



San Antonio, Texas



# 2016 Comprehensive Annual Financial Report

Year Ended September 30, 2016



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# **2016 Comprehensive Annual Financial Report**

**Years Ended September 30, 2016 and 2015**

Prepared by the Fiscal Management Division

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San Antonio, Texas



**Highlight:** 2016 Youth Art Contest Best of Show winning poster by Thanh Nguyen, 10th grade, Roosevelt High School

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# Introductory

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April 17, 2017

Citizens of the 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, 2016. 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 2015 Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a listing of the Board of Trustees.
2. The **Financial Section** presents the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), and the basic financial statements with accompanying notes.
3. The **Statistical Section** provides unaudited financial, economic and other miscellaneous information that is useful for indicating trends for comparative fiscal periods.

VIA's independent auditor, Padgett, Stratemann & Co., LLP has rendered an unmodified opinion on VIA's financial statements for the year ended September 30, 2016. 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 Chair 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 1,213 square miles, almost all of which are in Bexar County. This represents 97% of Bexar County. VIA operates on a street network of approximately 1,107 miles and in FY16 carried an average of 133,206 passengers on weekdays. In FY16, VIA transported 39.6 million passengers and provided 2.4 million hours of service over 36.6 million miles (excluding vanpool and special event service).

Service is currently available seven days a week, from 4:00 a.m. until 1:00 a.m., with a fleet of 475 buses and 122 Paratransit vans (excluding contract service) maintained by an around-the-clock maintenance department.

## **Budget**

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

## **Economic Condition and Outlook**

### **Overview**

San Antonio's economy was still among the 25 top-performing U.S. cities in 2016, according to the Milken Institute. San Antonio ranks No. 24 on the institute's recently released Best-Performing Cities report for 2016 – twelve spots lower than the city ranked in 2015. The metro area has faced setbacks with the decline in oil prices, but with the Eagle Ford Shale deposit being one of the most cost-effective deposits in the nation, OPEC's recent decision to limit supply should help the metro area in the near future according to the Milken Institute.

The Milken report notes that the San Antonio-New Braunfels metro area has a mix of public and private economic drivers. Military and federal security agencies make up the public engine. The focus on cybersecurity from the National Security Agency (NSA) and Air Force will help anchor San Antonio-New Braunfels as consolidation takes place and U.S. foreign policy shifts. The financial industry also has a large presence, with financial institutions employing almost 67,500 people. The largest of these is the insurance firm USAA, which is closely linked to the military. The mix of financial services and manufacturing from Boeing, Toyota, and Caterpillar add to the diversity of the local economy.

San Antonio's economy is expected to strengthen in 2017, led by government and personal services, according to Moody's Analytics. Housing will also be a positive contributor. Longer term, the metro area's large military, above-average population gains, low costs of doing business, and relatively high housing affordability should contribute to above-average overall performance.

Moody's Analytics notes that the San Antonio urbanized area's (SAZ's) above-average concentration of military installations should pay dividends in 2017. Federal civilian employment, which increases along with military expansion, is up more than 4% year over year, paradoxically in part because of previous belt-tightening that consolidated activities formerly located in smaller locations into SAZ. Further growth in 2017 is projected for several reasons. First, President-elect Donald Trump has indicated that the armed forces need strengthening. Second, forces are being gradually realigned westward to address the emergence of Asian political powers. Third, the Air Force Cyber Command along with the National Security Agency has the largest federal cybersecurity presence outside of the nation's capital, a mission of increasing importance. Federal government employment will decrease in importance over time as other parts of the labor market increase more quickly.

Ranked the seventh-largest city in America, San Antonio continues to grow as young professionals and businesses are taking notice of the abundant opportunity in San Antonio. The San Antonio MSA has grown by 11.7% between 2010 and 2016 and is predicted to increase an additional 8.1% by 2021. San Antonio is also projected to welcome 1.1 million new residents by 2040 and demographically represents what the US will look like in the future. San Antonio thrives as one of the fastest growing cities in the U.S. As of December 2016, San Antonio's unemployment rate was 3.7%, according to the Bureau of Labor Statistics, well below the national average of 4.5%.

VIA benefits from the sound San Antonio economy, as sales tax collections account for approximately 75% of VIA's budgeted revenues. In 2016, VIA's sales taxes were up 1.8% from the prior year. VIA's budgeted sales taxes for 2017 reflect a 3.0% increase over actual 2016 sales taxes.

#### San Antonio's Economy

San Antonio's employers support a healthy and diverse economy – a blend of well-established financial services, rapidly growing biomedical and biotech sectors, a booming new energy sphere, a flourishing IT and cybersecurity field and a robust manufacturing sector that produces everything from aircrafts to Toyota trucks. The city's central location has made it the hub for economies in the South Central Texas region and Mexico. San Antonio's employment in November 2016 was 1,012,700 compared to 996,900 in November 2015.

Information on some of the key industry sectors favorably impacting the San Antonio MSA economy is provided below. This information was obtained primarily from the San Antonio Economic Development Foundation website, and other economic and local news sources.

The hospitality industry has been a long-standing driver of economic activity in San Antonio. Historically, San Antonio has benefitted from such attractions as the Alamo, Sea World, the River Walk, and Six Flags Fiesta Texas. A fairly recent study, conducted by Trinity professors Richard Butler and Mary Stefl, places the economic impact of San Antonio's hospitality industry at \$13.4 billion. That figure is based on 2013 numbers, and is a 66% increase over the 2003 economic impact. San Antonio's hospitality sector now employs more than 122,000 people and accounts for an annual payroll approaching \$2.5 billion. According to the San Antonio Convention and Visitors Bureau, the city is visited by approximately 31 million tourists per year.

The military has had a significant presence in San Antonio for many years. The first military flight, for instance, took place at Fort Sam Houston in 1910; 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, among many other major missions present in San Antonio. Joint Base San Antonio (JBSA) has a substantial impact on the local economy in San Antonio and in Texas. The Texas Comptroller of Public Accounts and JBSA registered an impact estimated at \$48.7 billion overall. In fact, JBSA contributes 65% of Texas' total military GDP and generates an annual disposable personal income of approximately \$17 billion. With one in eight people in Bexar County associated with JBSA, the Alamo Region's military employment accounts for 3.4% of the area's total employment and 64% of Texas' total military population.

San Antonio's biosciences and healthcare industry is a dominant force in the city's economy, with San Antonio's diverse mix of nationally-recognized healthcare systems, well-regarded research institutions, health profession education programs, cutting-edge biotech companies and successful national corporations. In 2015, according to a Greater San Antonio Chamber of Commerce study, the economic impact of the Bioscience and Healthcare industry was \$28.4 billion measured conservatively or \$37 billion by a more comprehensive estimate. The comprehensive estimate takes into account the full impact of academic and military medicine, which is an integral component of San Antonio's biomedical sector. The industry paid \$8.9 billion in wages and salaries to 172,094 employees in 2015. One of every six San Antonio employees works in the Bioscience and Healthcare industry.

San Antonio has a large and diverse manufacturing industry, with a representation of every major sector of U.S. manufacturing present in the community, including materials and electricity, equipment and metal, transportation, and diversified products. According to the 2014 Texas Manufacturers Register, San Antonio ranked the fourth-largest manufacturing market in Texas, with 57,055 jobs. A 2011 impact study conducted by Trinity University indicated that San Antonio's manufacturing industry had an economic impact of \$22.5 billion.

San Antonio's aerospace industry includes a range of businesses that manufacture aircraft equipment and parts, service and repair aircraft, produce and distribute transportation equipment and supplies, provide both scheduled and unscheduled air transportation, and operate flight schools. The local aerospace industry has grown by over 400% in the last 25 years. Over 13,000 San Antonio employees work in the combined aerospace-related maintenance, repair, and operations (MRO), manufacturing, military, and air transportation services industry.

The Information Technology (IT) industry plays a major role in San Antonio. In 2014, San Antonio's IT industry consisted of over 34,000 IT professionals and generated an economic impact of nearly \$10 billion. The industry itself is both large and diverse, with over 1,000 IT companies in and around San Antonio. There are three major subsectors to San Antonio's IT industry, including IT companies, both large, established firms and small, innovative startups producing IT products and services; IT workers at non-IT companies; and U.S. Federal Government departments and agencies. San Antonio has one of the largest concentrations, across multiple agencies, of IT, Information Assurance (IA) and cybersecurity professionals in the nation.

The financial services industry is one of San Antonio's 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 largest San Antonio area based banks include Frost Bank, Broadway Bank, Jefferson State Bank, Bank of San Antonio, and Lone Star Capital Bank. This sector employs more than 60,500 people.

Education is an important sector of the local economy, with San Antonio having nearly 160,000 students at 15 different colleges and universities within a 50 mile radius of the city. Since 2004, combined enrollment at these institutions has grown by over 50%. Through a community-wide initiative known as SA2020, San Antonio intends to enhance educational opportunities by providing the community with access to quality education and career opportunities.

San Antonio is home to CPS Energy, the largest municipally-owned, vertically integrated, gas and electric utility company within the United States. CPS Energy is a leader in innovation and a strategic partner to San Antonio's effort to foster the renewable energy sector. Through its New Energy Economy (NEE), which is a strategic approach to incorporate a low or non-carbon emitting energy source while leveraging economic development, CPS Energy has spurred the creation of a solar manufacturing and clean energy technology hub within San Antonio. As a result, the NEE has led to more than \$1.4 billion in annual economic impact, over 900 jobs, and over \$200 million in educational and capital investment.

