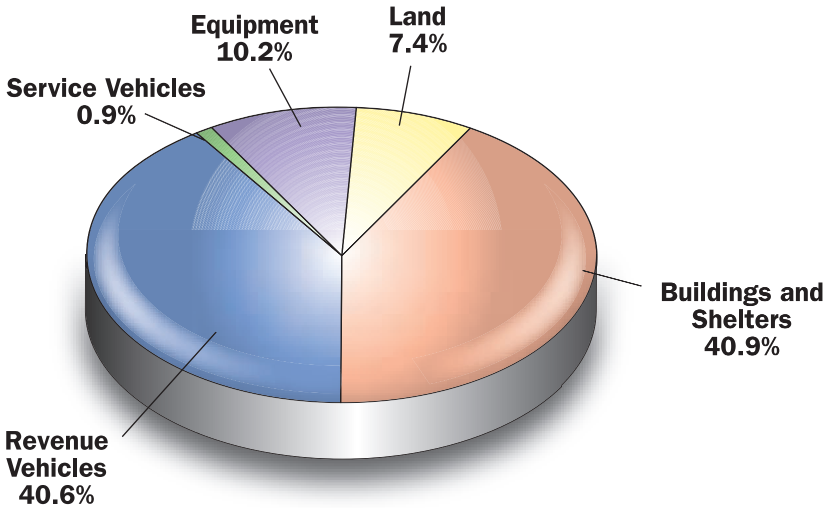
At the end of FY12, VIA had $159.9M in capital assets net of accumulated depreciation, an increase of $19.8M over the prior fiscal year-end balance. Capital assets before depreciation and work-in-progress increased by $1.0M, WIP increased by $32.2M, and accumulated depreciation increased by $11.4M.

Readers of this document that desire a more detailed overview of capital asset activity should refer to the notes to 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)

	2013	2012	2011
Land	$ 31.7	$ 27.2	$ 27.2
Buildings and shelters	173.8	150.9	147.2
Revenue vehicles	172.6	147.6	147.5
Service vehicles	3.9	4.1	3.8
Equipment	43.2	34.7	39.8
	425.2	364.5	365.5
Less accumulated depreciation	266.4	248.2	236.8
Net capital assets before construction-in-progress	158.8	116.3	128.7
Construction-in-progress:			
Buildings and improvements	22.3	19.5	8.6
Revenue vehicles	2.0	16.9	0.6
Equipment	7.8	7.2	2.2
Total construction-in-progress	32.1	43.6	11.4
Net capital assets	$ 190.9	$ 159.9	$ 140.1

2013 Capital Assets Before Depreciation by Major Category



Economic Factors and Outlook for Fiscal 2014

Economic factors and the outlook for FY14 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 74% of VIA's revenues. VIA's budgeted FY14 sales tax revenue reflects a 4.0% increase over the forecasted FY13 total, and a 4.8% increase over actual FY13 sales taxes. Actual results for 2013 came in slightly lower than forecast. Actual sales tax receipts for 2013 were up 6.6% from 2012, reflecting a relatively strong economy.

San Antonio's economy has transitioned from recovery to expansion. The growth has been broad-based, occurring across almost all industries. The unemployment rate has fallen, and home sales and prices are rising. With the explosion of economic activity in the Eagle Ford Shale area and the turnaround in the housing market, the largest growth in employment came from the mining, logging, and construction sectors. San Antonio is not directly in the Eagle Ford Shale area, but activity in this area is providing a substantial boost to the San Antonio economy and is expected to do so through 2018 and beyond.

VIA forecasts sales taxes using input from SABER Research Institute and MoodysEconomy.com. SABER Research Institute is a research collaborative of St. Mary's University and the San Antonio Hispanic Chamber of Commerce. A local economic expert (Steve Niven, Ph.D.) provides forecasts to VIA. VIA also uses a least-squares curve-fitting model and economic projections for the San Antonio area from MoodysEconomy.com.

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San Antonio's economy is expected to grow at an above average rate in 2014. San Antonio's economy is supported by a variety of industries, such as tourism, housing, manufacturing, local government, and those associated with development of the Eagle Ford shale. Longer term, the concentration of military cybersecurity and medical activity, growth in commercial aerospace, and above-average population gains will enable the San Antonio area to outperform the nation by a significant margin.

Implementing Multimodal Choice for San Antonio

For the last few years, VIA has engaged the community in developing a plan to provide the San Antonio region a truly multimodal transit system. VIA has asked for the public to imagine a different VIA, a VIA that offered a greater variety of transportation choices, a VIA that invested in technology and infrastructure to bring transit into the 21st century.

VIA is turning that vision into reality. Bus Rapid Transit ("BRT") service was introduced in FY13, and during FY14, VIA will continue moving full gear into the development and delivery of the transportation infrastructure that supports a fully multimodal transportation system.

Bus Rapid Transit. In FY14, VIA will implement a Leon Valley extension of BRT service. The region's first BRT line, VIA Primo service, opened in December 2012. VIA Primo operates 10-minute service throughout most of the day between the South Texas Medical Center and downtown San Antonio. Service is provided using state-of-the-art and environmentally clean compressed natural gas articulated buses. The VIA Primo extension to Leon Valley will operate with the same buses every 30 minutes from 5:00 AM to 9:00 PM. The extension will provide direct service to South Texas Medical Center Transit Center and continue to downtown with connections to the UTSA branch and 67 other routes within the VIA system. VIA plans to provide enhanced passenger amenities including real-time bus information at many of the stops along the route.

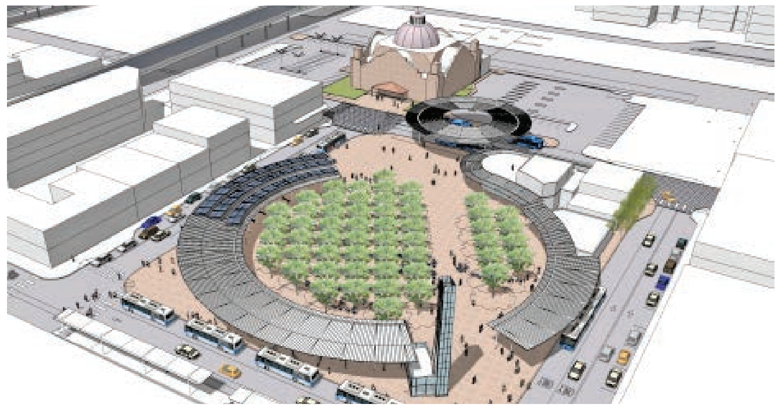
Downtown Streetcar. A downtown streetcar system will introduce yet another mode to the VIA system. Key items scheduled for FY14 include the vehicle type/look (September 2013-March 2014), maintenance facility site selection (early FY14), project delivery decision (April 2014), and NEPA clearance (September 2014).

The vehicle selection decision will be the basis for developing the vehicle specification for procurement. Staff conducted initial fact-finding outreach to vehicle manufacturers in the summer of 2012. During FY13, staff provided information to VIA's Board at a special meeting on the streetcar selection process. In FY14, staff will finish evaluating alternatives and will recommend a car/system. Staff will then begin preparation of the specification for a procurement that is expected to be issued in March 2014.

The maintenance facility site selection recommendation is expected to be made in early FY14. The facility will be located somewhere in downtown San Antonio, but not on prime property.

Another major decision to be made in FY14 is the method of project delivery. VIA staff will coordinate a series of Board workshops to provide information regarding the advantages and disadvantages of a variety of project delivery methods. In April 2014, the Board is scheduled to select the downtown streetcar project delivery method.

Westside Multimodal Transit Center ("WSMMTC") – Phase II. VIA will break ground on the second phase of WSMMTC in April 2014. Phase II is located in a block northeast of 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). It will also serve as the terminus for one future streetcar line.



Three New Park and Ride Lots/Transit Centers. VIA will complete site selection and advance into design for three new facilities. The Stone Oak Park & Ride will be located along U.S. 281 north of Loop 1604. An initial phase will feature commuter parking for a new express route, while a later phase will incorporate an enhanced passenger waiting facility and direct connection ramps to/from the planned transit priority lane on U.S. 281. To the south, the Brooks Transit Center will provide transfer opportunity among five area routes including a new express route. 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 the total volume of buses in downtown. This facility and WSMMTC will provide sheltered transfer capabilities that will result in fewer transfers occurring in the downtown area.

Ellis Alley. VIA is investing in rehabilitation of the three unimproved structures located in the historic Ellis Alley Enclave – the Beacon Light Lodge and two smaller residential structures. Ellis Alley is an historically significant area immediately east of downtown. It is the only remaining property associated with the first settlement by African American freedmen in San Antonio. An architectural firm has been engaged to prepare the construction drawings and provide construction administration services. The project duration is approximately one year. Once the rehabilitation is complete, one floor of the two-story structure will be leased to SAGE (San Antonio for Growth on the Eastside) for a minimum of three years. The balance of the space on the site will be leased to small businesses that complement the neighborhood.

Updated Amenities. Downtown will continue to be the largest single activity center of the transit system. The Downtown Amenities project will provide enhanced passenger waiting areas and information at selected stops. These improved amenities will be installed in FY14.

State-of-the-Art Fareboxes. VIA will implement a new fare collection system in FY14. The new fareboxes will support new fare technology and will afford the agency the opportunity to introduce new fare media. New technologies will also decrease boarding time and give riders greater flexibility.

In summary, in FY14 the vision of a multimodal transit system for the San Antonio region continues to materialize. VIA added a new mode of transit service to its mix in FY13 with the beginning of VIA Primo operations and made significant progress on the streetcar projects. In FY14, the downtown streetcar project will continue to move forward, and VIA will break ground on the second phase of WSMMTC, while completing the site selection and conceptual design of additional customer facilities supporting new and enhanced services. Finally, transit patrons will see updated passenger amenities installed in the downtown area and throughout the region.

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.

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Basic Financial Statements

VIA Metropolitan Transit

S A N   A N T O N I O ,   T E X A S

Balance Sheets

September 30, 2013 and 2012

Assets	**2013**	**2012 (Restated)**
Current assets:		
Cash and cash equivalents	$ 52,961,956	$ 49,090,128
Investments	35,637,742	39,019,167
Fuel hedging assets	–	451,897
Accounts receivable:		
Federal government	11,751,115	4,757,787
State of Texas – sales taxes	25,024,182	24,409,871
Interest	209,508	43,048
Other	1,483,618	1,104,413
Inventory	3,738,040	3,233,468
Prepaid expenses and other current assets	542,914	649,415
Restricted assets:		
Cash and cash equivalents	22,034,413	671,317
Investments	18,038,041	1,585,256
State of Texas receivable – sales taxes	4,636,172	4,473,499
Total current assets	176,057,701	129,489,266
Noncurrent assets:		
Restricted cash and cash equivalents	130,117	–
Restricted investments	65,218,000	23,470,449
Capital assets:		
Land	31,729,733	27,209,314
Buildings and shelters	173,812,358	150,933,881
Revenue vehicles	172,570,870	147,599,144
Service vehicles	3,928,614	4,064,999
Equipment	43,205,799	34,673,587
Total capital assets	425,247,374	364,480,925
Less accumulated depreciation	266,447,469	248,236,127
Construction in progress	32,093,317	43,642,867
Net capital assets	190,893,222	159,887,665
Other assets:		
Net pension asset	2,234,430	3,041,835
Net OPEB asset	4,302,687	4,302,687
Total other assets	6,537,117	7,344,522
Total noncurrent assets	262,778,456	190,702,636
Total assets	$ 438,836,157	320,191,902
Deferred Outflow of Resources		
Fuel hedgeing	340,527	–
Total deferred outflow of resources	340,527	–
Total assets and deferred outflow of resources	$ 439,176,684	$ 320,191,902

The accompanying notes are an integral part of these statements.

Balance Sheets - Continued
September 30, 2013 and 2012

Liabilities	2013	2012 (Restated)
Current liabilities:		
Accounts payable	$ 13,776,392	$ 7,174,654
Fuel hedging liability	340,527	–
Interest payable	78,942	19,340
Bonds payable	440,000	435,000
Accrued liabilities	4,269,282	3,891,637
Unearned revenue	620,367	621,258
Claims payable	6,330,281	5,999,381
Total current liabilities	25,855,791	18,141,270
Current liabilities – payable from restricted assets:		
Payable to CoSA, TxDOT, and Bexar County	4,633,206	4,473,498
Retainage payable	136	24
Total current liabilities – payable from restricted assets	4,633,342	4,473,522
Long term liabilities	15,945,386	21,361,069
Total liabilities	46,434,519	43,975,861
Deferred Inflow of Resources		
Fuel hedging	–	451,897
Total deferred inflow of resources	–	451,897
Net Position		
Net investment in capital assets	177,928,222	159,362,418
Restricted for capital projects	105,420,435	7,752,249
Unrestricted	109,393,508	108,649,477
Total net position	392,742,165	275,764,144
Total liabilities, deferred inflow of resources, and net position	$ 439,176,684	$ 320,191,902

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2013 and 2012

	2013	2012 (Restated)
Operating revenues:		
Line service	$ 23,001,057	$ 22,315,482
Robert Thompson Terminal	195,549	78,925
Other special events	166,560	177,119
VIAtrans	1,821,640	1,681,635
Charter	230,308	113,915
Real estate development	277,714	267,719
Ellis Alley Park and Ride	10,290	6,854
Bus advertising	714,530	615,000
Miscellaneous	783,235	843,534
Total operating revenues	27,200,883	26,100,183
Operating expenses:		
Line service	135,430,483	132,326,068
Robert Thompson Terminal	707,542	512,763
Other special events	584,044	541,478
VIAtrans	33,147,022	32,677,623
Vanpool	534,322	537,218
Bus Rapid Transit	4,833,917	391,558
Charter	163,089	45,861
Promotional service	89,743	86,021
Real estate development	857	3,192
Business development and planning	2,202,247	3,605,444
Transit technology	715,552	719,319
Total operating expenses before depreciation	178,408,818	171,446,545
Depreciation on capital assets:		
Acquired with VIA equity	6,862,635	4,440,433
Acquired with grants	14,217,462	14,594,690
Total operating expenses after depreciation	199,488,915	190,481,668
Operating loss	(172,288,032)	(164,381,485)

The accompanying notes are an integral part of these statements.