San Antonio is also a national leader in green research technology and is home to long-established research entities, including the Texas Sustainable Energy Research Institute (TSERI) at the University of Texas at San Antonio and the Southwest Research Institute (SwRI). CPS Energy seed funded the Texas Sustainable Energy Research Institute with a \$50 million commitment, and through its New Energy Economy initiative is attracting energy-efficiency and alternative energy based companies to San Antonio. In addition, the City and Bexar County joined forces with each other – and with the state – to offer your business a variety of incentives.

The Eagle Ford Shale has led to new jobs in the energy sector and peripheral industries in the San Antonio area. The Eagle Ford Shale is the largest oil and gas development in the world based on capital investment, according to a Wood Mackenzie Report published in January, 2013. Although the boom that occurred in this area had positive impacts on San Antonio, they were not an integral reason for the growth of the metropolitan activity because the activity is south of the region. The recent drastic decline of oil prices has slowed energy exploration and production in the Eagle Ford Shale.

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

**COMPARATIVE EMPLOYMENT (% of Total Employment)**

Sector	San Antonio MSA	Texas	United States
Mining	0.8%	2.3%	0.5%
Construction	5.1%	5.8%	4.5%
Manufacturing	4.8%	7.4%	8.7%
Durable	65.7%	65.7%	63.0%
Nondurable	34.3%	34.3%	37.0%
Transportation/Utilities	2.6%	4.2%	3.8%
Wholesale Trade	3.6%	5.0%	4.1%
Retail Trade	11.2%	11.0%	11.0%
Information	2.2%	1.7%	1.9%
Financial Activities	8.5%	6.1%	5.7%
Prof. and Bus. Services	12.7%	13.5%	13.9%
Educ. and Health Services	15.3%	13.4%	15.5%
Leisure and Hosp. Services	12.6%	10.5%	10.7%
Other Service	3.7%	3.5%	4.0%
Government	16.9%	15.7%	15.5%

Source: Moody's Analytics, November 2016 (2015 information).

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 leisure/hospitality services and retail trade. The other largest industry employers include professional/business services, education/health services and government.

### *Summary*

San Antonio has a diverse economy that is relatively strong and is growing, with solid growth expected in the future. The growth in 2017 will be fueled by growth in government and personal services. In the longer term, San Antonio is expected to have above-average overall performance. San Antonio recently made the top 25 on Forbes' list of America's Fastest Growing Cities.

### **Long-Term Financial Planning**

VIA has a five-year financial and capital plan that is updated annually, as well as a VIA Vision 2040 Long-Range Plan that will be updated every five years. 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 five-year financial projections are developed by analyzing historical data, trends, planned service changes, known revenue and expense factors, and other pertinent information. Some of the key information developed includes five-year schedules of annual: 1) revenues and expenses, 2) cash requirements and cash and investment balances, 3) disposition/replacement of revenue vehicles, 4) proposed expenditures on capital facilities and equipment, 5) projected availability and use of federal transit grants, and 6) projected debt financing.

## **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 FY17 budget reflects a commitment to our riders, with a 1.5% increase in line service resulting in record-high service levels, and funding for a wide variety of significant strategic investments. Progress will be made on passenger facilities projects including the Brooks Transit Center, Robert Thompson Transit Center, and Stone Oak Park & Ride, along with planning efforts on new projects being accelerated from VIA’s Long Range Comprehensive Transportation Plan. VIA will continue focusing on adding a total of nearly 1,000 shelters throughout the service area, and on implementing many other strategic investments.

For the last few years, VIA has engaged the community in developing a plan to provide the San Antonio region into a truly multimodal transit system. VIA has asked for the public to imagine a different VIA, a VIA that offers a greater variety of transportation choices, a VIA that invests in technology and infrastructure to bring transit into the 21<sup>st</sup> century. VIA introduced Bus Rapid Transit (BRT) service on the Fredericksburg Road Corridor in FY13, and a Leon Valley extension of this service was added in FY14. New BRT Primo service is now being planned for Zarzamora and Military Drive. Centro Plaza became fully operational in FY16, and VIA has a very robust capital program that will serve to bring about many other significant transit infrastructure improvements.

## Progress on Key Projects Underway

- Brooks Transit Center – A new, signature transit center is being planned on Brooks City Base at the intersection of South New Braunfels Avenue and Sidney Brooks Road. VIA and the Brooks Development Authority have agreed to the land sale, and discussions regarding the amount of property available for joint development are ongoing. Eight routes are planned to converge at this hub on the southeast side, including a new Primo line. Finishing final design and will break ground in second quarter of FY17.
- Robert Thompson Transit Center – Modifications are being made to the existing facility in order to accommodate planned future daily passenger service, customer transfer activity and the planned increase in pedestrian traffic. Specific improvements include updates to the exhaust ventilation system, real-time bus arrival information, a new indoor air-conditioned waiting area, and landscaping and pedestrian amenity upgrades. Schedule for improvements will be coordinated with NCAA Men's Basketball Final Four to be held in April 2018. Finalizing negotiations and programming with design phase to begin in FY17.
- Stone Oak Park and Ride – This includes a four-level parking structure that will provide approximately 400 parking spaces on levels 2-4 and a full-service transit center on the ground level. The structure will also have a direct connector ramp to the HOV lanes that are included in TxDOT's U.S. 281 expansion project. Scheduled to break ground in the first quarter of FY17, and substantial completion is expected by July/August of 2017.
- Centro Plaza – This new transit center is located on the near westside and provides connectivity and transfer opportunities for VIA patrons. Seventeen routes converge at this hub, including VIA's Primo service. Renovation of the Historic Building that will be utilized as staff space including Transit Police and local law enforcement agencies is scheduled to be completed in the first quarter of FY17.
- Zarzamora Primo & Military Drive Primo (South/West Corridor BRT) – New BRT service and passenger amenity enhancements are being planned for two routes: along Zarzamora Street from the Madla Transit Center to Fredericksburg Road where it will link with the existing Primo service and continue to the South Texas Medical Center Transit Center; and, SW Military Drive from Brooks Transit Center to the Kel-Lac Transit Center. Passenger enhancements include forty-four Primo shelters and thirty-three new lighted Next Generation shelters. Finishing final design and beginning construction in the second quarter of FY17.
- Northeast Park & Ride – New Park & Ride facility near Rolling Oaks Mall to help mitigate congestion along the I-35 corridor. Will start design of the facility in the first quarter of FY17 and break ground in the fourth quarter of FY17.
- I10 Park & Ride – New Park & Ride facility to be located on the future campus of the Alamo Community Colleges District to help mitigate congestion along the I-10 corridor. Will start design of the facility in the first quarter of FY17 and break ground in fourth quarter of FY17.

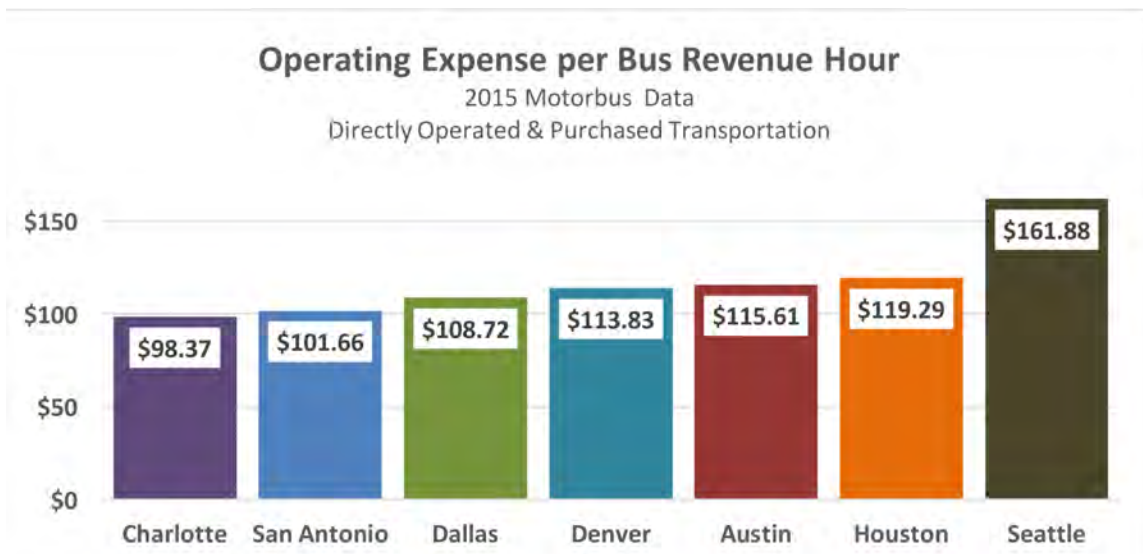
- SH-151 Park & Ride - Park & Ride facility near the Alamo Ranch area to provide service in this fast growing area including Northwest Vista College and help mitigate congestion. Will start design of the facility in the first quarter of FY17 and break ground in the fourth quarter of FY17.
- Five Points Transfer Area – Construction of new passenger amenities at the Five Points Transfer Area. Project will feature new shelters and shade structures, lighting, bike amenities, native trees and shrubbery and public art to improve customer experience at one of VIA's busiest transfer points. Construction scheduled to be complete in early first quarter FY17.
- Ingram Transit Center – Renovation of aging transit center building, reconfiguration of bus lane for better maneuverability, and the conversion of the former bus lane and parking area to park-like greenspace with playground and fitness equipment, native landscaping and public art. Construction is ongoing and scheduled to be complete in the third quarter of FY17.
- Randolph Park & Ride – Complete demolition and reconstruction of passenger facility, bus circulation drives, and customer parking lot. New facility will increase passenger waiting area as well as enhance safety and comfort. Project will feature new shelters and shade structures, lighting, bike amenities, native trees and shrubbery to improve the overall customer experience at one of VIA's oldest transit centers. Design is ongoing.
- Naco Pass – This project to provide enhanced passenger amenities at a permanent location. The current location serves approximately 1,400 daily passengers on six routes. New location to provide restroom facilities along with shelters and enhanced security features. Will start design of the facility in the first quarter of FY17 and break ground in the second quarter of FY17.

Updated Bus Stop Improvements and Passenger Amenities – New shelters will be installed and other stop improvements will be constructed at over 1,000 bus stops in the VIA system. This program kicked off in 2015 and to date (3/1/17) over 750 stops have been improved. Design, construction and survey work is ongoing at an additional 150 stops. Over 300 stops are included within future projects by agency partners (TxDOT, CoSA, and Bexar County) within 2017-2019.

State-of-the-Art Fare Collection System – VIA will be implementing smart cards and mobile ticketing in FY17. New technologies will provide more fare options, decrease boarding time, and give riders greater flexibility. New validating fareboxes and electronic fare media were implemented in FY14.

#### Doing More with Less: Sustainability

VIA is known for operating a cost-efficient transit system. The operating expense per vehicle revenue hour of combined directly operated and purchased transportation motorbus service is approximately 7-17 percent lower than peer agencies in Austin, Dallas and Houston (see chart 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. Houston, Dallas and Austin all have a full one-cent sales tax available to support operations, while VIA has 5/8ths of one cent. As VIA grows into a larger system of transit choices, the organization must seek out ways to do even more with less, enabling investment in new and enhanced services.

During FY17, VIA will continue to explore ways to improve financial sustainability. Key fiscal sustainability efforts for FY17 are as follows:

**Comprehensive Operational Analysis** – A major initiative currently underway is our Comprehensive Operational Analysis (COA), which will look at the best use of existing resources to increase the attractiveness of VIA services, as well as where to best prioritize future investments.

**Fixed Route Service Refinements** – VIA continues to evaluate opportunities for improvements in service efficiency and effectiveness. VIA evaluates its bus network by analyzing ridership and service levels to ensure it is providing service that meets productivity standards. VIA performs detailed service analysis, using its route performance index, to identify opportunities to match service levels with ridership.

**Revenue Fleet Vehicles** – In FY17, VIA will begin replacement of its revenue vehicle fleet replacing 270 buses (nearly 60% of the fleet) in just one year. The new buses will be powered by Compressed Natural Gas, replacing diesel-powered buses.

**Business Process Improvements** – VIA is currently procuring a new Enterprise Resource Planning (ERP) System. In developing the RFP, VIA utilized a consultant to perform detailed process reviews. The new ERP system is expected to result in significantly improved processes and automation.

Cost Reviews – VIA will continue to monitor key cost drivers and seek to take prudent measures to improve financial sustainability. Some of VIA's significant costs include wages, fuel, healthcare, and pension. VIA continues to make various efforts to control these costs. VIA's upcoming conversion to CNG vehicles should help control costs, due to the cost differential between CNG and ultra-low sulfur diesel (ULSD). To help reduce future healthcare costs, VIA recently made various plan design changes and shifted more costs to employees (employees now pay a higher share of premiums). Examples of plan design changes made include changes to copays, higher deductibles, more stringent out-of-network penalties, and adding a new plan. In the area of pension, to help control costs, VIA closed its defined benefit pension plan to any new employees hired after January 1, 2012. Those employees are instead eligible to participate in a defined contribution plan.

## Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VIA Metropolitan Transit Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended September 20, 2015. This was the twenty-sixth 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.

VIA's efforts have not gone unnoticed. Local, state, and international organizations have all recognized the dedication and commitment of VIA employees in recent years. Recognition includes:

Secretary Ray LaHood Award – WTS International (presented to President/CEO Jeffrey C. Arndt for contributions to the advancement of women and minorities in transportation)

Outstanding Metropolitan Transit System for 2016 – Texas Transit Association (for being the best transit system in Texas)

Air Quality Stewardship Award – Alamo Area Council of Governments (for Centro Plaza at VIA Villa)

Honor Award – Preservation Texas (for rehabilitation of the Ellis Alley enclave)

AdWheel Award, Special Event – American Public Transportation Association (for promotion of the 20th Youth Art Contest)

Top User of Propane Autogas – METRO Magazine and the Propane Education and Research Council (for use of propane in trolleys and vans)

Best of Greater Downtown – Centro San Antonio (for VIA Villa)

Hit the Spot Award, Electronic Media – South West Transit Association (for television commercial "Text the Safe Way ... Ride VIA")

Best of the Eastside Business Award, Best Transformation – San Antonio for Growth on the Eastside (for restoration of structures in the Ellis Alley enclave)

Air Quality Stewardship Award – Alamo Area Council of Governments (for working with the cities of New Braunfels, Schertz, Cibolo, Garden Ridge, and McQueeney to continue demand-response service in areas newly urbanized)

AdWheel Award, Electronic Media – American Public Transportation Association (for best video presentation for a system with over 20 million annual trips – “VIA Community Video”)

Hit the Spot Award, Electronic Media – South West Transit Association (for best promotional video – “VIA Semester Pass Video”)

Corporate Award – Texas Diversity Council (for VIA’s support of diversity and inclusion in the workplace and community)

Excellence through Diversity Award – Hispanic Contractors Association (for diversity measures during the construction of the South Texas Medical Center Transit Center)

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

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

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

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

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

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

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

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

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

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

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

## Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Fiscal Management division. We would also like to recognize the Administration and Marketing and Promotions 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,

A handwritten signature in black ink, appearing to read 'J. Arndt', with a long, sweeping horizontal line extending to the right.

Jeffrey C. Arndt  
President/CEO

A handwritten signature in black ink, appearing to read 'S. Lange', with a long, sweeping horizontal line extending to the right.

Steven J. Lange  
Vice President Fiscal Management/CFO

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Government Finance Officers Association

**Certificate of  
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Reporting**

Presented to

**VIA Metropolitan Transit  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

**VIA Metropolitan Transit  
Board of Trustees FY 2016**

**October 2015 – September 2016**

**Appointed by:**

Hope Andrade Chair (eff. 1/27/15) . . . . .	Elected by VIA Board of Trustees
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Katherine Thompson (appt’d 1/19/12 ) . . . . .	San Antonio City Council
Carl “Tex” Morgan (appt’d 9/18/14) . . . . .	San Antonio City Council
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Steven Hussain (appt’d 4/7/16). . . . .	San Antonio City Council
Robert “Bob” Comeaux (appt’d 4/7/16). . . . .	San Antonio City Council
Dr. Richard Gambitta (appt’d 12/20/11) . . . . .	Bexar County Commissioners Court
Rebecca Cedillo (appt’d 3/25/14) . . . . .	Bexar County Commissioners Court
Bobby Perez (appt’d 3/25/14) . . . . .	Bexar County Commissioners Court



Hope Andrade  
Chair



Steven P. Allison  
Vice Chair



Lester Bryant  
Secretary



Rebecca  
Cedillo



Robert "Bob"  
Comeaux



Dr. Richard  
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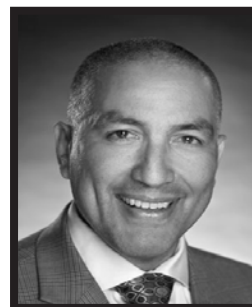
Steven Hussain