Statements of Revenues, Expenses, and Changes in Net Position – Continued

Years Ended September 30, 2013 and 2012

	2013	2012 (Restated)
Nonoperating revenues (expenses):		
Sales taxes	$ 173,776,660	$ 163,316,655
Grants reimbursement	25,145,760	20,360,615
Investment income (loss)	(18,870)	252,009
Bond interest and issuance costs	(63,884)	(546,141)
Gain on sale of assets	73,893	170,308
Less amounts remitted to CoSA, TxDOT, and Bexar County	(27,138,822)	(25,720,768)
Alamo RMA reimbursement	–	90,150
Total nonoperating revenues	171,774,737	157,922,828
Loss before capital contributions	(513,295)	(6,458,657)
Capital contributions	117,491,316	27,981,525
Change in net position	116,978,021	21,522,868
Net position at beginning of year	275,764,144	254,241,276
Net position at end of year	$ 392,742,165	$ 275,764,144

The accompanying notes are an integral part of these statements.

VIA Metropolitan Transit
S A N A N T O N I O , T E X A S

Statements of Cash Flows

Years Ended September 30, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Cash received from customers	$ 26,885,148	$ 25,849,877
Cash payments to vendors for goods and services	(52,489,768)	(54,671,768)
Cash payments for employee services, including salaried fringe benefits	(118,184,355)	(113,484,839)
Net cash used in operating activities	(143,788,975)	(142,306,730)
Cash Flows From Noncapital Financing Activities		
Sales taxes	173,005,608	159,959,921
Grants reimbursements received	18,229,255	27,177,655
Payments to CoSA, TxDOT, and Bexar County	(26,979,114)	(25,309,927)
Net cash provided by noncapital financing activities	164,255,749	161,827,649
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital grants	117,414,490	27,946,890
Bond proceeds	–	17,973,208
Bond pay off	(4,895,747)	–
Debt service	(604,490)	–
Proceeds from sale of assets	74,467	248,634
Purchase of capital assets	(52,086,214)	(38,893,355)
Net cash provided by capital and related financing activities	59,902,506	7,275,377
Cash Flows From Investing Activities		
Sale of investment securities	119,907,415	95,693,394
Purchase of investment securities	(175,162,245)	(109,453,804)
Interest earnings	250,591	405,027
Net cash provided in investing activities	(55,004,239)	(13,355,383)
Net increase in cash and cash equivalents	25,365,041	13,440,913
Cash and cash equivalents at beginning of year	49,761,445	36,320,532
Cash and cash equivalents at end of year	$ 75,126,486	$ 49,761,445

The accompanying notes are an integral part of these statements.

Statements of Cash Flows – Continued

Years Ended September 30, 2013 and 2012

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	2013	2012
Operating loss	$ (172,288,032)	$ (164,381,485)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	5,978,985	3,925,157
Acquired with grants	12,204,488	12,625,344
ATD cash transfers for depreciation	2,871,017	2,486,159
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(385,141)	(242,806)
Decrease (increase) in inventory	(504,572)	(106,141)
Decrease (increase) in prepaid expenses and other current assets	1,706,322	1,569,517
(Decrease) increase in accounts payable	7,089,482	1,116,367
(Decrease) increase in accrued liabilities	(461,524)	701,158
Net cash used in operating activities	$ (143,788,975)	$ (142,306,730)

Reconciliation of Cash and Cash Equivalents Per Statements of Cash Flows to the Balance Sheets

	2013	2012
Cash and cash equivalents at end of year:		
Unrestricted	$ 52,961,956	$ 49,090,128
Restricted – mandated purpose	22,164,530	671,317
Total cash and cash equivalents	$ 75,126,486	$ 49,761,445

Noncash Investing Activity

A net unrealized loss relating to the change in the fair value of long-term investments totaled $160,265 at September 30, 2013, and there was a realized gain totaling $275,655 at September 30, 2012.

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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, it 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, *Defining the Financial Reporting Entity*. The accompanying financial statements include the accounts and operations of ATD. All significant intercompany balances have been eliminated. The following are condensed financial statements for ATD.

Note 1 – Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Condensed Balance Sheet

	2013	2012
Assets		
Total assets – current	$ 29,041,114	$ 31,160,361
Liabilities		
Payable to MTA	2,408,658	1,971,407
Other current liabilities	4,686,987	4,479,175
Total current liabilities	7,095,645	6,450,582
Total long-term liabilities	5,100,000	5,100,000
Total liabilities	12,195,645	11,550,582
Net Position		
Restricted for capital projects	13,282	–
Unrestricted	16,845,469	19,609,779
Total net position	16,858,751	19,609,779
Total liabilities and net position	$ 29,054,396	$ 31,160,361

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

	2013	2012
Operating revenues – line services	$ 3,732,309	$ 3,296,073
Operating expenses before depreciation	25,654,534	22,300,741
Depreciation on capital assets	2,896,624	2,484,622
Operating loss	(24,818,849)	(21,489,290)
Nonoperating revenues:		
Sales taxes	54,277,644	51,441,537
Amount remitted to CoSA, TxDOT, and Bexar County	(27,138,822)	(25,720,768)
Other nonoperating revenues	(78,056)	(12,982)
Total nonoperating revenues	27,060,766	25,707,787
Transfer out	(4,992,945)	–
Changes in net position	(2,751,028)	4,218,497
Net position at beginning of year	19,609,779	15,391,282
Net position at end of year	$ 16,858,751	$ 19,609,779

Notes to the Financial Statements

September 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Condensed Statement of Cash Flows

	2013	2012
Net cash used in operating activities	$ (24,387,532)	$ (18,559,717)
Net cash provided by noncapital financing activities	26,979,117	22,823,768
Net cash (used in) provided by capital and related financing activities	(5,048,900)	4,987,547
Net cash (used in) provided by investing activities	(458,612)	(3,836,466)
Net (decrease) increase in cash and cash equivalents	(2,915,927)	5,415,132
Cash and cash equivalents at beginning of year	5,688,111	272,979
Cash and cash equivalents at end of year	$ 2,772,184	$ 5,688,111

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

The balance sheets 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 2013, the following GASB Statements were adopted:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* improves financial reporting by addressing issues related to service concession arrangements ("SCAs"). The requirements of GASB Statement No. 60 improve financial reporting for both transferors and governmental operations, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The adoption of GASB Statement No. 60 did not have an effect on VIA's previously reported net position.

Note 1 – Summary of Significant Accounting Policies (continued)

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

GASB Statements (continued)

GASB Statement No. 61, *The Financial Reporting Entity, Omnibus, An Amendment to GASB Statements No. 14 and 34,* improves financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity,* and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. No changes in the reporting entity of VIA were identified as a result of the guidance provided in this statement.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. Prior to the issuance of this statement, VIA applied the prounouncements codified in this statement; therefore, the adoption of this statement had no impact on VIA in 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Net position now represents the residual of assets and deferred outflows of resources less liabilities and deferred inflows of resources. VIA's balance sheet at September 30, 2013, has been presented in accordance with the guidance provided by this statement.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As described in Note 15, the adoption of GASB Statement No. 65 resulted in an adjustment to the prior year financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Future GASB Statements

The following GASB Statements will be implemented in future years

GASB Statement No. 66, *Technical Corrections* – 2012, *An Amendment to GASB Statements No. 10 and No. 62,* resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The provisions of GASB Statement No. 66 are effective for financial statements for periods beginning after December 15, 2012. VIA will implement this statement in fiscal year ("FY") 2014.

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. GASB Statement No. 67 is effective for financial statements for FYs beginning after June 15, 2013. VIA will implement this statement in FY 2014.

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 FYs beginning after June 15, 2014. VIA will implement this statement in FY 2015.

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. Earlier application is encouraged.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* some governments 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). This statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged.

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2013 and 2012, 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 underling 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. The following estimated useful lives are used in providing for depreciation:

Asset Class	Estimated Useful Lives
Buildings and improvements	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.

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2013.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet 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 balance sheet 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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

K. Operating Expenses

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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

L. Operating Expenses (continued)

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

Bus Rapid Transit ("BRT") – includes expenses related to planned implementation of BRT services.

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. 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.

Notes to the Financial Statements

September 30, 2013

Note 3 – Cash and Investments

State law and VIA's investment policy 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, 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, 2013, the carrying amount of VIA's cash and cash equivalents on the balance sheet was $75,126,486 ($49,761,445 in 2012), and the bank balance was $75,636,843 ($7,762,712 in 2012). 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 Frost Bank 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. 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 Security 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 balance sheets.

Note 3 – Cash and Investments (continued)

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

	2013 Investment Maturities				
Investments	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	Carrying Amount
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	–	8,799,365	10,148,300	–	18,947,665
Total United States Treasury and agency securities	15,805,430	14,998,284	22,872,069	65,218,000	118,893,783
TexPool	63,872,669	–	–	–	63,872,669
Total investments	$ 79,678,099	$ 14,998,284	$ 22,872,069	$ 65,218,000	$ 182,766,452

	2012 Investment Maturities				
Investments	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	Carrying Amount
United States Treasury Notes	$ –	$ –	$ 6,150,292	$ 5,495,700	$ 11,645,992
Federal Home Loan Mortgage Bank Agency Securities	5,473,281	5,003,290	–	–	10,476,571
Freddie Mac Agency Securities	16,261,651	6,299,563	–	–	22,561,214
Fannie Mae Agency Securities	9,995,703	9,395,392	–	–	19,391,095
Total United States Treasury and agency securities	31,730,635	20,698,245	6,150,292	5,495,700	64,074,872
TexPool	42,883,849	–	–	–	42,883,849
Total investments	$ 74,614,484	$ 20,698,245	$ 6,150,292	$ 5,495,700	$106,958,721

Note 3 – Cash and Investments (continued)

B. Investments (continued)

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, 64% of VIA's investment portfolio is invested in maturities less than one year (95% in 2012). Investment maturities are as follows:

	Percentage of Portfolio	
	September 30,	
Maturity	2013	2012
Less than 90 days	43%	70%
From 91 days to 180 days	8%	19%
From 181 days to 364 days	13%	6%
Greater than or equal to 365 days	36%	5%

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.

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

Notes to the Financial Statements
September 30, 2013

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Credit Risk (continued)

Credit Risk Ratings as of September 30, 2013

Investments and Days to Maturity	Minimum Legal Rating	Investment Rating	Rating Organization	Carrying Amount	Percentage Invested
United States Treasury Notes:					
Greater than 365 days	N/A	N/A	N/A	$ 5,342,200	2.9%
Federal Home Loan Mortgage Bank Agency Securities:					
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%
Federal Farm Credit Bank Agency Securities:					
Greater than 365 days	A-1	Aaa	Moody's	19,979,400	10.9%
Freddie Mac Agency Securities:					
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%
Fannie Mae Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	8,799,365	4.8%
From 91 days to 180 days	A-1	Aaa	Moody's	10,148,300	5.6%
Total United States Treasury and agency securities				118,893,783	65.1%
TexPool	AAA	AAAm	Standard & Poor's	63,872,669	34.9%
Total investments				$ 182,766,452	100.0%

Notes to the Financial Statements
September 30, 2013

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Credit Risk (continued)

Credit Risk Ratings as of September 30, 2012

Investments and Days to Maturity	Minimum Legal Rating	Investment Rating	Rating Organization	Carrying Value	Percentage Invested
United States Treasury Notes:					
From 181 days to 364 days	N/A	N/A	N/A	$ 6,150,292	5.8%
Greater than 365 days	N/A	N/A	N/A	5,495,700	5.1%
Federal Home Loan Mortgage Bank Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	5,473,281	5.1%
From 91 days to 180 days	A-1	Aaa	Moody's	5,003,290	4.7%
Freddie Mac Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	16,261,651	15.2%
From 91 days to 180 days	A-1	Aaa	Moody's	6,299,563	5.9%
Fannie Mae Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	9,995,703	9.3%
From 91 days to 180 days	A-1	Aaa	Moody's	9,395,392	8.8%
Total United States Treasury and agency securities				64,074,872	59.9%
TexPool	AAA	AAAm	Standard & Poor's	42,883,849	40.1%
Total investments				$ 106,958,721	100.0%

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 95.0% 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, 2013, VIA's investment portfolio consists of 62% (11% in 2012) in direct obligations and 3% (49% in 2012) in indirect obligations.

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Concentration of Credit Risk (continued)

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

Investments	Percentage of Portfolio September 30, 2013	2012
United States Treasury Notes	3%	11%
Federal Home Loan Mortgage Bank Agency Security	8%	10%
Federal Farm Credit Bank Agency Securities	11%	0%
Freddie Mac Agency Securities	33%	21%
Fannie Mae Agency Securities	10%	18%
TexPool	35%	40%

C. Financial Hedges for Fuel

VIA's 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 2012, VIA hedged approximately 91% of their budgeted diesel fuel usage volumes and 89% of budgeted unleaded gasoline. In August 2010, VIA entered into a fixed rate swap with Shell Trading Company covering 2,700,000 gallons of diesel fuel in fiscal year 2012, and in January 2011, VIA entered into a fixed rate swap with KS&T covering 3,000,000 gallons of diesel fuel in fiscal year 2012. The fixed price under the swap with Shell Trading Company was $2.2850/gallon, and the fixed price under the swap with KS&T was $2.6400/gallon. The swaps were settled monthly against Platt's Gulf Coast Ultra Low Sulfur Diesel. In August 2010 and January 2011, VIA entered in fixed rate swaps with KS&T of 360,000 gallons and 540,000 gallons of unleaded gasoline, respectively, at fixed prices of $2.0630 and $2.3885, respectively. These swaps were settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline.

For fiscal year 2013, VIA hedged approximately 90% of their 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/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

Note 3 – Cash and Investments (continued)

C. Financial Hedges for Fuel (continued)

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/gallon, and the swap to sell is at $2.7100/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/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/gallon. These swap were settled monthly against Mt. Belvieu Propane.

For fiscal year 2014, VIA has hedged approximately 51% of budgeted diesel fuel usage volumes, 74% of budgeted unleaded gasoline uasage 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/gallon. 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 270,000 gallons of unleaded gasoline at $2.5275/gallon. The swap will be settled monthly against Platt's Gulf Coast Conventional (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/gallon. The swap will be settled monthly against Mt. Belvieu Propane.