A. David Marne



Carl "Tex" Morgan



Bobby Perez



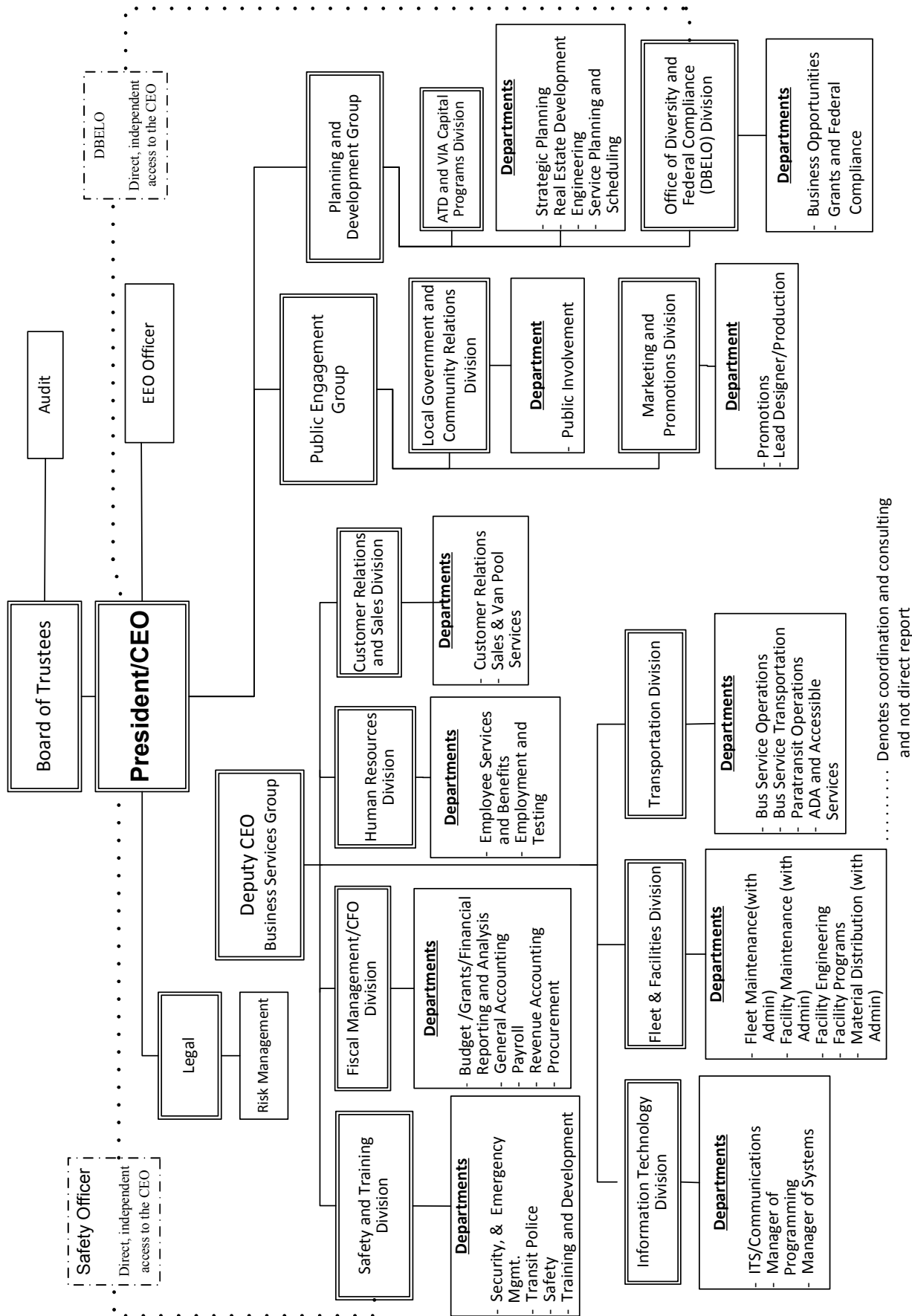
Patricia Y.  
Rodriguez



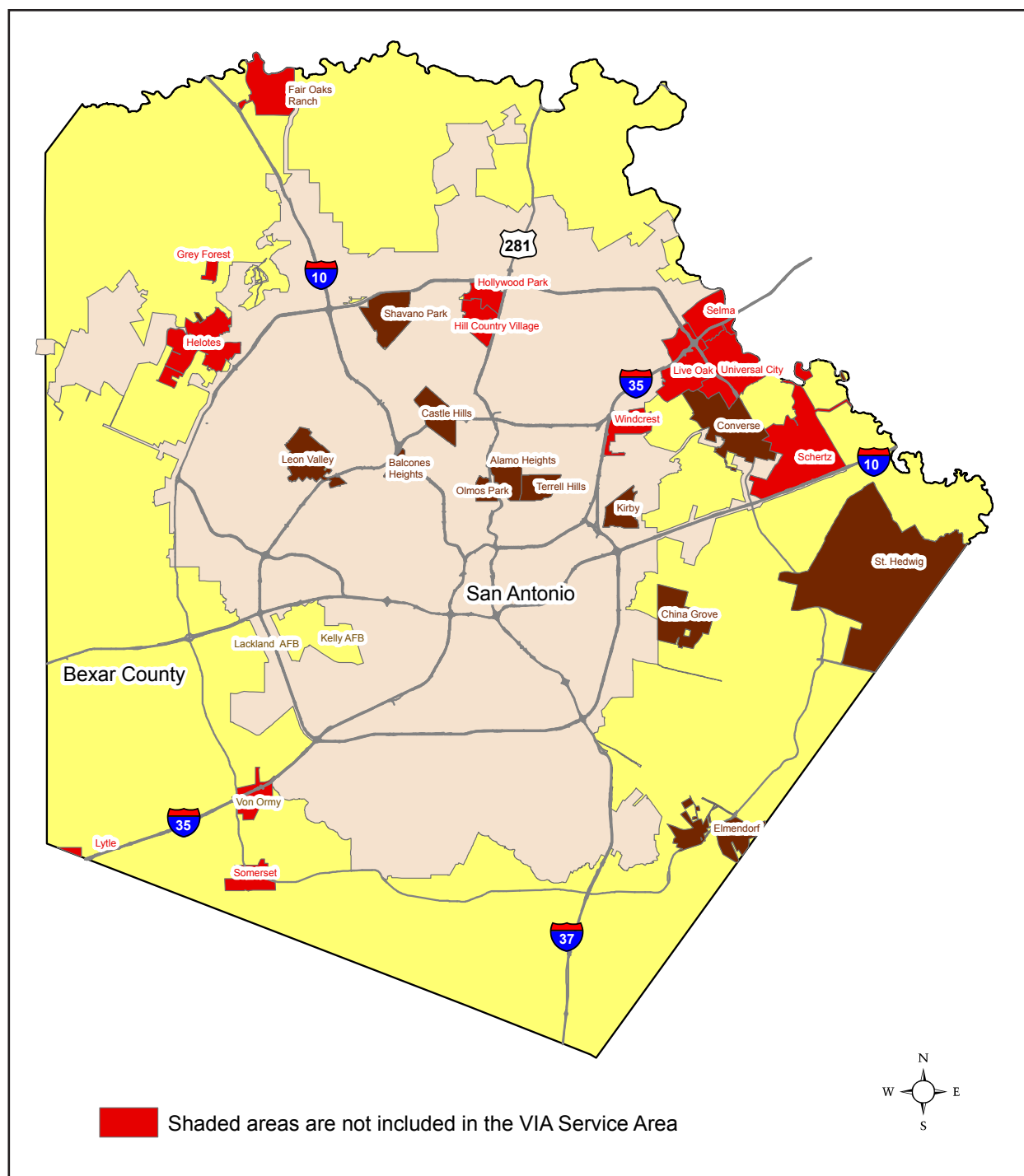
## Board of Trustees

# VIA METROPOLITAN TRANSIT ORGANIZATIONAL CHART

## October 1, 2016 – September 30, 2017



# VIA Service Area



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# Financial

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### 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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise VIA's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to VIA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VIA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of VIA as of September 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***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 Changes in Net Pension Liability – Unaudited, the Schedule of VIA's Pension Contributions – Unaudited, the Schedule of Funding Progress – Unaudited, and Notes to the Required Supplementary Information – Unaudited, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The accompanying Other Supplementary Information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017 on our consideration of VIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VIA's internal control over financial reporting and compliance.

*Padgett, Statemann + Co., L.L.P.*

San Antonio, Texas  
March 23, 2017

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## Management's Discussion and Analysis

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# VIA Metropolitan Transit

## San Antonio, Texas

### Management's Discussion and Analysis

September 30, 2016

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, 2016. 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 \$24.0M in 2016, down \$0.7M from the prior year. This result was primarily driven by lower bus line fare revenues resulting from lower ridership. Ridership was adversely impacted by a significant decrease in gas prices (down 20% on average).
- Net nonoperating revenues (expenses) are \$196.8M in 2016, up \$4.9M from the prior year. This result is primarily attributable to sales taxes, which were up \$3.0M (net after adjusting for amounts paid to the City of San Antonio and Bexar County) due to a stronger economy.
- VIA's sales tax revenue, which is the largest component of nonoperating revenue, came in at \$170.0M in 2016, up \$3.0M from the prior year (total sales taxes were \$201.4M in 2016, of which \$31.4M 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 2016, 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 \$248.1M in 2016, an increase of \$13.1M (5.6%) compared to the prior year. The increase is primarily attributable to wages, up \$5.2M, and pension expense, up \$5.8M. Annual wage increases accounted for approximately \$3.4M of the total increase in wages. The remainder of the increase in wages is mainly due to an increase in bus service hours. Pension expense was up mainly due to two factors that each accounted for a \$2.7M increase: the prorated impact of lower investment returns in FY15; and a biannual pension supplement for which, in accordance with GASB Statement No. 68, the present value of all future payments was booked in FY16.
- VIA wrote off streetcar costs of \$18,379,632 in FY16, of which an allowance of \$9,800,000 had already been booked in prior years. The net remaining expense impact in FY16 was \$8,579,632. There are no remaining streetcar costs on VIA's balance sheet (see Note 14 for additional details).

# VIA Metropolitan Transit

## San Antonio, Texas

### Management's Discussion and Analysis

September 30, 2016

- VIA's net position decreased by \$3.4M in FY16, ending the year at \$277.1M. The decrease is accounted for by the following net position components: net investment in capital assets, up \$4.1M; restricted, up 8.0M; and unrestricted, down \$15.5M. The amount restricted for capital assets is up due mainly to \$9.0M of funds that VIA received from TxDOT for various capital projects. Unrestricted funds are down due mainly to pension. There was a \$14.3M shortfall in FY15 investment returns relative to the actuarial assumption, and there was a benefit enhancement that had a \$2.7M impact (the present value of all future payments was booked in the year the enhancement was approved, as required by GASB Statement No. 67).
- Total capital/cash reserves and working capital (which equals cash, cash equivalents, and investments) decreased by \$6.1M in 2016, finishing FY16 with a balance of \$258.3M compared to \$264.4M at the end of the prior year. The decrease was driven by an \$11.6M decrease in VIA's capital reserve, as funds were used for capital projects against which those funds were programmed.
- As of the end of 2016, 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 \$36.6M at the end of FY16, each equal to 60 days of expenses.
- VIA spent \$33.5M on capital projects in FY16. VIA has a very robust capital program that is described later in this document (see section "Economic Factors and Outlook for Fiscal Year 2017").

## Overview of the Financial Statements

The financial statements consist of two parts: Management's Discussion and Analysis prepared by VIA, and the Financial Statements and the notes, which are 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 adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GAASB Statement No. 27*, effective October 1, 2014. As permitted by GASB Statement No. 68, the prior fiscal year was not restated. Therefore, the beginning net position balance for FY15 is \$118.7M lower than the ending net position balance for FY14. VIA has elected to use a measurement date for the pension liability that is based on the end of the previous year.