For fiscal year 2015, VIA has hedged approximately 40% of anticipated diesel fuel usage volumes, and 57% of anticipated unleaded gasoline usage 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/gallon. 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 360,000 gallons of unleaded gasoline at $2.4975/gallon. The swap will be settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline.

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, 2013 are with Koch Supply & Trading, LP and Shell Trading Company, nationally recognized commodity traders. As of September 30, 2013, the credit rating of Koch was "AA-" with Standard & Poors and "Aa3" with Moody's., and the rating of Shell Trading Company was "AA" with Standard & Poors and "Aa2" 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, 2013, is $0. On September 30, 2013, the outstanding diesel swap had a negative value of $375,329, the outstanding unleaded fuel swap had a negative value $30,055, and the outstanding propane swap had a value of positive $64,857, resulting in a total liability of $340,527 (assets of $451,897 in 2012). As of that date, based on the fair value of the hedging instruments, the counterparty had the credit risk.

Note 3 – Cash and Investments (continued)

C. Financial Hedges for Fuel (continued)

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 Shell Trading Company, VIA has a credit limit of $10,000,000, and Shell has a credit limit of $55,000,000.

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 and Unleaded Gasoline and Mt. 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 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.

Note 4 – Restricted and Unrestricted Cash and Investments (continued)

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.

E. ***VIA capital fund*** – represents assets to provide for capital asset acquisitions.

F. ***Capital projects other than revenue vehicles and BRT*** – represent assets designated for the local share of capital grants anticipated to be awarded to provide for capital projects other than revenue vehicles and BRT.

G. ***Working capital*** – represents assets designated to provide VIA with sufficient operating funds to pay its day-to-day operational obligations.

Notes to the Financial Statements
September 30, 2013

Note 4 – Restricted and Unrestricted Cash and Investments (continued)

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

	Cash and Cash Equivalents	Investments	2013 Total	2012 Total
Restricted Cash and Investments				
Mandated purposes:				
Retainage	$ 366,083	$ –	$ 366,083	$ 671,317
Capital assets:				
Bond construction fund	–	–	–	17,974,749
Bond fund – principal and interest due	130,117	–	130,117	–
Capital grant local share:	–	–	–	–
TxDOT Grant	21,668,330	70,024,100	91,692,430	–
FTA grants	–	13,231,941	13,231,941	7,080,956
Total restricted cash and investments	22,164,530	83,256,041	105,420,571	25,727,022
Unrestricted Cash and Investments				
Board-approved purposes:				
VIAcare	–	4,063,675	4,063,675	5,684,501
Property insurance deductibles	–	500,000	500,000	500,000
Uninsured property	–	922,712	922,712	881,338
Stabilization fund	12,653,716	17,796,284	30,450,000	29,079,999
Capital assets:				
VIA capital fund	14,102,670	8,780,787	22,883,457	22,883,457
Working capital:				
MTA	23,446,668	–	23,446,668	24,860,000
ATD	2,758,902	3,574,284	6,333,186	4,220,000
Total unrestricted cash and investments	52,961,956	35,637,742	88,599,698	88,109,295
Total cash, cash equivalents, and investment balances	$ 75,126,486	$ 118,893,783	$ 194,020,269	$ 113,836,317

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.

Note 6 – Capital Grants

VIA has received various federal capital grants. The capital grants amended budgets at September 30, 2013 totaled $258,570,226 ($243,862,262 in 2012), of which $221,827,666 has been expended to date ($196,578,443 in 2012).

Note 7 – Capital Assets

Components of capital assets are summarized as follows:

	Balance at September 30, 2012	Additions	Deletions	Transfers	Balance at September 30, 2013
Land*	$ 27,209,314	$ –	$ –	$ 4,520,419	$ 31,729,733
Buildings and shelters	150,933,881	244,993	–	22,633,484	173,812,358
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
	364,480,925	6,287,696	(2,868,755)	57,347,508	425,247,374
Accumulated depreciation:					
Buildings and shelters	114,814,173	7,432,797	–	–	122,246,970
Revenue and service vehicles	106,362,143	9,722,325	(2,402,124)	–	113,682,344
Equipment	27,059,811	3,924,975	(466,631)	–	30,518,155
	248,236,127	21,080,097	(2,868,755)	–	266,447,469
Net capital assets before construction in progress	116,244,798	(14,792,401)	–	57,347,508	158,799,905
Construction in progress*:					
Building and improvements	19,527,256	30,015,794	–	(27,180,831)	22,362,219
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)	7,765,271
Total construction in progress	43,642,867	45,797,943	–	(57,347,508)	32,093,317
Net capital assets	$ 159,887,665	$ 31,005,542	$ –	$ –	$ 190,893,222

*Capital assets not being depreciated.

Note 7 – Capital Assets (continued)

	Balance at September 30, 2011	Additions	Deletions	Transfers	Balance at September 30, 2012
Land*	$ 27,209,314	$ –	$ –	$ –	$ 27,209,314
Buildings and shelters	147,197,779	330,279	(160,726)	3,566,549	150,933,881
Revenue and service vehicles	151,318,566	519,481	(794,427)	620,523	151,664,143
Equipment	39,813,487	733,635	(6,704,262)	830,727	34,673,587
	365,539,146	1,583,395	(7,659,415)	5,017,799	364,480,925
Accumulated depreciation:					
Buildings and shelters	108,594,211	6,380,688	(160,726)	–	114,814,173
Revenue and service vehicles	96,967,774	10,188,796	(794,427)	–	106,362,143
Equipment	31,298,434	2,465,639	(6,704,262)	–	27,059,811
	236,860,419	19,035,123	(7,659,415)	–	248,236,127
Net capital assets before construction in progress	128,678,727	(17,451,728)	–	5,017,799	116,244,798
Construction in progress*:					
Building and improvements	8,667,212	14,426,593	–	(3,566,549)	19,527,256
Revenue and service vehicles	582,965	16,932,434	–	(620,523)	16,894,876
Equipment	2,178,855	5,872,607	–	(830,727)	7,220,735
Total construction in progress	11,429,032	37,231,634	–	(5,017,799)	43,642,867
Net capital assets	$ 140,107,759	$ 19,779,906	$ –	$ –	$ 159,887,665

*Capital assets not being depreciated.

The following is a summary of depreciation expense:

Description	Years Ended September 30, 2013	2012
Capital assets acquired with VIA equity	$ 6,862,635	$ 4,440,433
Capital assets acquired with grants	14,217,462	14,594,690
	$ 21,080,097	$ 19,035,123

Note 8 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 61% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2013 (81% in 2012). 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:

Description	Years Ended September 30, 2013	2012
MTA	$ 119,499,016	$ 111,875,118
ATD	54,277,644	51,441,537
	$ 173,776,660	$ 163,316,655

Sales taxes for MTA increased by $7,623,898 in 2013 and increased by $13,457,752 in 2012. ATD sales taxes increased $2,836,107 in 2013 and increased by $5,270,168 in 2012. In fiscal years 2013 and 2012, of the amount collected by ATD, ¼ is remitted to CoSA and ¼ is remitted to TxDOT/Bexar County.

Sales Tax Receivable From State of Texas

Description	Years Ended September 30, 2013	2012
MTA	$ 20,388,012	$ 19,936,372
ATD	9,272,342	8,946,998
	$ 29,660,354	$ 28,883,370

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 underling sales transaction that generated the sales tax occurs.

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 are eligible to participate in the Plan after completing 1 year of continuous service. 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, 2013 was $11,498,777 ($8,185,552 in 2012). 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 3% of the wage base and 6% 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.

D. Annual Pension Cost and Net Pension Asset

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	175,898	11,446,537
Change in net pension asset		807,405
Net pension asset at beginning of year		(3,041,835)
Net pension asset at end of year		$ (2,234,430)

Note 9 – Defined Benefit Retirement Plan (continued)

D. Annual Pension Cost and Net Pension Asset (continued)

VIA's annual pension cost and net pension asset to the Plan as of September 30, 2012 are as follows:

Contributions made		$ 8,185,552
Less:		
Annual pension cost:		
Annual required contribution	$ 8,185,552	
Interest income on net pension asset	(238,818)	
Adjustment to annual required contribution	182,212	8,128,946
Change in net pension asset		(56,606)
Net pension asset at beginning of year		(2,985,229)
Net pension asset at end of year		$ (3,041,835)

Three–Year Trend Information

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Asset
September 30, 2013	$ 11,446,537	92.9%	$ 2,234,430
September 30, 2012	8,128,946	100.8%	3,041,835
September 30, 2011	7,261,573	100.8%	2,985,229

E. Funded Status and Funding Progress

As of October 1, 2012, the most recent actuarial valuation date, the Plan was 56% funded. The actuarial accrued liability for benefits was $321,986,219, and the actuarial value of assets was $180,666,604, resulting in an unfunded actuarial accrued liability ("UAAL") of $141,319,615. The covered payroll (annual payroll of active employees covered by the Plan) was $74,276,531, and the ratio of the UAAL to the covered payroll was 190%.

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

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to 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.

Note 9 – Defined Benefit Retirement Plan (continued)

F. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the October 1, 2012 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%, (c) 30-year closed amortization period, and (d) 3.50% payroll growth. 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.

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 ending September 30, 2013 totaled $118,630.

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, 2012, there are 325 retirees receiving VIA healthcare benefits (includes active retirees and dependents) and 559 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. The following table shows VIA's annual OPEB cost as of September 30, 2013, the amount actually contributed to the plan, and changes in the VIA's net OPEB obligation:

Note 11 – Postemployment Benefits Other Than Pensions (continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

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

VIA's OPEB cost as of September 30, 2012, the amount actually contributed to the plan, and changes in the VIA's net OPEB obligation:

Annual required contribution	$ 1,178,781
Interest on net OPEB asset	(343,690)
Adjustment to annual required contribution	360,944
Annual OPEB cost	1,196,035
Contributions made	(916,183)
Increase in net OPEB obligation/(asset)	279,852
Net OPEB obligation/(asset) at beginning of year	(4,582,539)
Net OPEB obligation/(asset) at end of year	$ (4,302,687)

Three–Year Trend Information

Fiscal Year Ended	Annual OPEB Cost ("AOC")	Percentage of AOC Contributed	Net OPEB Asset
September 30, 2013	$ 1,236,237	100.0%	$ 4,302,687
September 30, 2012	1,196,035	76.6%	4,302,687
September 30, 2011	1,135,070	225.3%	4,582,539

Note 11 – Postemployment Benefits Other Than Pensions (continued)

D. Funded Status and Funding Progress

As of September 30, 2011, the most recent actuarial valuation date, the plan was 29% funded. The actuarial accrued liability for benefits was $13,229,068, and the actuarial value of assets was $3,800,747, resulting in an UAAL of $9,428,321. The covered payroll (annual payroll of active employees covered by the plan) was $69,772,318, and the ratio of the UAAL to the covered payroll was 14%.

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

The schedule of funding progress, presented as RSI following the notes to 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, 2013 (and the plan year ended December 31, 2012), the actuarial valuation date was October 1, 2011. 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 10.00% in 2011, decreasing 0.50% per year to an ultimate trend of 5.00% in 2021.

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.

Note 12 – Risk Management (continued)

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.

Note 12 – Risk Management (continued)

D. Employee Health Coverage (continued)

At September 30, 2013, VIA recorded claims payable of $6,330,281 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* ($5,999,381 in 2012). The statement requires a liability for claims to be reported 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.

	Property and Casualty and Public Liability Coverage	Workers' Compensation	Employee Health Coverage	Total
Claims payable at September 30, 2011	$ 1,350,206	$ 1,776,793	$ 1,098,570	$ 4,225,569
Current period claims and changes in estimates	900,344	2,138,079	13,686,647	16,725,070
Claim payments	(629,876)	(1,248,412)	(13,072,970)	(14,951,258)
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	(519,587)	(2,511,094)	(12,710,237)	(15,740,918)
Claims payable at September 30, 2013	$ 2,019,727	$ 2,870,554	$ 1,440,000	$ 6,330,281

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.

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" means, 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.

Schedule of the Funding Progress - Unaudited
September 30, 2013

Note 13 – Long Term Debt (continued)

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" means the revenues derived by VIA from its imposition and collection within its boundaries of a sales and use tax equal to ½ 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.

VIA ATD imposes and collects within its boundaries a sales and use tax equal to ¼ 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 ¼ 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.

Note 13 – Long Term Debt (continued)

MTA Contract Revenue Bonds

On September 19, 2012, MTA issued a par amount of $5,100,000 of Series 2012-4 MTA Contract Revenue Bonds. VIA anticipates utilizing proceeds for the purpose of financing the design, construction, acquisition, and equipping of 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 1.4% through July 15, 2015. Thereafter, the interest rate is a floating rate equal to 65.0% of LIBOR, plus 100 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 ending September 30, 2013.

The primary source of security for the bonds is provided by a first and prior lien on and pledge of the "Excess Local Share," being the portion of the Local Share that is required to be transferred to VIA MTA by Bexar County after Bexar County's payment of the scheduled debt service on the County Priority Bonds and required to be used by the VIA MTA to pay scheduled debt service on obligations secured by a lien thereon and pledge thereof (including the bonds).

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
MTA Farebox Revenue Bonds, Bond Series 2012–1	1.30% 15.00%	$ 5,100,000	$ 5,100,000	$ –	$ –	$ 5,100,000	$ –
MTA Contractual Obligations, Bond Series 2012–2	1.97%	3,200,000	3,200,000	–	(435,000)	2,765,000	440,000
ATD Sales Tax Revenue Bonds Bond Series 2012–3	1.25%– 15.00%	5,100,000	5,100,000	–	–	5,100,000	–
MTA Contract Revenue Bonds, Bond Series 2012–4	1.40%– 15.00%	5,100,000	5,100,000	–	(5,100,000)	–	–
		18,500,000	18,500,000	–	(5,535,000)	12,965,000	440,000
Compensated absences		N/A	5,151,494	1,728,846	1,530,046	5,350,294	1,929,908
		$ 18,500,000	$ 23,651,494	$ 1,728,846	$ (4,004,954)	$ 18,315,294	$ 2,369,908

Note 13 – Long Term Debt (continued)

MTA Contract Revenue Bonds (continued)

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

Year Ending September 30,	Principal	Interest	Total Requirements
2014	$ 440,000	$ 184,521	$ 624,521
2015	1,185,000	1,575,803	2,760,803
2016	1,315,000	1,456,036	2,771,036
2017	1,445,000	1,318,073	2,763,073
2018	1,605,000	1,161,912	2,766,912
2019 – 2022	6,975,000	2,613,555	9,588,555
	$ 12,965,000	$ 8,309,900	$ 21,274,900

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.

Note 14 – Commitments and Contingencies (continued)

D. Construction Commitments

Significant construction commitments outstanding as of September 30, 2013 are as follows:

Project Description		Amount
Remodel the International and Great Northern Depot	$	446,099
Buena Vista/Frio Street		212,408
WSMMTC Phase II		393,369
	$	1,051,876

Note 15 – Prior Period Adjustment

VIA adopted GASB Statement No. 65. As result, the debt issuance costs of $522,860 previously reported as other assets in the fiscal year 2012 balance sheet was expensed and included in the bond interest and issuance costs nonoperating expense in the fiscal year 2012 statements of revenues, expenses, and changes in net position.

Note 16 – Subsequent Event – Bond Sale

On October 17, 2013, VIA awarded $39,965,000 of MTA Farebox Revenue Improvement and Refunding Bonds, Series 2013; the bond transaction closed on November 13, 2013. The bonds were issued to provide funds 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 Sales Tax 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 & Ride; and, Downtown Amenities.

Required Supplementary Information

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Schedule of Funding Progress - Unaudited

September 30, 2013

Schedule of Funding Progress – Defined Benefit Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded (Surplus) AAL ("UAAL")	Fund Ratio	Covered Payroll	UAAL (Surplus) as a Percentage of Covered Payroll
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%
October 1, 2010	$184,078,773	$264,455,174	$80,376,401	70%	$69,772,318	115%

Schedule of Funding Progress – Postretirement Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded (Surplus) AAL ("UAAL")	Fund Ratio	Covered Payroll	UAAL (Surplus) as a Percentage of Covered Payroll
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%
October 1, 2009	$2,352,925	$10,313,528	$7,960,603	23%	$63,566,356	13%

Notes to Required Supplementary Information - Unaudited
September 30, 2013

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, 2012 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%, (c) 30-year closed amortization period, and (d) 3.50% payroll growth. 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 – Post Employment Benefits Other than Pension

For the fiscal year ended September 30, 2013 (and the plan year ended December 31, 2012), the actuarial valuation date was October 1, 2011. 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 10% in 2011, decreasing 0.50% per year to an ultimate trend of 5.00% in 2021.

Other Supplementary Information

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Combining Balance Sheet
September 30, 2013

Assets	**MTA**	**ATD**	**Eliminations**	**Total**
Current assets:				
Cash and cash equivalents	$ 50,203,054	$ 2,758,902	$ –	$ 52,961,956
Investments	18,632,671	17,005,071	–	35,637,742
Accounts receivable:				
Federal government	11,751,115	–	–	11,751,115
State of Texas – sales taxes	20,388,012	4,636,170	–	25,024,182
Interest	204,709	4,799	–	209,508
ATD	2,408,658	–	(2,408,658)	–
Other	1,483,618	–	–	1,483,618
Inventory	3,738,040	–	–	3,738,040
Prepaid expenses and other current assets	542,914	–	–	542,914
Restricted assets:				
Cash and cash equivalents	22,034,413	–	–	22,034,413
Investments	18,038,041	–	–	18,038,041
State of Texas receivable – sales taxes	–	4,636,172	–	4,636,172
Total current assets	149,425,245	29,041,114	(2,408,658)	176,057,701
Noncurrent assets:				
Restricted cash and cash equivalents	116,835	13,282	–	130,117
Restricted Investments	65,218,000	–	–	65,218,000
Capital assets:				
Land	31,729,733	–	–	31,729,733
Buildings and shelters	173,812,358	–	–	173,812,358
Revenue vehicles	172,570,870	–	–	172,570,870
Service vehicles	3,928,614	–	–	3,928,614
Equipment	43,205,799	–	–	43,205,799
Total capital assets	425,247,374	–	–	425,247,374
Less accumulated depreciation	266,447,469	–	–	266,447,469
Construction in progress	32,093,317	–	–	32,093,317
Net capital assets	190,893,222	–	–	190,893,222
Other assets:				
Net pension asset	2,234,430	–	–	2,234,430
Net OPEB asset	4,302,687	–	–	4,302,687
Total other assets	6,537,117	–	–	6,537,117
Total noncurrent assets	262,765,174	13,282	–	262,778,456
Total assets	412,190,419	29,054,396	(2,408,658)	438,836,157
Deferred Outflow of Resources				
Fuel hedgeing	340,527	–	–	340,527
Total deferred outflow of resources	340,527	–	–	340,527
Total assets and deferred outflow of resources	$ 412,530,946	$ 29,054,396	$ (2,408,658)	$ 439,176,684

Combining Balance Sheet – Continued
September 30, 2013

Liabilities	**MTA**	**ATD**	**Eliminations**	**Total**
Current liabilities:				
Accounts payable	$ 13,776,392	$ –	$ –	$ 13,776,392
Payable to MTA	–	2,408,658	(2,408,658)	–
Fuel hedging liability	340,527	–	–	340,527
Interest payable	25,161	53,781	–	78,942
Bonds payable	440,000	–	–	440,000
Accrued liabilities	4,269,282	–	–	4,269,282
Unearned revenue	620,367	–	–	620,367
Claims payable	6,330,281	–	–	6,330,281
Total current liabilities	25,802,010	2,462,439	(2,408,658)	25,855,791
Current liabilities – payable from restricted assets:				
Payable to CoSA, TxDOT, and Bexar County	–	4,633,206	–	4,633,206
Retainage payable	136	–	–	136
Total current liabilities – payable from restricted assets	136	4,633,206	–	4,633,342
Long-term liabilities	10,845,386	5,100,000	–	15,945,386
Total liabilities	36,647,532	12,195,645	(2,408,658)	46,434,519
Net Position				
Net invested in capital assets	177,928,222	–	–	177,928,222
Restricted for capital projects	105,407,153	13,282	–	105,420,435
Unrestricted	92,548,039	16,845,469	–	109,393,508
Total net position	375,883,414	16,858,751	–	392,742,165
Total liabilities and net position	$ 412,530,946	$ 29,054,396	$ (2,408,658)	$ 439,176,684

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2013

	MTA	ATD	Total
Operating revenues:			
Line service	$ 19,268,748	$ 3,732,309	$ 23,001,057
Robert Thompson Terminal	195,549	–	195,549
Other special events	166,560	–	166,560
VIAtrans	1,821,640	–	1,821,640
Charter	230,308	–	230,308
Real estate development	277,714	–	277,714
Ellis Alley Park and Ride	10,290	–	10,290
Bus advertising	714,530	–	714,530
Miscellaneous	783,235	–	783,235
Total operating revenues	23,468,574	3,732,309	27,200,883
Operating expenses:			
Line service	116,093,957	19,336,526	135,430,483
Robert Thompson Terminal	707,542	–	707,542
Other special events	584,044	–	584,044
VIAtrans	33,147,022	–	33,147,022
Vanpool	–	534,322	534,322
Bus Rapid Transit	–	4,833,917	4,833,917
Charter	163,089	–	163,089
Promotional service	89,743	–	89,743
Real estate development	857	–	857
Business development and planning	1,968,030	234,217	2,202,247
Transit technology	–	715,552	715,552
Total operating expenses before depreciation	152,754,284	25,654,534	178,408,818
Depreciation on capital assets:			
Acquired with VIA equity	5,978,985	883,650	6,862,635
Acquired with grants	12,204,488	2,012,974	14,217,462
Total operating expenses after depreciation	170,937,757	28,551,158	199,488,915
Operating loss	(147,469,183)	(24,818,849)	(172,288,032)

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

Year Ended September 30, 2013

	MTA	ATD	Total
Nonoperating revenues (expenses):			
Sales taxes	$ 119,499,016	$ 54,277,644	$ 173,776,660
Grants reimbursement	25,145,760	–	25,145,760
Investment income (loss)	(44,877)	26,007	(18,870)
Bond interest and issuance costs	40,179	(104,063)	(63,884)
Gain on sale of assets	73,893	–	73,893
Less amounts remitted to CoSA, TxDOT, and Bexar County	–	(27,138,822)	(27,138,822)
Total nonoperating revenues	144,713,971	27,060,766	171,774,737
Income (loss) before capital contributions and transfers	(2,755,212)	2,241,917	(513,295)
Capital contributions	117,491,316	–	117,491,316
Transfer in	4,992,945	–	4,992,945
Transfer out	–	(4,992,945)	(4,992,945)
Changes in net position	119,729,049	(2,751,028)	116,978,021
Net position at beginning of year	256,154,365	19,609,779	275,764,144
Net position at end of year	$ 375,883,414	$ 16,858,751	$ 392,742,165

Combining Schedule of Cash Flows

Year Ended September 30, 2013

	MTA	ATD	Total
Cash Flows From Operating Activities			
Cash received from customers	$ 23,191,231	$ 3,693,917	$ 26,885,148
Cash payments to vendors for goods and services	(41,919,614)	(10,570,154)	(52,489,768)
Cash payments for employee services, including salaried fringe benefits	(103,544,077)	(14,640,278)	(118,184,355)
Interfund cash transfers	2,871,017	(2,871,017)	–
Net cash used in operating activities	(119,401,443)	(24,387,532)	(143,788,975)
Cash Flows From Noncapital Financing Activities			
Sales taxes	119,047,377	53,958,231	173,005,608
Grants reimbursements received	18,229,255	–	18,229,255
Payable to CoSA, TxDOT, and Bexar County	–	(26,979,114)	(26,979,114)
Net cash provided by noncapital financing activities	137,276,632	26,979,117	164,255,749
Cash Flows From Capital and Related Financing Activities			
Proceeds from capital grants	117,414,490	–	117,414,490
Bond spending	4,992,942	(4,992,942)	–
Bond pay off	(4,895,747)	–	(4,895,747)
Debt service	(548,532)	(55,958)	(604,490)
Proceeds from sale of assets	74,467	–	74,467
Purchase of capital assets	(52,086,214)	–	(52,086,214)
Net cash provided by (used in) capital and related financing activities	64,951,406	(5,048,900)	59,902,506
Cash Flows From Investing Activities			
Sale of investment securities	83,185,835	36,721,580	119,907,415
Purchase of investment securities	(137,955,817)	(37,206,428)	(175,162,245)
Interest earnings	224,355	26,236	250,591
Net cash used in investing activities	(54,545,627)	(458,612)	(55,004,239)
Net increase (decrease) in cash and cash equivalents	28,280,968	(2,915,927)	25,365,041
Cash and cash equivalents at beginning of year	44,073,334	5,688,111	49,761,445
Cash and cash equivalents at end of year	$ 72,354,302	$ 2,772,184	$ 75,126,486

Combining Schedule of Cash Flows - Continued
Year Ended September 30, 2013

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	MTA	ATD	Total
Operating loss	$ (147,469,183)	$ (24,818,849)	$ (172,288,032)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:	5,978,985	–	5,978,985
Acquired with VIA equity	12,204,488	–	12,204,488
Acquired with grants	2,871,017	–	2,871,017
Changes in assets and liabilities:			
Accounts receivable	(385,141)	–	(385,141)
Inventory	(504,572)	–	(504,572)
Prepaid expenses and other current assets	1,706,322	–	1,706,322
Interfund receivable	(431,317)	431,317	–
Accounts payable	7,089,482	–	7,089,482
Accrued liabilities	(461,524)	–	(461,524)
Net cash used in operating activities	$ (119,401,443)	$ (24,387,532)	$ (143,788,975)

Reconciliation of Cash and Cash Equivalents Per Combining Schedule of Cash Flows to the Combining Balance Sheets

	MTA	ATD	Total
Cash and cash equivalents at end of year:			
Unrestricted	$ 50,203,054	$ 2,758,902	$ 52,961,956
Restricted:			
Mandated purpose	22,151,248	13,282	22,164,530
Total cash and cash equivalents	$ 72,354,302	$ 2,772,184	$ 75,126,486

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

Year Ended September 30, 2013

	MTA		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Operating revenues:			
Line service	$ 19,372,341	$ 19,268,748	$ (103,593)
Robert Thompson Terminal	–	195,549	195,549
Other special events	270,060	166,560	(103,500)
VIAtrans	1,917,256	1,821,640	(95,616)
Charter	114,000	230,308	116,308
Real estate development	276,101	277,714	1,613
Ellis Alley Park and Ride	6,000	10,290	4,290
Bus advertising	710,000	714,530	4,530
Miscellaneous	747,899	783,235	35,336
Total operating revenues	23,413,657	23,468,574	54,917
Operating expenses (excluding depreciation):			
Line service	116,167,037	116,093,957	73,080
Robert Thompson Terminal	–	707,542	(707,542)
Other special events	963,557	584,044	379,513
VIAtrans	33,513,580	33,147,022	366,558
Charter	69,587	163,089	(93,502)
Promotional service	87,550	89,743	(2,193)
Real estate development	3,054	857	2,197
Business development and planning	2,720,824	1,968,030	752,794
Total operating expenses (excluding depreciation)	153,525,189	152,754,284	770,905
Operating loss	(130,111,532)	(129,285,710)	825,822

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, 2013

	MTA		
	Budget	Actual	Variance Favorable (Unfavorable)
Nonoperating revenues (expenses):			
Sales taxes	$ 113,311,169	$ 119,499,016	$ 6,187,847
Grants reimbursement	20,300,000	25,145,760	4,845,760
Investment income	400,000	(44,877)	(444,877)
Bond interest and amortization	–	40,179	40,179
Loss on sale of assets	–	73,893	73,893
Total nonoperating revenues	134,011,169	144,713,971	10,702,802
Income before depreciation	3,899,637	15,428,261	11,528,624
Less depreciation	–	18,183,473	(18,183,473)
Income (loss) after depreciation	$ 3,899,637	$ (2,755,212)	$ (6,654,849)