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Management's Discussion and Analysis**

September 30, 2016

The Statement of Net Position includes all of the assets and liabilities of VIA and the deferred inflows and outflows of resources. The residual measure is presented as net position. The Statement of Net Position provides information about the nature of the resources (assets), obligations to creditors (liabilities), and deferred outflows and inflows. The assets and liabilities are presented in a format that distinguishes between current and long-term categories. Over time, changes in net position may be a useful indicator of whether the financial position of VIA is improving or deteriorating.

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

The Statements of Cash Flows are the final required financial statements. These statements provide information on the cash receipts, cash payments, and net changes in cash resulting from operations and investment activities.

Notes to 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, liabilities and deferred outflows and inflows over time and are one way to measure the financial health of VIA. Other nonfinancial factors such as changes in economic conditions, population growth, regulations and new or revised government legislation must also be taken into consideration when attempting to assess the financial condition of VIA.

**VIA Metropolitan Transit**  
**San Antonio, Texas**  
**Management's Discussion and Analysis**  
September 30, 2016

**Net Position**

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 274.5	\$ 284.8	\$ 257.0
Capital assets	203.8	201.1	196.1
Other noncurrent assets	<u>38.4</u>	<u>32.2</u>	<u>59.4</u>
<b>Total assets</b>	<b>\$ <u>516.7</u></b>	<b>\$ <u>518.1</u></b>	<b>\$ <u>512.5</u></b>
<b>Deferred outflows of resources</b>	<u>26.2</u>	<u>18.6</u>	<u>1.4</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ <u>542.9</u></b>	<b>\$ <u>536.7</u></b>	<b>\$ <u>513.9</u></b>
Current liabilities	\$ 37.8	\$ 44.0	\$ 36.5
Long-term liabilities	<u>223.6</u>	<u>206.4</u>	<u>81.8</u>
<b>Total liabilities</b>	261.4	250.4	118.3
<b>Deferred inflows of resources</b>	<u>4.4</u>	<u>5.8</u>	<u>-</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ <u>265.8</u></b>	<b>\$ <u>256.2</u></b>	<b>\$ <u>118.3</u></b>
Net position:			
Net investment in capital assets	\$ 181.4	\$ 177.3	\$ 171.2
Restricted	102.2	94.2	101.2
Unrestricted	<u>(6.5)</u>	<u>9.0</u>	<u>123.2</u>
<b>Total net position</b>	<b>\$ <u>277.1</u></b>	<b>\$ <u>280.5</u></b>	<b>\$ <u>395.6</u></b>

Note: Due to VIA's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015, the beginning net position balance for FY15 is \$118.7M lower than the ending net position balance in FY14. As permitted by GASB Statement No. 68, the prior fiscal years were not restated.

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Management's Discussion and Analysis**

September 30, 2016

Total net position may serve, over time, as a useful indicator of an entity's financial position. At the close of FY16, VIA's net position is \$277.1M. A significant portion of VIA's net assets in all years reported is represented by capital assets (revenue vehicles, passenger stations and shelters, service vehicles, land and equipment). These capital assets are used by VIA to provide public transportation services.

Net position decreased by \$3.4M in FY16, going from \$280.5M to \$277.1M. Net investment in capital assets is up \$4.1M, restricted is up \$8.0M, and unrestricted is down \$15.5M. The increase in the restricted category is mainly due to \$9M of state grant funds received from TxDOT for various capital projects. The decrease in the unrestricted category is mainly attributable to pension and to operating expense growth outpacing revenue growth.

The \$2.7M increase in net capital assets results from asset acquisitions of \$33.5M (including work-in-progress), and depreciation of \$30.8M (including \$8.6M streetcar impact). There were no net deletions. The \$33.5M in asset acquisitions is comprised of: buildings and shelters, \$18.7M; equipment, \$3.8M; revenue and service vehicles, \$10.0M; and land, \$1.0M.

### **Revenues, Expenses, and Changes in Net Position Information**

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

**VIA Metropolitan Transit**  
**San Antonio, Texas**  
**Management's Discussion and Analysis**  
September 30, 2016

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues:			
Passenger revenues	\$ 22.3	\$ 23.1	\$ 24.5
Advertising, real estate development, and other	<u>1.7</u>	<u>1.6</u>	<u>1.8</u>
Total operating revenues	<u>24.0</u>	<u>24.7</u>	<u>26.3</u>
Operating expenses:			
Line service	167.4	161.2	147.5
Robert Thompson Terminal	0.6	0.6	0.7
Other special events	0.6	0.6	0.6
VIAtrans	40.9	37.4	34.3
Vanpool	0.6	0.5	0.5
Charter	-	0.1	0.1
Promotional service	0.1	0.1	0.1
Business development and planning	6.5	6.6	5.9
Transit technology	0.6	0.7	0.7
Depreciation and loss on asset impairment	<u>30.8</u>	<u>27.2</u>	<u>27.7</u>
Total operating expenses	<u>248.1</u>	<u>235.0</u>	<u>218.1</u>
Operating loss	<u>(224.1)</u>	<u>(210.3)</u>	<u>(191.8)</u>
Nonoperating revenues (expenses):			
Sales taxes	201.4	197.6	190.0
Grants revenue – VIA	28.8	27.0	26.0
Grants revenue – pass-through	1.4	1.3	0.2
Investment income	1.8	0.9	0.6
Bond interest and issuance costs	(3.2)	(3.0)	(3.5)
Gain on sale of assets	(0.1)	-	-
Less amounts remitted to CoSA and Bexar County	(31.4)	(30.6)	(29.5)
Less pass-through funds remitted to sub-recipients	(1.4)	(1.3)	(0.2)
Less local assistance program	<u>(0.5)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses) – net	<u>196.8</u>	<u>191.9</u>	<u>183.6</u>
Loss before capital contributions	(27.3)	(18.4)	(8.2)
Capital contributions	<u>23.9</u>	<u>22.0</u>	<u>14.0</u>
Change in net position	(3.4)	3.6	5.8
Net position at beginning of year – restated	<u>280.5</u>	<u>276.9</u>	<u>389.8</u>
Net position at end of year	<u>\$ 277.1</u>	<u>\$ 280.5</u>	<u>\$ 395.6</u>

Note: Due to VIA's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015, the beginning net position balance for FY15 is \$118.7M lower than the ending net position balance in FY14. As permitted by GASB Statement No. 68, the prior fiscal years were not restated.

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Management's Discussion and Analysis**

September 30, 2016

As shown on the Statement of Revenues, Expenses, and Changes in net position, VIA's net position decreased by \$3.4M. Capital contributions were \$23.9M. These capital contributions include grant funds received from the Federal Transit Administration that VIA used for capital projects, as well as funds received from TxDOT. The \$118.7M difference between the FY15 beginning net position and the FY14 ending net position reflects the impact of adopting GASB Statement No. 68 for pension accounting.

### **Operating Revenues**

In FY16, operating revenues were \$24.0M, down \$0.7M (2.8%) from the prior year. This result is due to lower line revenue, down \$0.8M (3.9%) due to lower ridership. Ridership was adversely impacted by lower gas prices in FY16, down 20% on average compared to the prior year. In FY16, VIA began offering a new weekly pass and restructured fares with the base fare going up and the day pass going down in price.

In FY15, operating revenues were \$24.7M, down \$1.6M (6.1%) from the prior year. The result reflects lower line ridership, which was negatively impacted by significantly lower gas prices.

### **Net Nonoperating Revenues (Expenses)**

In FY16, VIA's net nonoperating revenues (expenses) increased by \$4.9M (2.6%). Sales taxes are up \$3.0M (1.8%), as the San Antonio economy decelerated, with the growth down from the prior year (this \$3.0M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). VIA's grant revenue is up \$1.8M, as VIA used more Federal Transit Administration (FTA) funds for operating expenses rather than capital.

In FY15, VIA's net nonoperating revenues (expenses) increased by \$8.3M (4.5%). Sales taxes were up \$6.6M (4.1%), due to a strong economy (this \$6.6M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). VIA's grant revenue was up \$1.0M, due to VIA using more FTA funds for operating expenses rather than capital.

# VIA Metropolitan Transit

## San Antonio, Texas

### Management's Discussion and Analysis

September 30, 2016

#### 2016 Total Revenues by Major Category

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 16,607,482	\$ 3,444,140	\$ 20,051,622
Robert Thompson Terminal	94,787	-	94,787
Other special events	144,402	-	144,402
VIAtrans	1,996,240	-	1,996,240
Real estate development	330,799	-	330,799
Ellis Alley Park and Ride	12,582	-	12,582
Bus advertising	894,530	-	894,530
Miscellaneous	441,677	-	441,677
Total operating revenues	20,522,499	3,444,140	23,966,639
Nonoperating revenues(expenses):			
Sales taxes	138,552,066	62,855,132	201,407,198
Grants revenue – VIA	28,773,370	-	28,773,370
Grants revenue – pass-through	1,463,234	-	1,463,234
Investment income	1,673,865	165,751	1,839,616
Loss on sale of assets	(117,056)	-	(117,056)
Less amounts remitted to CoSA and Bexar County	-	(31,427,566)	(31,427,566)
Less pass-through funds remitted to subrecipients	(1,400,626)	-	(1,400,626)
Less local assistance program	(461,513)	-	(461,513)
Total nonoperating revenues (expenses)	168,483,340	31,593,317	200,076,657
Total revenues	\$ 189,005,839	\$ 35,037,457	\$ 224,043,296

#### Expenses

In FY16, operating expenses are \$248.1M, an increase of \$13.1M (5.6%). The increase is mainly attributable to wages and pension expense, up \$5.2M and \$5.8M, respectively. The increase in wages was driven mainly by a wage increase and a bus service hours increase. Wages are the most significant cost of providing service. A 3.5% wage increase was implemented on August 1, 2015 for hourly employees and on October 1, 2015 for salaried employees, and a 3.0% increase was implemented on August 1, 2016 for hourly workers. Pension expense was up due to the prorated impact of lower investment returns in FY15 and a biannual pension supplement for which the present value of all future payments was booked in FY16 in accordance with GASB Statement No. 68.