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, 2013

	ATD		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Line service	$ 3,833,396	$ 3,732,309	$ (101,087)
Total operating revenues	3,833,396	3,732,309	(101,087)
Operating expenses (excluding depreciation):			
Line service	24,634,854	19,336,526	5,298,328
Vanpool	480,639	534,322	(53,683)
Bus Rapid Transit	–	4,833,917	(4,833,917)
Business development and planning	219,125	234,217	(15,092)
Transit technology	730,193	715,552	14,641
Total operating expenses (excluding depreciation)	26,064,811	25,654,534	410,277
Operating loss	(22,231,415)	(21,922,225)	309,190
Nonoperating revenues (expenses):			
Sales taxes	26,288,192	54,277,644	27,989,452
Investment income	10,000	26,007	16,007
Bond interest and amortization	–	(104,063)	(104,063)
Less amounts remitted to CoSA, TxDOT, and Bexar County	–	(27,138,822)	(27,138,822)
Total nonoperating revenues	26,298,192	27,060,766	762,574
Net income before depreciation	4,066,777	5,138,541	1,071,764
Less depreciation	–	2,896,624	(2,896,624)
Net income after depreciation	$ 4,066,777	$ 2,241,917	$ (1,824,860)

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VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Schedule of Operating Expenses by Expense Category and Cost Center
Year Ended September 30, 2013

	MTA							
	Line Service	Robert Thompson Terminal	Other Special Events	VIAtrans	Charter	Promotional Service	Real Estate Development	Business Development & Planning
Labor	44,551,258	260,858	226,011	8,807,261	63,157	38,812	–	726,209
Fringe benefits	–	–	–	–	–	–	–	–
Services	1,841,466	23,890	47,083	383,645	345	113	–	66,714
Materials and supplies	23,967,200	117,895	92,285	4,286,688	28,949	10,423	626	18,228
Utilities	753,956	20,787	1,770	187,675	383	193	–	–
Casualty and liability	668,327	2,710	4,161	114,421	552	237	231	–
Taxes	1,054,799	4,598	4,031	282,330	1,277	479	–	–
Purchased transportation	–	–	–	10,200,990	–	–	–	–
Miscellaneous expense	381,521	842	392	20,335	47	18	–	403,355
Leases and rentals	35,497	2,910	4,691	3,000	38	11	–	–
Expense transfer to Capital Program	–	–	–	–	–	–	–	–
Fringe distribution	26,738,939	175,470	123,832	5,599,769	44,313	24,803	–	476,018
Expense transfers	16,100,994	97,582	79,788	3,260,908	24,028	14,654	–	277,506
Subtotal	116,093,957	707,542	584,044	33,147,022	163,089	89,743	857	1,968,030
Depreciation:								
Direct	13,073,450	574,257	59,974	295,843	12,015	3,937	116,244	–
Indirect	3,256,370	18,766	17,899	643,958	4,319	2,700	–	52,096
Fringe	42,003	244	233	8,385	55	36	–	689
Subtotal depreciation	16,371,823	593,267	78,106	948,186	16,389	6,673	116,244	52,785
Total operating expenses (including depreciation)	132,465,780	1,300,809	662,150	34,095,208	179,478	96,416	117,101	2,020,815

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Schedule of Operating Expenses by Expense Category and Cost Center
Year Ended September 30, 2013

ATD									
Line Service	Vanpool	Bus Rapid Transit	Business Development & Planning	Transit Technology	Subtotal	MTA Indirect	ATD Indirect	Combined MTA and ATD Fringe Benefits	Total
$ 6,867,690	43,903	1,740,485	109,119	333,767	63,768,530	10,552,273	93,669	828,030	75,242,502
–	–	–	–	–	–	281	–	44,339,427	44,339,708
229,290	–	401,153	–	680	2,994,379	4,200,689	33,064	528,279	7,756,411
4,918,280	–	472,986	–	2,967	33,916,527	312,425	–	49,347	34,278,299
89,769	–	32,509	–	–	1,087,042	895,891	–	23,083	2,006,016
132,898	234,250	42,538	–	–	1,200,325	43,482	–	–	1,243,807
217,907	–	8,479	–	–	1,573,900	–	–	–	1,573,900
–	209,660	–	–	–	10,410,650	–	–	–	10,410,650
9,458	–	291,177	–	–	1,107,145	941,476	5,081	113,582	2,167,284
9,631	–	52,885	–	26,617	135,280	87,719	120	73,763	296,882
–	–	–	–	–	–	–	–	(906,641)	(906,641)
4,209,133	29,063	1,117,687	76,914	218,505	38,834,446	6,461,610	58,243	(45,354,299)	–
2,652,470	17,446	674,018	48,184	133,016	23,380,594	(23,495,846)	(190,177)	305,429	–
19,336,526	534,322	4,833,917	234,217	715,552	178,408,818	–	–	–	178,408,818
1,824,827	–	392,642	–	–	16,353,189	4,726,908	–	–	21,080,097
495,779	3,230	138,999	7,485	24,550	4,666,151	(4,726,908)	–	60,757	–
6,447	43	2,207	96	319	60,757	–	–	(60,757)	–
2,327,053	3,273	533,848	7,581	24,869	21,080,097	–	–	–	21,080,097
$ 21,663,579	537,595	5,367,765	241,798	740,421	199,488,915	–	–	–	199,488,915

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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.

Revenue Capacity

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

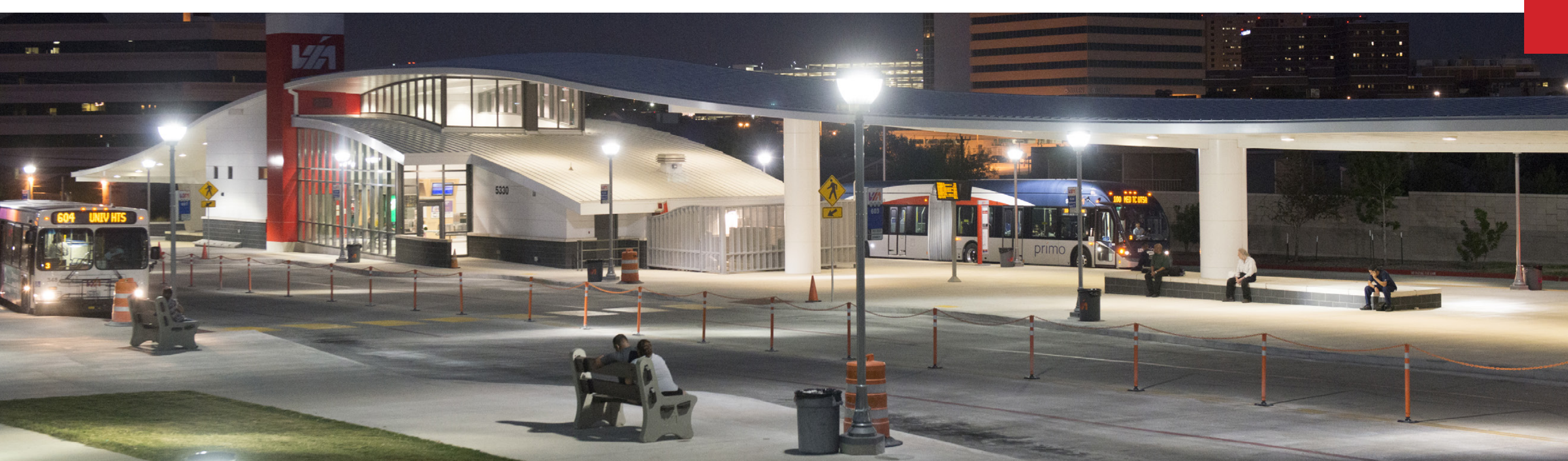
Debt Capacity

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.

Operating Information

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



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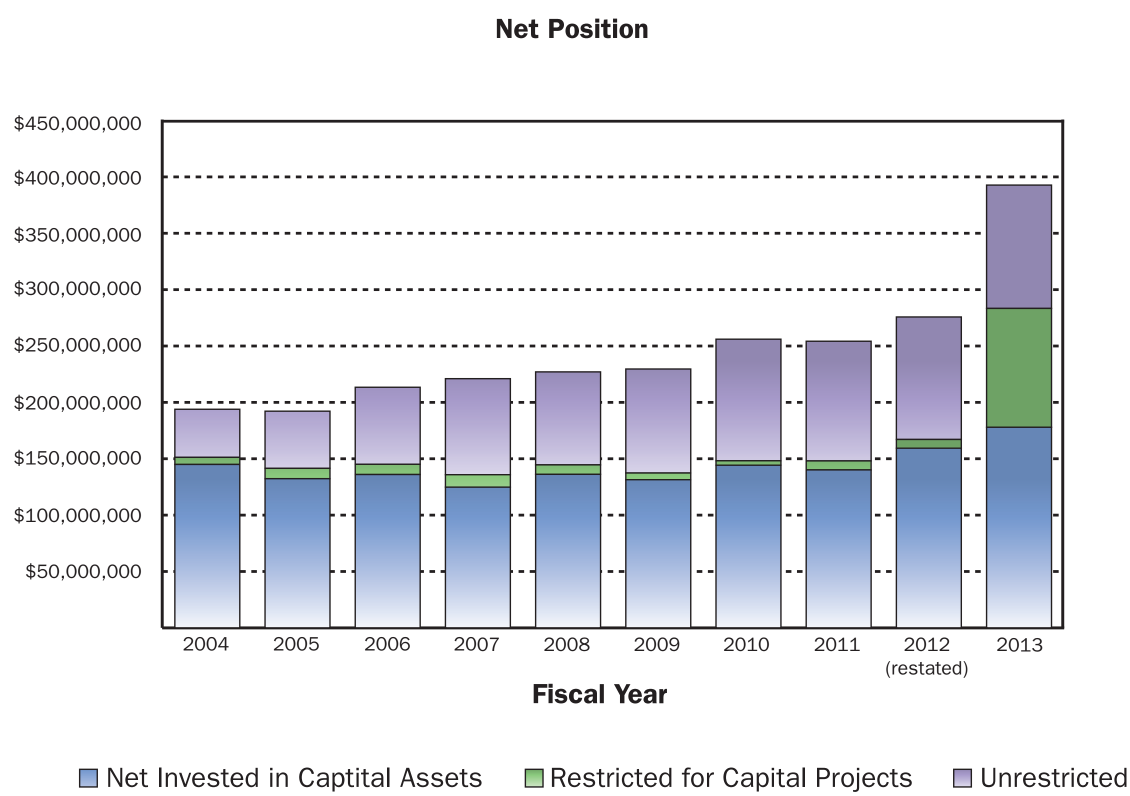
VIA Metropolitan Transit
S A N A N T O N I O , T E X A S

Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2007
Net invested in capital assets	$144,952,566	$132,328,355	$136,016,634	$124,803,894	$124,803,894
Restricted for capital projects	6,320,134	9,174,518	9,079,589	11,054,290	11,054,290
Unrestricted	42,623,605	50,696,152	68,318,000	85,172,797	85,172,797
Total Net Position	$193,896,305	$192,199,025	$213,414,223	$221,030,981	$221,030,981

Source: VIA's Annual Audited Financial Statements



Fiscal Year					
2008	2009	2010	2011	2012 (Restated)	2013
$136,185,129	$131,417,640	$144,271,365	$140,107,759	$159,362,418	$177,928,222
8,396,663	5,948,362	3,950,272	7,983,145	7,752,249	105,420,435
82,472,378	92,231,350	107,831,356	106,150,372	108,649,477	109,393,508
$227,054,170	$229,597,352	$256,052,993	$254,241,276	$275,764,144	$392,742,165

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Changes in Net Position
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Operating Revenues					
Line Service	$13,458,238	$13,942,530	$15,790,730	$17,304,994	$19,536,847
Starlight Service	–	–	86,567	250,368	144,909
Robert Thompson Terminal	22,221	29,682	136,887	59,216	60,527
Other Special Events	255,145	241,931	212,573	227,927	239,099
VIAtrans	1,178,085	1,176,711	1,217,323	1,424,369	1,493,059
Charter	189,375	170,451	94,866	54,429	35,122
Contract	1,604,802	1,787,268	1,856,995	2,185,330	1,876,060
Real Estate Development	252,610	263,650	221,732	226,620	230,426
Ellis Alley Park and Ride	18,103	30,912	29,016	22,971	13,821
Bus Advertising	337,790	308,334	384,274	388,300	307,729
Miscellaneous	487,953	499,360	753,324	768,869	1,047,201
Total Operating Revenues	17,804,322	18,450,829	20,784,287	22,913,393	24,984,800
Operating Expenses					
Line Service	79,683,739	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	76,344	86,272	271,576	200,395	234,952
Other Special Events	377,528	416,262	414,916	444,467	499,455
VIAtrans	19,425,705	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	205,163	220,955	128,476	131,509	79,595
Contract	1,545,622	1,657,657	1,792,659	2,135,119	1,854,243
Real Estate Development	350	350	998	3,025	719
Business Development and Planning	1,919,423	1,953,062	2,043,179	2,579,352	2,975,743
Transit Technology	–	222,663	608,319	534,783	528,972
Total Operating Expenses	103,233,874	111,330,253	120,901,290	131,748,864	151,903,056
Non–Operating Revenues (Expenses)					
Sales Taxes[2]	73,998,545	98,973,080	128,615,461	136,525,865	142,157,492
Grants reimbursement	10,237,044	11,475,043	11,688,746	9,449,194	7,327,679
Investment Income	492,428	941,625	2,641,183	4,343,935	3,472,825
Bond interest and amortization	–	–	–	–	–
Net Gain(Loss) on Sale of Assets	6,632	610,130	(426,450)	94,366	(132,242)
Other Revenue	–	841,500	–	–	–
ATD, CoSA, TxDOT, Bexar Co., & Election Expense[3]	–	(8,503,002)	(20,636,545)	(22,035,752)	(22,807,203)
Local Assistance Program and RMA[4]	(231,361)	(394,618)	(25,113)	(250,829)	(227,976)
Net Non–Operating Revenues (Expenses)	84,503,288	103,943,758	121,857,282	128,126,779	129,790,575
Income (Loss) before Depreciation, and Capital Contributions	(926,264)	11,064,334	21,740,279	19,291,308	2,872,319
Depreciation	(20,772,528)	(20,951,430)	(21,321,762)	(21,719,090)	(19,747,254)
Capital Contributions	5,442,655	8,189,816	20,796,681	10,044,540	22,898,124
Change in Net Position	$(16,256,137)	$(1,697,280)	$21,215,198	$7,616,758	$6,023,189

Source: VIA's Annual Audited Financial Statements

[1] VIA 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.