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Management's Discussion and Analysis**

September 30, 2016

In FY15, operating expenses were \$235.0M, an increase of \$16.9M (7.7%). The increase was mainly attributable to wages and VIAcare expense, up \$7.9M and \$6.4M, respectively. The increase in wages was driven mainly by a wage increase, a bus service hours increase, and a shift in labor mix towards more full-time operators relative to part-time operators. A 3.5% wage increase was implemented on August 1, 2014 for hourly employees and on October 1, 2014 for salaried employees, and a 3.5% increase was implemented on August 1, 2015 for hourly employees and on October 1, 2015 (the first day of FY 2016) for salaried employees. VIAcare was up due to a spike in claims early in the fiscal year around the date that a new contract was to become effective.

### **Long-Term Debt**

In FY16, VIA did not issue any new debt. VIA has three bond issues outstanding as of fiscal year-end 2016; these bonds were all issued between FY12 and FY14.

In FY15, VIA did not issue any new debt. VIA had three bond issues outstanding as of fiscal year-end 2015.

### **Capital Assets**

At the end of FY16, VIA had \$203.8M in capital assets net of accumulated depreciation, an increase of \$2.7M over the prior fiscal year-end balance. The increase is due to gross additions of: building and shelters, \$17.9M; revenue and service vehicles, \$10.6M; equipment, \$3.9M; and land, \$1.1M. Depreciation of \$30.8M partially offset these increases.

Components of the \$2.7M net change can also be viewed as follows: capital assets before depreciation, construction in progress ("CIP"), and allowance for capital projects increased by \$6.0M (to a balance of \$462.2M); construction in progress increased by \$8.2M (to a balance of \$67.0M); accumulated depreciation increased by \$21.3M (to a balance of \$325.4M); and the streetcar allowance account decreased by \$9.8M (to a balance of zero). 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.

The \$6.0M increase in capital assets value before depreciation, construction in progress and the allowance account reflects the net of \$5.4M in asset additions, \$1.0M in asset disposals, and \$1.6M in transfers from CIP. The asset category accounting for the largest balance change is buildings and shelters, up \$2.4M due mainly to spending on new passenger stations. Revenue and service vehicles account for \$1.7M of the change, land accounts for \$1.1M, and equipment accounts for \$0.8M.

# VIA Metropolitan Transit

## San Antonio, Texas

### Management's Discussion and Analysis

September 30, 2016

CIP increased by \$8.2M, which is the net of \$28.2M in CIP additions, \$18.4M in deletions (streetcar) and \$1.6M in transfers out. CIP additions were: revenue and service vehicles, \$9.0M; buildings and shelters, \$16.3M; and equipment, \$2.9M. VIA purchased fifteen forty-foot CNG buses in FY16. The largest expenditures in the buildings and shelters category were for bus stop improvements and Centro Plaza.

At the end of FY15, VIA had \$201.1M in capital assets net of accumulated depreciation, an increase of \$5.0M over the prior fiscal year-end balance. The increase is due to gross additions of: building and shelters, \$25.9M; equipment, \$3.5M; revenue and service vehicles, \$1.8M; and land, \$1.0M. Depreciation of \$27.2M partially offset these increases.

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 6 gives details of the components of capital asset categories.

### Capital Assets (In Millions of Dollars)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 33.9	\$ 32.8	\$ 31.8
Buildings and shelters	190.0	187.7	174.8
Revenue vehicles	177.8	176.2	174.2
Service vehicles	4.8	4.7	4.1
Equipment	<u>55.7</u>	<u>54.9</u>	<u>45.1</u>
	462.2	456.3	430.0
Less accumulated depreciation and allowance for capital projects	<u>325.4</u>	<u>314.0</u>	<u>288.7</u>
Net capital assets before construction in progress	<u>136.8</u>	<u>142.3</u>	<u>141.3</u>
Construction in progress:			
Buildings and improvements	53.2	55.9	42.2
Revenue vehicles	9.0	0.2	2.9
Equipment	<u>4.8</u>	<u>2.7</u>	<u>9.7</u>
Total construction-in-progress	<u>67.0</u>	<u>58.8</u>	<u>54.8</u>
Net capital assets	<u>\$ 203.8</u>	<u>\$ 201.1</u>	<u>\$ 196.1</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Management's Discussion and Analysis

September 30, 2016

## Economic Factors and Outlook for Fiscal Year 2017

Economic factors and the outlook for FY17 are favorable. Sales tax receipts are expected to be solid, and VIA expects to make significant progress on implementing multimodal choice for San Antonio, as discussed below.

### Economic Factors

VIA's financial results are significantly impacted by sales taxes, since these account for approximately 75% of VIA's revenues. VIA's budgeted FY17 sales tax revenue reflects a 3.0% increase over the forecasted FY16 total and a 2.9% increase over actual FY16 sales taxes. Actual results for FY2016 came in just slightly higher than forecast. Actual sales tax receipts for FY2016 were up 1.8% from FY2015, reflecting modest growth.

San Antonio's economy is expected to strengthen in FY2017, led by government and personal service, according to Moody's Analytics. Housing will also be a positive contributor. Longer term, the metro area's large military, above-average population gains, low costs of doing business, and relatively high housing affordability should contribute to above-average overall performance.

### FY17 Initiatives

VIA's FY17 budget reflects a commitment to our riders, with a 1.5% increase in line service resulting in record-high service levels, and funding for a wide variety of significant strategic investments. VIA has a robust slate of projects that includes the purchase of 448 buses, many passenger facility projects, a new paratransit facility, a new compressed natural gas ("CNG") facility, a new Enterprise Resource Planning system, and many other projects.

In FY17, VIA will begin purchasing a total of 448 CNG buses over the next five years. These vehicles will replace the diesel-powered buses of the current fleet approaching the end of their useful life, provide for fleet expansion to address planned service increases, reduce operating costs, and enhance the safety and comfort of passengers and operators.

Progress will be made on passenger facilities projects including the Brooks Transit Center, Robert Thompson Transit Center, and Stone Oak Park & Ride, along with planning efforts on new projects being accelerated from VIA's Long Range Comprehensive Transportation Plan. VIA will continue focusing on adding a total of nearly 1,000 shelters throughout the service area and on implementing many other strategic investments.

VIA is also in the process of implementing a state-of-the-art fare collection system. In FY17, VIA will be implementing smartcard technology and mobile ticketing. New technologies will provide more fare options, decrease boarding time, and give riders greater flexibility.

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Management's Discussion and Analysis**

September 30, 2016

FY17 will be a year of significant progress for VIA, as the vision of a multimodal transit system for the San Antonio region continues to develop, and investments are made in transit system assets and improvements throughout the region. VIA is in sound financial position as of the end of FY17, with Stabilization Fund ("Rainy Day" Fund) and working capital balances at Board policy levels (60 days each).

### **Requests for Information**

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



## Basic Financial Statements

# VIA Metropolitan Transit

## San Antonio, Texas

### Statements of Net Position

September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 40,897,351	\$ 22,432,008
Investments	65,660,500	97,506,406
Accounts receivable:		
Federal government	5,834,345	10,001,156
State of Texas – sales taxes	29,916,152	27,521,414
Interest	453,123	212,464
Other	3,119,736	1,538,884
Inventory	3,948,520	3,491,746
Prepaid expenses and other current assets	904,642	464,765
Restricted assets:		
Cash and cash equivalents	22,032,953	18,641,869
Investments	96,275,230	97,997,190
State of Texas receivable – sales taxes	<u>5,486,842</u>	<u>5,021,589</u>
Total current assets	<u>274,529,394</u>	<u>284,829,491</u>
Noncurrent assets:		
Restricted cash and cash equivalents	3,830,305	3,811,003
Restricted investments	29,609,188	24,040,841
Capital assets:		
Land	33,891,182	32,841,276
Buildings and shelters	190,045,598	187,656,130
Revenue vehicles	177,771,070	176,182,078
Service vehicles	4,838,011	4,712,186
Equipment	<u>55,702,672</u>	<u>54,858,544</u>
Total capital assets	<u>462,248,533</u>	<u>456,250,214</u>
Less accumulated depreciation	325,436,398	304,146,833
Less allowance for capital projects	-	9,800,000
Construction in progress	<u>66,956,482</u>	<u>58,820,976</u>
Net capital assets	<u>203,768,617</u>	<u>201,124,357</u>
Other assets:		
Net other postemployment benefits (“OPEB”) asset	<u>4,925,202</u>	<u>4,302,687</u>
Total other assets	<u>4,925,202</u>	<u>4,302,687</u>
Total noncurrent assets	<u>242,133,312</u>	<u>233,278,888</u>
Total assets	<u>516,662,706</u>	<u>518,108,379</u>
<b>Deferred Outflows of Resources</b>		
Pension	25,551,613	12,143,694
Fuel hedging	<u>647,807</u>	<u>6,462,825</u>
Total deferred outflows of resources	<u>26,199,420</u>	<u>18,606,519</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 542,862,126</u>	<u>\$ 536,714,898</u>

*The accompanying notes are an integral part of these statements.*

	<u>2016</u>	<u>2015</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 14,484,453	\$ 15,125,040
Fuel hedging liability	647,807	6,462,825
Retainage payable	515,468	1,592,742
Accrued liabilities	4,785,701	5,595,483
Unearned revenue	1,412,416	1,039,728
Claims payable	<u>7,611,973</u>	<u>6,442,148</u>
Subtotal	29,457,818	36,257,966
Current liabilities – payable from restricted assets:		
Payable to CoSA and Bexar County	5,482,328	5,019,258
Interest payable	566,732	580,698
Bonds payable	<u>2,285,000</u>	<u>2,205,000</u>
Total current liabilities	<u>37,791,878</u>	<u>44,062,922</u>
Noncurrent liabilities:		
Net pension liability	145,888,111	126,503,078
Long-term liabilities	<u>77,714,291</u>	<u>79,875,092</u>
Total noncurrent liabilities	<u>223,602,402</u>	<u>206,378,170</u>
<b>Total liabilities</b>	<u>261,394,280</u>	<u>250,441,092</u>
<b>Deferred Inflows of Resources</b>		
Pension	<u>4,349,303</u>	<u>5,799,071</u>
Total deferred inflows of resources	<u>4,349,303</u>	<u>5,799,071</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>\$ 265,743,583</u>	<u>\$ 256,240,163</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 181,356,296	\$ 177,325,265
Restricted	102,233,683	94,200,006
Unrestricted	<u>(6,471,436)</u>	<u>8,949,464</u>
<b>Total net position</b>	<u>\$ 277,118,543</u>	<u>\$ 280,474,735</u>

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# VIA Metropolitan Transit

## San Antonio, Texas

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

Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Line service	\$ 20,051,622	\$ 20,880,726
Robert Thompson Terminal	94,787	145,337
Other special events	144,402	169,079
VIATrans	1,996,240	1,899,614
Charter	-	86,526
Real estate development	330,799	281,072
Ellis Alley Park and Ride	12,582	23,918
Bus advertising	894,530	814,530
Miscellaneous	441,677	436,382
Total operating revenues	<u>23,966,639</u>	<u>24,737,184</u>
Operating expenses:		
Line service	167,351,942	161,181,992
Robert Thompson Terminal	630,944	657,286
Other special events	552,244	618,448
VIATrans	40,922,470	37,375,783
Vanpool	608,055	558,689
Charter	-	80,818
Promotional service	99,753	94,791
Real estate development	1,678	613
Business development and planning	6,453,239	6,588,687
Transit technology	637,751	685,274
Total operating expenses before depreciation	217,258,076	207,842,381
Depreciation on capital assets:		
Acquired with VIA equity	6,651,905	5,556,639
Acquired with grants	15,548,773	16,718,729
Loss on asset impairment	8,579,632	4,918,000
Total operating expenses after depreciation and loss on asset impairment	<u>248,038,386</u>	<u>235,035,749</u>
Operating loss	<u>(224,071,747)</u>	<u>(210,298,565)</u>
Nonoperating revenues (expenses):		
Sales taxes	201,407,198	197,645,249
Grants revenue – VIA	28,773,370	27,047,155
Grants revenue – pass-through	1,463,234	1,327,755
Investment income	1,839,616	853,433
Bond interest and issuance costs	(3,237,107)	(3,000,034)
Loss on sale of assets	(117,056)	(1,252)
Less pass-through funds remitted to sub-recipients	(1,400,626)	(1,327,755)
Less local assistance program	(461,513)	-
Less amounts remitted to CoSA and Bexar County	(31,427,566)	(30,637,238)
Total nonoperating revenues (expenses) – net	<u>196,839,550</u>	<u>191,907,313</u>
Loss before capital contributions	(27,232,197)	(18,391,252)
Capital contributions	<u>23,876,005</u>	<u>21,974,093</u>
Change in net position	(3,356,192)	3,582,841
Net position at beginning of year	<u>280,474,735</u>	<u>276,891,894</u>
Net position at end of year	<u>\$ 277,118,543</u>	<u>\$ 280,474,735</u>

*The accompanying notes are an integral part of these statements.*

# VIA Metropolitan Transit San Antonio, Texas

## Statements of Cash Flows

Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 24,880,247	\$ 25,002,383
Cash payments to vendors for goods and services	(63,108,139)	(74,929,271)
Cash payments for employee services, including salaried fringe benefits	<u>(149,363,435)</u>	<u>(133,914,114)</u>
Net cash used in operating activities	<u>(187,591,327)</u>	<u>(183,841,002)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Sales taxes	198,563,237	197,492,647
Grants revenue received	32,448,605	22,376,436
Payments to CoSA, TxDOT, and Bexar County	<u>(30,964,494)</u>	<u>(30,620,350)</u>
Net cash provided by noncapital financing activities	<u>200,047,348</u>	<u>189,248,733</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from capital grants	24,292,882	19,201,475
Debt service	(6,631,673)	(5,611,677)
Proceeds from sale of assets	11,960	16,046
Purchase of capital assets	<u>(37,851,935)</u>	<u>(26,704,705)</u>
Net cash used in capital and related financing activities	<u>(20,178,766)</u>	<u>(13,098,861)</u>
<b>Cash Flows From Investing Activities</b>		
Sale of investment securities	212,500,390	213,456,469
Purchase of investment securities	(184,167,895)	(228,196,939)
Interest earnings	<u>1,265,979</u>	<u>781,844</u>
Net cash provided by (used in) investing activities	<u>29,598,474</u>	<u>(13,958,626)</u>
Net increase (decrease) in cash and cash equivalents	21,875,729	(21,649,756)
Cash and cash equivalents at beginning of year	<u>44,884,880</u>	<u>66,534,636</u>
Cash and cash equivalents at end of year	<u>\$ 66,760,609</u>	<u>\$ 44,884,880</u>

*The accompanying notes are an integral part of these statements.*

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (224,071,747)	\$ (210,298,565)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	6,651,905	5,556,639
Acquired with grants	15,548,773	16,718,729
Loss on asset impairment	8,579,632	4,918,000
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	2,719,969	(202,566)
(Increase) decrease in inventory	(456,774)	126,951
(Decrease) increase in prepaid expenses and other current assets	(6,254,896)	5,067,388
Increase in prepaid pension	(14,030,434)	(12,143,694)
(Decrease) increase in interfund receivable	(452,020)	386,423
Increase (decrease) in accounts payable	3,159,834	(1,599,652)
Increase in accrued liabilities	<u>21,014,431</u>	<u>7,629,345</u>
Net cash used in operating activities	<u>\$ (187,591,327)</u>	<u>\$ (183,841,002)</u>
<b>Reconciliation of Cash and Cash Equivalents Per Statements of Cash Flows to the Statements of Net Position</b>		
Cash and cash equivalents at end of year:		
Unrestricted	\$ 40,897,351	\$ 22,432,008
Restricted – mandated purpose	<u>25,863,258</u>	<u>22,452,872</u>
Total cash and cash equivalents	<u>\$ 66,760,609</u>	<u>\$ 44,884,880</u>
<b>Noncash Investing and Financing Activities</b>		
Changes in fair value of investments reported as cash equivalents	<u>\$ 276,847</u>	<u>\$ 14,567</u>

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# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### Note 1 – Summary of Significant Accounting Policies

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

##### **A. Reporting Entity**

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

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

##### **Advanced Transportation District (“ATD”) Operations**

ATD was approved by voters in November 2004 and began collecting sales taxes in April 2005. ATD’s enabling legislation is Texas Transportation Code, Section 451, Subchapter O. CoSA voters also authorized ATD’s imposition and collection of a sales and use tax in the amount of 1/4 of 1% within CoSA (the “ATD Tax”), to be used for “Advanced Transportation” and “Mobility Enhancement” (as defined in Subchapter O) within its boundaries. One-half of the proceeds (1/8 of 1%) go to VIA (the “ATD Share”), one-fourth of the proceeds (1/16 of 1%) go to CoSA, and one-fourth of the proceeds (1/16 of 1%) go to “the Texas Department of Transportation (“TxDOT”), a county or municipality in which ATD is located, or a local government corporation created under Chapter 431 as the local share of a state or federal grant;” this third share has gone to TxDOT and Bexar County.

In accordance with Subchapter O, the ATD share must be for “Advanced Transportation,” defined as follows:

“Advanced transportation” means light rail, commuter rail, fixed guideways, traffic management systems, bus ways, bus lanes, technologically advanced bus transit vehicles and systems, bus rapid transit vehicles and systems, passenger amenities, transit centers, stations, electronic transit-related information, fare and operating systems, high occupancy vehicle lanes, traffic signal prioritization and coordination systems, monitoring systems, and other advanced transportation facilities, equipment, operations, systems,

# **VIA Metropolitan Transit**

## **San Antonio, Texas**

### **Notes to the Financial Statements**

September 30, 2016

and services, including planning, feasibility studies, operations, and professional and other services in connection with such facilities, equipment, operations, systems, and services.

ATD is a financing vehicle, designed and existing to support and enhance the operations of and services provided by VIA. In accordance with Subchapter O, ATD does not have any employees, nor does it own or operate any property or assets. Section 451.707 states that “The business of the district is conducted through its governing body and by the employees of the authority acting under the control and direction of the general manager of the authority.” Section 451.708 states that “An asset of the district shall be held in the name of the authority.”

ATD makes payments for VIA employee services rendered, but has no employees. ATD bus routes are designated as those which are either limited stop or express routes. Bus operator time for limited stop and express bus routes is charged to ATD cost centers (ATD Line Service or Bus Rapid Transit Service). Additionally, related bus service costs such as fuel, bus parts, and materials and supplies are charged to ATD using bus service miles, along with various indirect costs allocated based on labor and fringes. ATD then reimburses MTA each month for these ATD expenses. Other ATD cost centers include Vanpool, ATD Business Planning & Development, and Transit Technology.

ATD has debt, but no assets. When MTA acquires assets funded with ATD debt, the asset is recorded on MTA’s books, but the cash payment comes from ATD; the offset for each entity is an equity transfer account.