[2] From 2005 amounts represent gross MTA and ATD sales tax receipts; ATD sales tax collections began in April 2005

[3] This 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.

[4] The 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; approximately $0.1M of this was refunder in 2012

2009	2010	2011	2012 (Restated)	2013
$20,862,060	$20,571,968	$21,625,077	$22,315,482	$23,001,057
32,716	–	–	–	–
13,023	42,550	76,917	78,925	195,549
179,279	180,666	174,383	177,119	166,560
1,661,674	1,713,729	1,705,738	1,681,635	1,821,640
114,616	145,500	107,523	113,915	230,308
–	–	–	–	–
215,488	267,859	277,257	267,719	277,714
11,445	11,566	8,243	6,854	10,290
731,810	464,100	516,250	615,000	714,530
765,361	993,321	842,939	843,534	783,235
24,587,472	24,391,259	25,334,327	26,100,183	27,200,883
111,333,647	117,495,205	127,048,368	132,326,068	135,430,483
–	–	–	–	–
68,564	201,686	361,462	512,763	707,542
421,502	470,726	490,118	541,478	584,044
27,092,432	29,078,861	31,038,547	32,677,623	33,147,022
–	–	–	–	–
188,444	200,962	366,252	537,218	534,322
740,086	494,849	361,888	391,558	4,833,917
200,527	–	–	–	–
140,352	160,020	151,927	131,882	252,832
–	–	–	–	–
582	6,239	794	3,192	857
3,256,780	3,319,271	3,310,027	3,605,444	2,202,247
597,196	601,376	690,381	719,319	715,552
144,040,112	152,029,195	163,819,764	171,446,545	178,408,818
134,962,020	137,285,707	144,588,735	163,316,655	173,776,660
19,237,153	27,196,327	23,279,480	20,360,615	25,145,760
1,262,374	585,219	617,320	252,009	(18,870)
–	–	–	(546,141)	(63,884)
5,903	(126,707)	(367,766)	170,308	73,893
–	–	–	–	–
(21,468,658)	(21,700,854)	(23,085,686)	(25,720,768)	(27,138,822)
(2,312,343)	–	–	90,150	–
131,686,449	143,239,692	145,032,083	157,922,828	171,774,737
12,233,809	15,601,756	6,546,646	12,576,466	20,566,802
(20,075,564)	(20,281,792)	(21,588,388)	(19,035,123)	(21,080,097)
11,719,076	29,801,538	13,230,025	27,981,525	117,491,316
$3,877,321	$25,121,502	$(1,811,717)	$21,522,868	$116,978,021

Direct and Overlapping Sales Tax Rates
As of September 30, 2013

	Direct Rates			Overlapping Rates[1]			
					Local		
City	Metropolitan Transit Authority (MTA)	Advanced Transportation District (ATD)	Total Direct Rate	State	City	Special Purpose District	Total Sales Tax Rate
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%	1.250%		8.250%
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.

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

[2] VIA 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				
	2004	2005	2006	2007	2008
Alamo Heights	$319,127	$409,242	$374,798	$393,983	$406,932
Balcones Heights	582,269	557,401	615,823	637,859	641,981
Castle Hills	355,508	332,521	345,133	454,499	394,859
China Grove	38,104	42,671	35,856	45,522	48,470
Converse	300,374	318,652	370,466	396,735	721,440
Elmendorf	22,421	18,874	18,540	20,124	25,405
Kirby	69,038	69,300	85,291	86,135	83,575
Leon Valley	858,769	806,734	776,464	793,085	864,745
Olmos Park	148,574	153,924	161,693	169,600	190,994
Saint Hedwig	27,588	22,576	25,854	25,870	28,251
San Antonio (MTA)	69,063,076	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	18,808	22,068	47,215	55,314	74,195
Terrell Hills	53,597	47,205	61,351	76,086	79,717
Other[2]	2,141,292	2,563,870	2,963,891	2,130,287	68,698
Total Sales Tax Receipts	$73,998,545	$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 is not allocated as it is 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 2004–2007 have been restated to reflect an accounting change.

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

Ratios of Total Outstanding Debt by Type
Last Ten Fiscal Years

	Total Principal Balance Outstanding Debt by Type				
Year	MTA Farebox Revenue Bonds 2012-1	MTA Contractual Obligation Bonds 2012-2	ATD Sales Tax Revenue Bonds 2012-3	MTA Contract Revenue Bonds 2012-4 (a)	Total
2004-2011	–	–	–	–	–
2012	$5,100,000	$3,200,000	$5,100,000	$5,100,000	$18,500,000
2013	5,100,000	2,765,000	5,100,000	–	12,965,000

(a) The MTA contract revenue bonds were retired in December 2012, and no debt service payments were due or made prior to the retirement.
(b) Total operating revenue, plus nonoperating revenues from sales taxes, grants reimbursement, investment income and asset sales.
(c) Total systemwide passengers (includes all bus service and paratransit service).

Schedule of Debt Coverage Ratios by Type

	MTA Farebox Revenue Bonds				
Year	MTA Net Revenues (a)	Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS) (b)	MADS Coverage Ratio
2004-2011					
2012	$12,770,709	–	(c)	$1,139,500	11.2x
2013	15,004,172	–	(c)	1,139,500	13.2x

Description of Pledged Revenues

MTA Farebox Revenue Bonds - Primary security is from “net revenues”, which generally means all revenues (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.

MTA Contractual Obligation Bonds - Primary security is from MTA sales tax revenues.

ATD Sales Tax Revenue Bonds - Primary security is from ATD-VIA sales tax revenues.

Note: MTA contract revenue bonds were retired in December 2012, and no debt service payments were due or made prior to the retirement. Therefore, the coverage ratio for these bonds is not shown.

(a) This amount is calculated as follows:

	2012	2013	
MTA farebox revenue	$20,815,161	$21,405,463	
MTA sales tax revenue	109,340,067	119,047,377	
MTA revenue rec'vd from FTA	27,177,655	18,229,255	FTA funds used for operations
MTA other revenue	1,748,169	1,785,768	All MTA operating revenues other than farebox revenue
MTA total revenue	159,081,052	160,467,863	
MTA operating expenses	(146,310,343)	(145,463,691)	
MTA net revenue	12,770,709	15,004,172	

(b) These bonds are in an initial interest rate mode which expires on 7/15/14. The initial interest rate is 1.3%. MADS is calculated assuming the bonds bear interest at the maximum allowable rate of 15% after the initial period.

(c) No debt service payments were due in the years shown.

(d) These bonds are in an initial interest rate mode which expires on 7/15/15. The initial interest rate is 1.25%. MADS is calculated assuming the bonds bear interest at the maximum allowable rate of 15% after the initial period.

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Gross Revenues (b)	Ratio of Total Debt to Gross Revenues	# of Riders (c)	Debt Per Rider
$184,479,002	0.10	46,893,169	$0.39
199,039,504	0.07	45,894,417	0.28

MTA Contractual Obligation Bonds				
MTA Sales Tax Revenue	Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS)	MADS Coverage Ratio
$109,340,067	–	(b)	$494,555	221.1x
119,047,377	435,000	273.7x	494,555	240.7x

ATD Sales Tax Revenue Bonds				
ATD-VIA Sales Tax Revenue	Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS)	MADS Coverage Ratio
$25,309,927	–	(b)	$1,139,500	22.2x
26,979,114	–	(b)	1,139,500	23.7x

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 & over – Percent High School Graduate or Higher[a]	School Enrollment[a]	Unemployment Rate[b]
2004	1,198,093	23,145,959	19,319	32.4	77.7	265,753	5.6%
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	*	*	*	*	*	*	6.1%

* 2013 data not yet available.

Source: [a] American Community Survey, www.census.gov
[b] Texas Workforce Commission (Not seasonally adjusted)

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

Principal Employers
Last Year and Ten Years Ago

Employer	2012 Employees	2012 Rank	2012 Percentage of Total City Employment[1]	2003 Employees	2003 Rank	2003 Percentage of Total City Employment[2]
Joint Base San Antonio (JBSA) - Lackland, Fort Sam, and Randolph	92,301	1	10.9%	7,407	7	1.0%
United Services Automobile Association	15,000	2	1.8%	13,748	1	1.9%
H.E.B. Food Stores	14,588	3	1.7%			
City of San Antonio	13,573	4	1.6%	9,852	3	1.3%
Northside Independent School District	12,751	5	1.5%	9,868	2	1.3%
North East Independent School District	10,522	6	1.2%	7,810	5	1.1%
Methodist Health Care System	7,747	7	0.9%	7,751	6	1.1%
San Antonio Independent School District	7,000	8	0.8%	7,988	4	1.1%
Baptist Health Systems	6,310	9	0.7%	4,225	10	0.6%
University of Texas Health Science	6,153	10	0.7%	5,102	9	0.7%
SBC Communications (AT&T)	–		–	6,000	8	0.8%
Total	185,945		21.8%	79,751		10.9%

*2013 data not yet available

Source: San Antonio Economic Development Foundation

[1] Percent based on an Employment Estimate of 849,200 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2012. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 739,000 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2003. Figure provided by the Texas Workforce Commission.

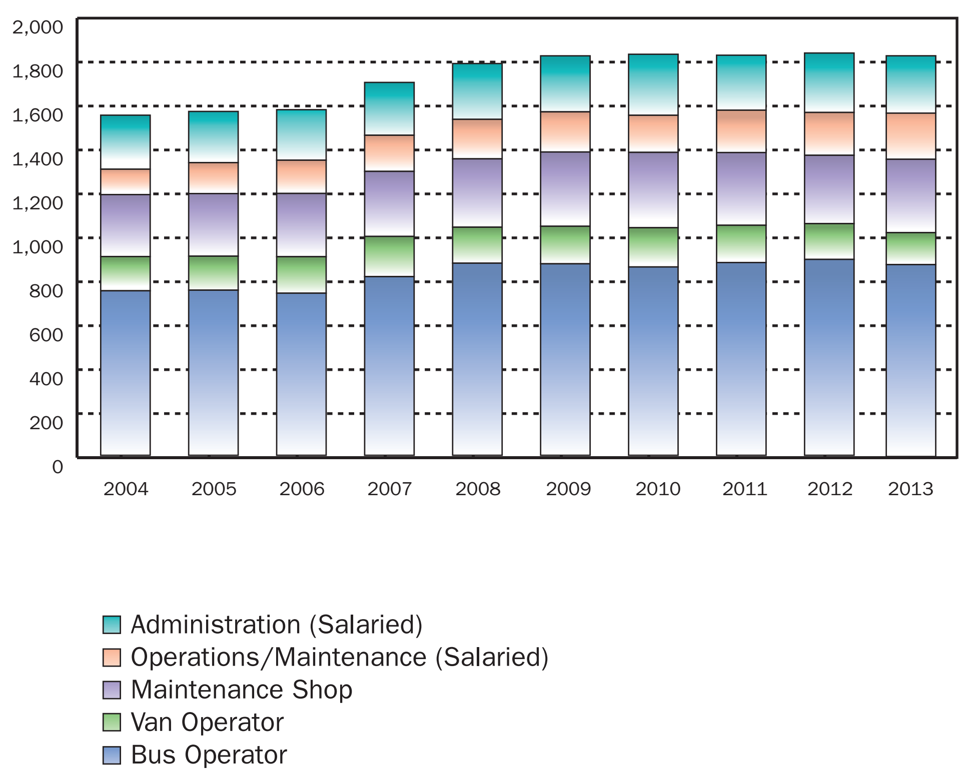
VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Full Time Equivalents
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Full-Time Employees										
Bus Operator	646	656	653	712	719	728	716	746	733	742
Van Operator	153	151	161	178	161	168	176	167	161	143
Maintenance Shop	282	285	288	296	311	338	343	331	311	334
Operations/Maintenance(Salaried)	107	131	138	150	165	168	151	178	178	195
Administration(Salaried)	239	221	220	233	245	244	265	239	257	249
Subtotal	1,427	1,444	1,460	1,569	1,601	1,646	1,651	1,661	1,640	1,663
Part-Time (Full-Time Equivalents)										
Bus Operator	102.7	95.5	84.7	101.1	155.3	143.5	141.2	131.3	158.6	131.6
Van Operator	2.8	3.7	5.1	5.1	2.9	2.8	2.5	2.6	1.8	2.4
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)	8.7	9.8	13.3	14.4	14.8	14.8	17.8	14.8	17.0	15.0
Administration(Salaried)	6.8	12.0	9.8	7.5	9.0	11.0	12.8	11.3	13.5	12.0
Subtotal	121.0	121.0	112.9	128.2	182.0	172.1	174.2	160.0	190.9	161.0
Grand Total										
Bus Operator	748.7	751.5	737.7	813.1	874.3	871.5	857.2	877.3	891.6	873.6
Van Operator	155.8	154.7	166.1	183.1	163.9	170.8	178.5	169.6	162.8	145.4
Maintenance Shop	282.0	285.0	288.0	296.0	311.0	338.0	343.0	331.0	311.0	334.0
Operations/Maintenance(Salaried)	115.7	140.8	151.3	164.4	179.8	182.8	168.8	192.8	195.0	210.0
Administration(Salaried)	245.8	233.0	229.8	240.5	254.0	255.0	277.8	250.3	270.5	261.0
Grand Total	1,548.0	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

Source: VIA's Monthly Personnel Report

Grand Total by Function



VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Fare History
Last Ten Fiscal Years

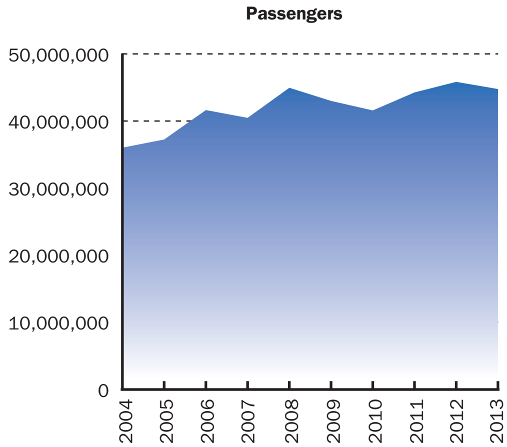
	Fiscal Year									
Category	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Bus Service										
Regular Bus Service	$0.80	$0.80	$0.80	$1.00	$1.00	$1.10	$1.10	$1.10	$1.10	$1.20
Regular Half Fare	0.40	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55	0.60
Express Bus Service	1.60	1.60	1.60	2.00	2.00	2.50	2.50	2.50	2.50	2.50
Express Half Fare	0.80	0.80	0.80	1.00	1.00	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	0.80	1.00	1.00	1.10	1.10	1.10	1.10	1.20
Streetcar Half Fare	0.40	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55	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	1.25	1.50	1.50	1.75	1.75	1.75	1.75	1.95
VIAtrans Taxi Subsidy	–	–	–	–	–	–	–	–	–	9.00
Special Event Service	5.00	5.00	5.00	6.00	4.00	5.00	5.00	5.00	5.00	5.00
Special Event Half Fare	2.50	2.50	2.50	3.00	2.00	2.50	2.50	2.50	2.50	2.50
Off Peak Special for Seniors and riders with limited mobility 9am–3pm	0.20	0.20	0.20	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	20.00	25.00	25.00	30.00	30.00	30.00	30.00	35.00
Big Pass Half Fare	10.00	10.00	10.00	12.50	12.50	15.00	15.00	15.00	15.00	17.50
Semester Pass	20.00	20.00	20.00	25.00	25.00	35.00	35.00	35.00	35.00	35.00
Day Tripper	3.00	3.00	3.00	3.75	3.75	4.00	4.00	4.00	4.00	4.00

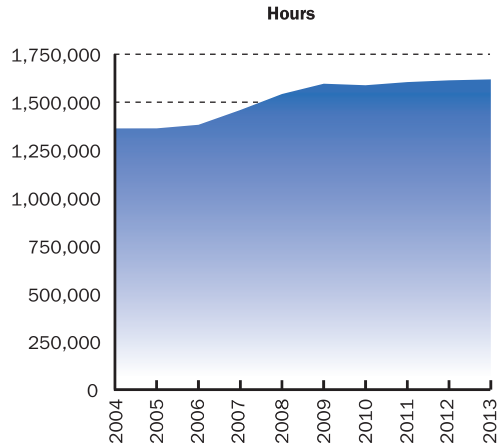
Source: VIA's Fiscal Management Division

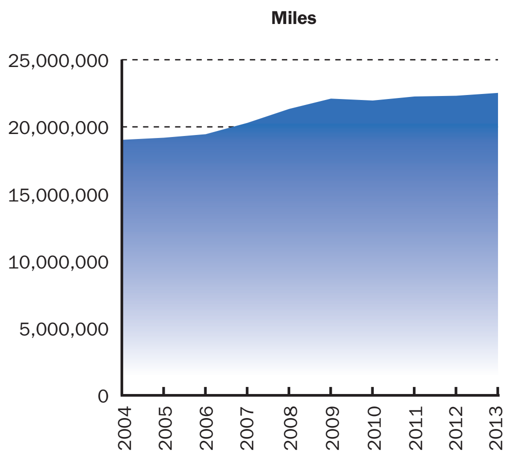
Note: Senior citizens, disabled persons, students and eligible Medicare recipients with a valid VIA identification card are eligible for half fare rates on regular, express, streetcar and special event service. Children ages 5–11 ride for half–fare and those under age five ride free.

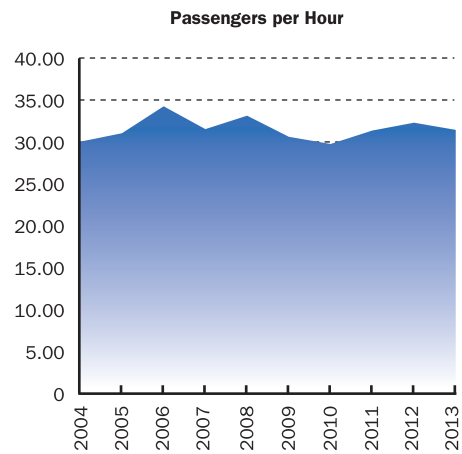
VIA Metropolitan Transit
S A N A N T O N I O , T E X A S

Line Service Statistics
Last Ten Fiscal Years







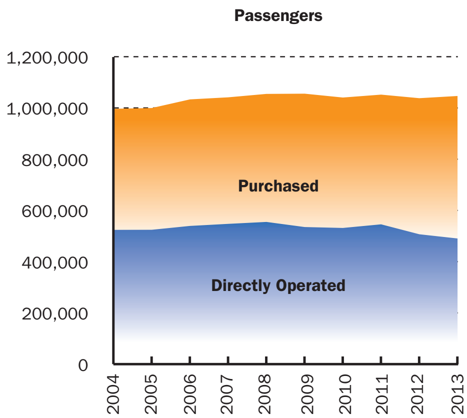


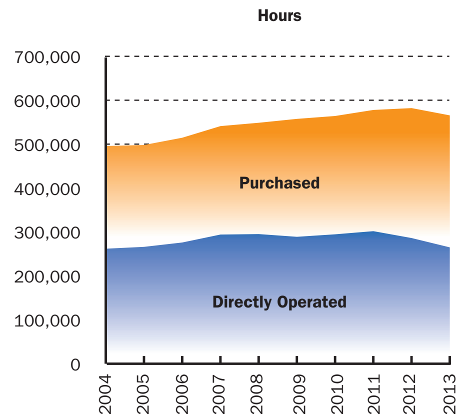
Fiscal Year	Passengers	Hours	Miles	Passengers Per Hour
2004	35,901,277	1,362,680	19,026,272	26.35
2005	37,116,882	1,363,003	19,182,546	27.23
2006	41,498,069	1,381,605	19,443,620	30.04
2007	40,342,110	1,458,556	20,289,379	27.66
2008	44,820,655	1,542,100	21,328,743	29.06
2009	42,863,990	1,595,778	22,094,377	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

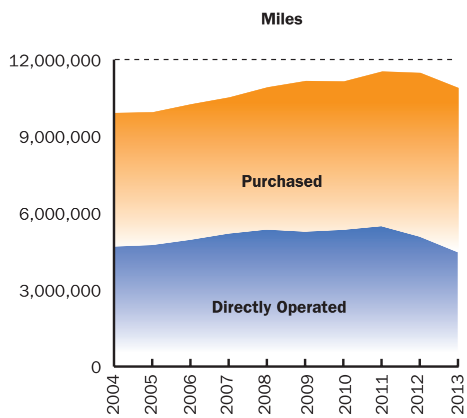
Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report

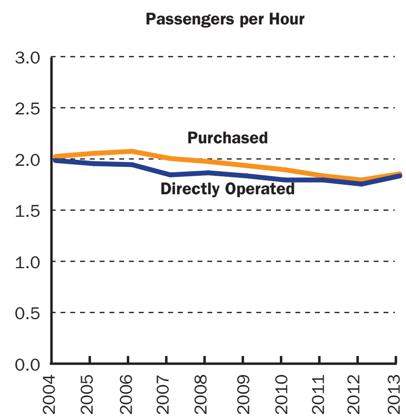
VIA Metropolitan Transit
SAN ANTONIO, TEXAS

VIAtrans Service Statistics
Last Ten Fiscal Years







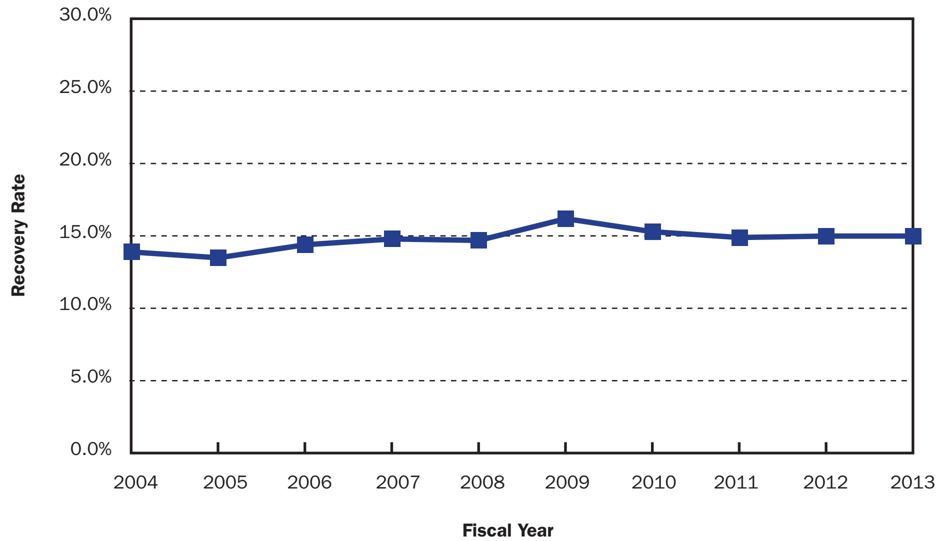


Fiscal Year	Total Passengers Directly Operated	Total Passengers Purchased	Total Hours Directly Operated	Total Hours Purchased	Total Miles Directly Operated	Total Miles Purchased	Passengers per Hour Directly Operated	Passengers per Hour Purchased
2004	522,357	474,198	262,216	233,779	4,701,892	5,207,828	1.99	2.03
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

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

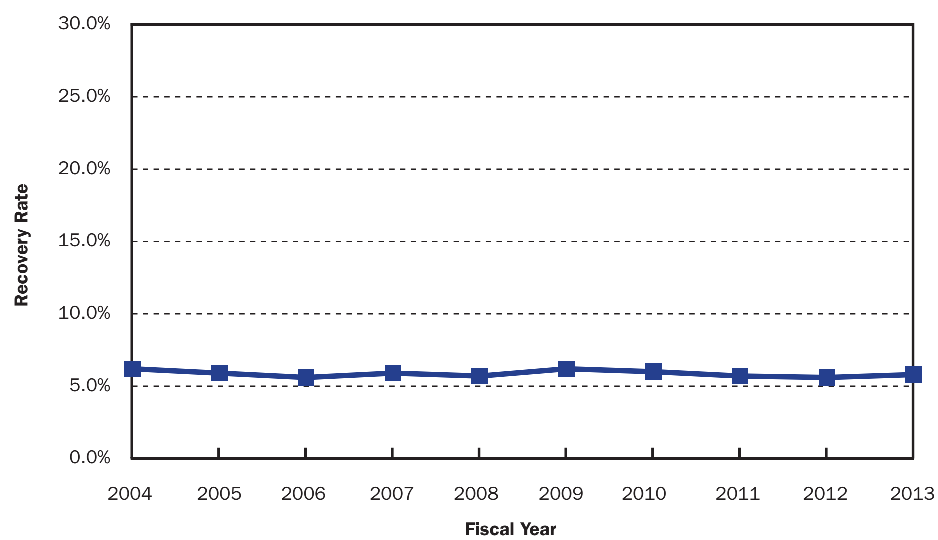
Line Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2004	13.8%
2005	13.4%
2006	14.3%
2007	14.7%
2008	14.6%
2009	16.1%
2010	15.2%
2011	14.8%
2012	14.9%
2013	14.9%



VIAtrans Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2004	5.7%
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%



Source: VIA's Annual Audited Financial Statements

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

Management's Discussion and Analysis
September 30, 2013

Service Miles by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans Direct	VIAtrans Purchased	VIAtrans Van Disaster Relief	Starlight Service	Total
2004	19,026,272	86,106	42,774	432,921	–	4,701,892	5,207,828	–	–	29,497,793
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

Service Hours by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans Direct	VIAtrans Purchased	VIAtrans Van Disaster Relief	Starlight Service	Total
2004	1,362,680	5,885	4,400	26,922	–	262,216	233,779	–	–	1,895,882
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

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

Management's Discussion and Analysis
September 30, 2013

Revenues by Source Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Sales Tax	Grant Revenues	Investment Income	Misc Income (Expense)	Total
2004	17,804,322	73,998,545	10,237,044	492,428	(224,729)	102,307,610
2005	18,450,829	97,766,514	11,475,043	941,625	(5,147,195)	123,486,816
2006	20,784,287	128,477,661	11,688,746	2,641,183	(21,047,756)	142,544,121
2007	22,913,393	136,525,865	9,449,194	4,343,935	(22,192,215)	151,040,172
2008	24,984,800	142,157,492	7,327,679	3,472,825	(23,167,421)	154,775,375
2009	24,587,472	134,962,020	19,237,153	1,262,374	(23,775,098)	156,273,921
2010	24,391,259	137,285,707	27,196,327	585,219	(21,827,561)	167,630,951
2011	25,334,327	144,588,735	23,279,480	617,320	(23,453,452)	170,366,410
2012*	26,100,183	163,316,655	20,360,615	252,009	(26,006,451)	184,023,011
2013	27,200,883	173,776,660	25,145,760	(18,870)	(27,128,813)	198,975,620

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

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Rapid Transit	VIAtrans	Starlight Service	Vanpool	Other	Total
2004	97,485,476	1,106,783	236,863	1,847,022	–	20,804,785	–	–	2,525,473	124,006,402
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	133,438,320	1,351,438	85,613	2,066,769	508,816	28,847,814	756,444	296,152	4,298,944	171,650,310
2009	129,694,712	1,096,860	153,244	–	754,832	29,172,611	202,358	190,739	4,184,459	165,449,815
2010	135,147,650	1,283,286	170,791	–	499,649	30,923,402	–	202,045	4,084,164	172,310,987
2011	146,052,357	1,492,528	164,376	–	367,932	32,765,906	–	368,195	4,196,858	185,408,152
2012	150,018,500	1,698,539	142,909	–	397,700	33,140,705	–	539,429	4,543,886	190,481,668
2013	154,129,359	1,962,959	275,894	–	5,367,765	34,095,208	–	537,595	3,120,135	199,488,915

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.

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VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Operating Expenses by Object Class
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Operator	$28,969,999	$30,497,019	$32,487,377	$35,556,338	$37,706,299
Garage	8,626,465	9,325,157	9,677,955	9,703,761	10,562,622
Salaried	13,355,558	14,092,521	14,930,202	16,193,801	18,062,321
Total Labor	50,952,022	53,914,697	57,095,534	61,453,900	66,331,242
Fringe Benefits	24,501,606	24,838,135	26,639,472	29,572,250	32,902,957
Total Labor and Fringe Benefits	75,453,628	78,752,832	83,735,006	91,026,150	99,234,199
Advertising Fees	477,968	246,609	139,805	201,342	311,832
Prof. & Tech Fees	951,909	1,685,441	1,351,486	1,636,642	1,774,244
Temporary Help	20	20,022	–	–	–
Contract Maintenance	1,011,575	1,065,371	1,317,694	1,431,956	1,412,628
Custodial Services	–	–	–	–	–
Security Services	916,978	892,788	1,049,421	1,063,722	1,241,303
Other Services	319,637	352,778	379,963	417,832	426,325
Total Services	3,678,087	4,263,009	4,238,369	4,751,494	5,166,332
Fuel & Lubricants	6,868,557	10,214,806	14,308,066	14,623,296	24,368,920
Tires & Tubes	759,335	795,770	857,253	750,467	846,027
Other Materials & Supplies	5,514,613	6,150,889	7,304,577	7,172,264	7,580,792
Total Materials & Supplies	13,142,505	17,161,465	22,469,896	22,546,027	32,795,739
Utilities	932,991	1,148,176	1,228,285	1,128,092	1,364,766
Casualty & Liability	781,990	737,825	(1,282,604)	518,628	807,857
Taxes	895,098	1,094,669	1,132,504	1,310,151	1,514,318
Purchased Transportation	6,617,454	6,694,875	7,738,791	8,768,749	9,141,155
Dues & Subscriptions	242,588	258,715	274,180	300,682	344,703
Training & Meetings	52,559	93,109	104,322	192,972	203,408
Fines & Penalties	78,774	(68,292)	–	509	608
Bad Debt Expense	2,115	7,259	7,996	43,872	4,963
Advertising/Promotion Media	752,484	513,083	535,838	403,031	431,403
Other Miscellaneous Expense	402,657	457,373	486,293	549,510	643,181
Total Miscellaneous Expense	1,531,177	1,261,247	1,408,629	1,490,576	1,628,266
Interest Expense	–	–	–	–	–
Leases & Rentals	200,944	216,155	232,416	208,997	250,424
Total Operating Expense Before Depreciation & Capitalized Amounts	103,233,874	111,330,253	120,901,292	131,748,864	151,903,056
Depreciation	20,772,528	20,951,430	21,321,762	21,719,090	19,747,254
Indirect Expense (Capitalized)	–	–	–	–	–
Fringe Expense (Capitalized)	–	–	–	–	–
Total Operating Expenses	$124,006,402	$132,281,683	$142,223,054	$153,467,954	$171,650,310

Source: VIA's Annual Audited Financial Statements

Fiscal Year				
2009	**2010**	**2011**	**2012**	**2013**
$37,519,147	$39,163,412	$41,016,213	$45,484,497	$46,596,440
11,345,672	12,022,721	12,417,401	14,696,969	14,699,912
18,960,436	19,376,845	20,365,495	24,601,763	24,816,041
67,825,255	70,562,978	73,799,109	84,783,229	86,112,393
34,319,563	34,640,866	37,618,626	31,464,903	31,656,535
102,144,818	105,203,844	111,417,735	116,248,131	117,768,928
532,580	524,532	376,212	457,068	834,106
1,934,705	1,902,690	2,409,977	2,313,283	2,469,610
–	–	–	–	–
1,557,547	1,510,826	1,834,136	1,900,734	2,304,871
–	–	–	–	–
1,547,567	1,617,845	1,652,563	1,610,368	1,576,519
470,475	509,582	522,596	550,437	571,305
6,042,874	6,065,474	6,795,484	6,831,890	7,756,411
13,844,663	16,470,705	19,866,016	20,155,666	23,177,525
1,113,669	1,168,105	1,299,140	1,365,594	1,374,880
8,069,919	8,060,535	8,739,916	9,355,225	9,725,894
23,028,251	25,699,345	29,905,072	30,876,485	34,278,299
1,378,117	1,617,829	1,647,480	1,572,250	2,006,016
453,733	861,475	341,603	1,231,907	1,243,807
1,501,359	1,510,880	1,526,586	1,536,285	1,573,900
8,995,692	9,101,700	9,911,331	10,916,344	10,410,650
316,700	350,446	532,092	416,275	379,151
236,561	337,885	353,681	407,148	487,004
100	–	–	600	–
6,888	7,813	847	7,352	2,635
410,197	408,590	406,816	437,122	514,553
565,572	586,888	724,770	678,063	783,941
1,536,018	1,691,622	2,018,206	1,946,561	2,167,284
–	–	–	–	–
293,389	277,027	256,265	286,692	296,882
145,374,251	152,029,195	163,819,764	171,446,545	177,502,177
20,075,564	20,281,792	21,588,388	19,035,123	21,080,097
–	–	–	–	–
–	–	–	–	906,641
$165,449,815	$172,310,987	$185,408,152	$190,481,668	$199,488,915

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Capital Assets
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Land	$29,384,798	$25,155,546	$25,991,724	$21,839,086	$25,976,887
Revenue Vehicles					
Bus	106,044,209	108,510,605	124,549,670	125,258,628	125,335,354
Van	7,298,710	7,298,710	6,995,861	8,339,955	8,339,955
Total Revenue Vehicles	113,342,919	115,809,316	131,545,531	133,598,583	133,675,309
Service Vehicles					
Trucks	1,557,910	1,357,010	1,325,401	1,365,375	1,726,520
Automobiles	1,296,398	1,142,086	1,137,478	1,165,503	1,201,622
Other Service Vehicles	281,726	281,726	276,215	357,641	357,641
Total Service Vehicles	3,136,034	2,780,821	2,739,094	2,888,519	3,285,783
Buildings and Structures					
Transit Way Facilities	33,532,670	33,532,669	33,532,668	33,532,669	33,532,669
Passenger Stations	27,921,064	28,192,412	29,656,620	30,841,555	35,824,534
Passenger Parking Stations	3,519,453	2,686,439	2,618,036	2,618,036	2,618,686
Operating Yards and Stations	14,170,305	14,290,648	14,364,207	14,392,200	14,531,233
Vehicle Maintenance Shops and Garages	7,696,157	8,002,456	9,335,431	10,933,306	11,138,288
Other General Administration Facilities	11,387,859	11,452,996	11,497,240	11,541,536	12,399,143
Stadium/Depot Complex	6,434,394	6,435,442	6,437,115	6,437,115	6,437,115
Total Buildings and Structures	104,661,902	104,593,062	107,441,317	110,296,417	116,481,668
Equipment					
Passenger Stations	873,325	871,375	871,375	871,375	1,338,262
Operating Yards and Stations	119,043	127,883	150,789	57,868	57,868
Vehicle Maintenance Shops and Garages	1,290,481	1,365,191	1,413,680	1,460,875	1,625,454
Other General Administration Facilities	1,146,193	1,409,991	1,400,932	1,460,342	1,498,987
Revenue Vehicle Movement Control	16,310,967	15,612,765	15,491,235	15,415,162	15,415,162
Revenue Collection and Processing	148,401	292,558	279,752	279,752	297,342
Data Processing	9,697,785	8,659,415	8,494,125	9,942,333	10,458,794
Communication	971,794	970,604	983,572	598,317	665,976
Office Equipment	525,079	498,034	176,063	173,465	173,465
Total Equipment	31,083,068	29,807,815	29,261,523	30,259,489	31,531,310
Total Capital Assets Before Depreciation	281,608,721	278,146,560	296,979,189	298,882,094	310,950,957
Accumulated Depreciation					
Revenue Vehicles	(52,718,909)	(57,935,825)	(59,673,927)	(67,839,345)	(66,562,072)
Service Vehicles	(2,423,384)	(2,492,141)	(2,595,242)	(2,741,586)	(2,785,742)
Buildings and Structures	(61,435,339)	(67,384,707)	(73,848,074)	(79,821,381)	(86,769,910)
Equipment	(21,119,018)	(23,482,135)	(25,777,889)	(27,730,455)	(29,155,888)
Total Accumulated Depreciation	(137,696,650)	(151,294,808)	(161,895,132)	(178,132,767)	(185,273,612)
Work In Progress					
Revenue Vehicles	–	5,088,736	3,781	–	695
Service Vehicles	–	–	–	–	–
Buildings and Structures	553,214	387,867	630,703	3,763,402	9,203,875
Equipment	487,281	–	298,093	291,164	1,303,214
Total Work In Progress	1,040,495	5,476,603	932,576	4,054,567	10,507,784
Net Capital Assets	$144,952,566	$132,328,355	$136,016,634	$124,803,894	$136,185,129

Source: VIA's Annual Audited Financial Statements

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

2009	2010	2011	2012	2013
$26,447,326	$26,804,057	$27,209,314	$27,209,314	$31,729,733
125,514,249	141,523,621	139,158,252	139,405,043	156,393,853
8,339,955	8,339,955	8,341,255	8,194,102	16,177,015
133,854,204	149,863,576	147,499,506	147,599,144	172,570,868
1,909,471	1,951,568	2,069,486	2,419,698	2,397,254
1,360,960	1,299,180	1,391,934	1,190,073	939,038
357,641	357,641	357,641	455,229	592,318
3,628,072	3,608,390	3,819,060	4,064,999	3,928,610
33,680,565	38,475,179	38,991,798	38,991,798	38,991,798
42,677,004	47,273,563	48,625,854	49,206,787	70,881,592
2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
14,563,987	15,148,156	15,277,206	17,270,455	17,783,579
16,679,760	17,228,927	17,570,026	18,557,910	18,562,713
12,647,099	12,845,785	17,677,094	17,851,130	18,536,882
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
129,304,216	140,027,411	147,197,779	150,933,881	173,812,365
3,254,607	3,266,389	3,266,389	2,445,424	3,249,984
57,868	65,362	78,954	83,646	199,938
1,784,250	1,813,373	1,847,220	2,280,783	2,704,444
1,482,498	1,476,252	1,486,143	578,057	594,149
15,415,161	15,410,422	15,410,420	15,363,365	15,363,365
294,009	343,476	343,476	337,586	341,679
10,505,926	12,860,355	13,231,350	9,321,340	16,437,124
764,697	743,945	4,027,759	4,112,984	4,124,438
110,630	103,608	121,776	150,401	190,677
33,669,646	36,083,182	39,813,487	34,673,586	43,205,798
326,903,464	356,386,616	365,539,146	364,480,925	425,247,374
(77,915,736)	(84,564,130)	(93,746,131)	(103,077,815)	(110,594,492)
(2,976,301)	(2,882,462)	(3,221,642)	(3,284,327)	(3,087,851)
(94,060,411)	(102,091,886)	(108,594,211)	(113,991,594)	(121,424,391)
(29,769,422)	(29,604,437)	(31,298,434)	(27,882,391)	(31,340,735)
(204,721,870)	(219,142,915)	(236,860,419)	(248,236,127)	(266,447,469)
–	156,000	582,964	16,894,876	1,965,827
–	523	–	–	–
5,162,105	3,406,102	8,873,562	19,527,256	22,362,219
4,073,941	3,465,039	1,972,506	7,220,735	7,765,271
9,236,046	7,027,664	11,429,032	43,642,867	32,093,317
$131,417,640	$144,271,365	$140,107,759	$159,887,665	$190,893,222

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Additions										
Member Contributions	$2,021	$2,172	$2,287	$2,359	$2,469	$2,390	$2,584	$3,224	$3,441	$3,703
Employer Contriubutions	1,614	2,156	2,468	3,056	4,918	5,039	6,252	7,321	8,259	10,639
Investment Income (net of expenses)	15,641	14,918	10,674	20,588	(25,136)	(5,999)	15,342	1,646	29,942	25,017
Total additions to plan net assets	19,275	19,245	15,428	26,003	(17,749)	1,430	24,178	12,191	41,642	39,359
Deductions										
Benefit Payments	6,671	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525	16,093
Refunds	410	252	154	185	255	214	207	252	186	461
Administrative Expenses	139	175	155	159	155	166	188	238	218	241
Total Deductions from plan net assets	7,219	7,468	7,852	8,977	9,889	11,246	12,427	13,992	14,929	16,795
Change in net assets	$12,056	$11,778	$7,576	$17,026	$(27,638)	$(9,816)	$11,751	$(1,801)	$26,713	$22,564

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Type of Benefit										
Age and service benefits	$5,359	$5,602	$6,073	$6,954	$7,708	$8,896	$9,966	$11,403	$12,216	$13,572
Disability benefits	565	599	592	686	744	802	851	836	929	996
Beneficiaries	747	840	880	993	1,027	1,168	1,215	1,263	1,380	1,525
Total benefits	6,671	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525	16,093
Type of Refund										
Separation	410	252	154	185	255	214	207	252	186	461
Death										
Total Refunds	$410	$252	$154	$185	$255	$214	$207	$252	$186	$461

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

Retired Members by Type of Benefit
As of September 30, 2012

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement[1] 1	2	3	4	5	6	7	Option Selected[2] 1	2	3	4	5	6
Deferred	47													
$1 - $500	135	3	40	26	9	13	41	3	43	6	2	22	18	43
501 - 1,000	182	3	90	20	18	3	44	4	36	18	8	18	43	57
1,001 - 1,500	139	14	68	9	15	3	25	5	37	11	2	16	24	48
1,501 - 2,000	89	23	47	6	6	2	3	2	17	6	6	8	25	26
2,001 - 2,500	103	47	39	6	3	–	7	1	14	10	7	12	32	27
2,501 - 3,000	70	43	22	2	1	–	–	2	11	3	3	8	23	20
Over 3,000	88	64	12	4	6	–	–	2	11	4	5	9	30	27
Total	853	197	318	73	58	21	120	19	169	58	33	93	195	248

[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

Schedule of Average Benefit Payment Amounts
Last Ten Fiscal Years

	Years of Credited Service							
Retirement Effective Dates	**<5**	**5–10**	**10–15**	**15–20**	**20–25**	**25–30**	**30–35**	**35–40+**
2003 – 2004								
Average Monthly Benefit	$113	$444	$426	$806	$1,300	$1,411	$2,280	–
Average Final Average Salary	$26,099	$52,361	$31,665	$42,748	$38,943	$39,719	$54,461	–
Number of Active Retirants	6	2	2	4	4	8	3	–
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

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

VIA Metropolitan Transit

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