ATD has transfers to MTA for depreciation expense reflected on the Statements of Cash Flows, although depreciation is technically a noncash item (it simply reflects the spreading of the cost of an asset over its useful life). However, since ATD reimburses MTA for a share of agency depreciation with cash each month, this transfer becomes a cash flow item for ATD. In FY15, ATD reimbursed MTA for 13.2% of VIA’s depreciation expense (excluding the allowance for capital projects). This ATD depreciation cost allocation is based on bus service miles and labor costs, used to allocate direct depreciation (on buses and transit center facilities, for instance) and indirect depreciation (on administrative facilities and equipment, for instance), respectively.

In FY15, ATD reimbursed MTA for a percentage of MTA’s depreciation expense. Effective FY16, ATD is no longer reimbursing MTA for depreciation expense. Therefore, there will be no cash flow item for ATD in FY16 related to this.

The operations of ATD are not proprietary functions for any purpose, including the application of Chapter 101 of the Civil Practice and Remedies Code. 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 MTA acting under the control and direction of the President/Chief Executive Officer of MTA. Accordingly, the ATD is reported as a blended component unit of MTA.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

The following are condensed financial statements for ATD:

#### Condensed Statements of Net Position

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Total assets – current	\$ 56,460,449	\$ 57,388,379
Total assets – noncurrent	<u>395,629</u>	<u>395,130</u>
Total assets	<u>\$ 56,856,078</u>	<u>\$ 57,783,509</u>
<b>Liabilities</b>		
Payable to MTA	\$ 3,249,529	\$ 2,776,375
Other current liabilities	<u>6,577,601</u>	<u>6,085,097</u>
Total current liabilities	9,827,130	8,861,472
Total long-term liabilities	<u>34,987,123</u>	<u>35,984,843</u>
Total liabilities	<u>\$ 44,814,253</u>	<u>\$ 44,846,315</u>
<b>Net Position</b>		
Net deficit investment in capital assets	\$ (6,523,800)	\$ (6,465,710)
Unrestricted	<u>18,565,625</u>	<u>19,402,904</u>
Total net position	<u>\$ 12,041,825</u>	<u>\$ 12,937,194</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

	<u>2016</u>	<u>2015</u>
Operating revenues – line services	\$ 3,444,140	\$ 3,505,355
Operating expenses before depreciation	33,577,835	29,949,027
Depreciation on capital assets	<u>-</u>	<u>2,934,539</u>
Operating loss	<u>(30,133,695)</u>	<u>(29,378,211)</u>
Nonoperating revenues:		
Sales taxes	62,855,132	61,274,476
Amount remitted to CoSA, TxDOT, and Bexar County	(31,427,566)	(30,637,238)
Other nonoperating revenues (expenses)	<u>(1,231,985)</u>	<u>(1,038,353)</u>
Total nonoperating revenues	30,195,581	29,598,885
Transfer out	<u>(957,255)</u>	<u>(179,242)</u>
Change in net position	(895,369)	41,432
Net position at beginning of year	<u>12,937,194</u>	<u>12,895,762</u>
Net position at end of year	<u>\$ 12,041,825</u>	<u>\$ 12,937,194</u>

#### Condensed Statements of Cash Flows

	<u>2016</u>	<u>2015</u>
Net cash used in operating activities	\$ (29,408,177)	\$ (26,230,511)
Net cash provided by noncapital financing activities	30,707,765	27,702,309
Net cash used in capital and related financing activities	(3,323,278)	(2,308,263)
Net cash used in investing activities	<u>7,983,369</u>	<u>965,929</u>
Net increase in cash and cash equivalents	5,959,679	129,464
Cash and cash equivalents at beginning of year	<u>6,349,494</u>	<u>6,220,030</u>
Cash and cash equivalents at end of year	<u>\$ 12,309,173</u>	<u>\$ 6,349,494</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

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

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues in the period in which the underlying sales transaction that generated the sales tax occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred. Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met.

#### **GASB Implementation**

VIA adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The implementation of this standard resulted in additional disclosures related to VIA's investments measured at fair value, which are in Note 3.

VIA adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by (1) raising the category of GASB Implementation Guides in GAAP hierarchy; thus, providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The implementation of this standard had no financial statement impact to VIA.

#### **Future GASB Statements**

The following GASB Statements will be implemented in future years. VIA has not yet evaluated the potential impact these statements will have on its financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by other postemployment benefit ("OPEB") plans that are administered through trusts that meet the specified criteria. This statement is effective for financial statements for fiscal years beginning after June 15, 2016. Application of this statement is effective for VIA's fiscal year ending September 30, 2017.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This statement is effective for fiscal years beginning after June 15, 2017. Management is currently evaluating the impact of this pronouncement as it is likely to have a material impact on VIA's financial statement. Application of this statement is effective for VIA's fiscal year ending September 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Application of this statement is effective for VIA's fiscal year ending September 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*. GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided by state or local governments through a cost sharing plan that meets the criteria of GASB Statement No. 68 and is not a state or local governmental pension plan. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for VIA's fiscal year ending September 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. GASB Statement No. 81 establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts in which a donor irrevocably transfers resources to an intermediary. The new standard is effective for periods beginning after December 15, 2016. Application of this statement is effective for VIA's fiscal year ending September 30, 2018.

#### **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, 2016 and 2015, there was no allowance for doubtful accounts.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### ***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 based on a two month lag. Sales tax revenues and the related receivable are recognized when the underlying sales transaction that generated the sales tax occurs.

#### ***E. Inventory***

Inventory, comprised primarily of fuel and repair parts, is carried at cost. Inventory is carried at cost using 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:

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

#### ***G. Compensated Absences***

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

#### ***H. Estimated Liabilities***

Estimated liabilities include amounts provided for:

- Claims made against VIA involving public injuries and damages related to transit operations
- Claims incurred, but unpaid, and claims incurred, but not reported, as of year-end against VIA's self-insured employees' health program

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

- 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, 2016.

#### ***I. Deferred Outflows/Inflows of Resources***

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

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

#### ***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 and all other expenses are reported as nonoperating.

#### ***K. Operating Revenues***

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

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

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

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

**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 Alamodome facility, station concessions, and sale of scrap material.

#### ***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** – includes expenses related to transportation services provided to the mobility-impaired who are unable to ride the regular line buses.

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

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

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

**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.

#### ***O. Pension***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of VIA Metropolitan Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **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.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### **Note 3 – Cash and Investments**

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

##### **A. Cash**

As of September 30, 2016, the carrying amount of VIA's cash and cash equivalents on the statements of net position was \$66,760,609 (\$44,884,880 in 2015), and the bank balance was \$68,513,445 (\$45,896,964 in 2015). All deposits are insured by federal depository insurance and/or collateralized with securities held by VIA's agent in VIA's name. VIA's cash deposits are held at BBVA Compass and Frost 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 United States Treasury and agency securities, Texpool, TexSTAR, and CDs.

VIA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs
- Level 3 inputs are significant unobservable inputs

The United States Treasury and agency securities in the amount of \$39,699,388 (\$89,224,542 in 2015) are held in safekeeping by VIA's custodial bank, Wells Fargo Bank, N.A., and are registered as accounts of VIA. These investments are reported at fair value and considered level 1.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

Agency securities in the amount of \$144,293,494 (\$122,799,240 in 2015) are held in safekeeping by VIA's custodial bank, Wells Fargo Bank, N.A., and are registered as accounts of VIA. These investments are reported at amortized cost.

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. VIA believes that TexPool operates as required under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, to be valued at amortized cost. VIA's investment in TexPool is reported under "cash and cash equivalents" on the statements of net position.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard & Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools. The portfolio is a government-repurchase agreement ("REPO") pool, utilizing primarily United States Treasury securities, United States agency securities, and REPO collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the United States or its agencies or its instrumentalities. The fair values of the investments in this type have been determined using the net asset value per share of the investments. VIA's investment in TexSTAR is reported under "cash and cash equivalents" on the statements of net position.

VIA CDs are through the Certificate of Deposit Account Registry Service ("CDARS"). Deposits are placed with a CDARS network member – Frost Bank. Frost Bank then uses the CDARS service to place VIA's funds into CDs issued by other members of the CDARS network. This occurs in increments below the standard Federal Deposit Insurance Corporation ("FDIC") insurance maximum (\$250,000), so that both principal and interest are eligible for FDIC insurance. CDARS are considered nonparticipating contracts whose value is not affected by interest rate changes. VIA reports CDs at amortized cost.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

The following table shows VIA's investments and their days to maturity as of September 30:

Investments	2016 Investment Maturities				Carrying Amount
	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	
United States Treasury Notes	\$ -	\$ -	\$ -	\$ 18,574,240	\$ 18,574,240
Federal Home Loan Mortgage Bank Agency Securities	58,120,297	23,354,785	-	4,991,150	86,466,232
Federal Farm Credit Bank Agency Securities	-	-	57,735,458	-	57,735,458
Freddie Mac Agency Securities	-	-	13,217,248	-	13,217,248
Fannie Mae Agency Securities	7,999,705	-	-	-	7,999,705
Total United States Treasury and agency securities	66,120,002	23,354,785	70,952,706	23,565,390	183,992,883
CDs	7,552,035	-	-	-	7,552,035
TexStar	10,004,158	-	-	-	10,004,158
TexPool	44,183,909	-	-	-	44,183,909
Total investments	\$ 127,860,104	\$ 23,354,785	\$ 70,952,706	\$ 23,565,390	\$ 245,732,985

Investments	2015 Investment Maturities				Carrying Amount
	Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	
United States Treasury Notes	\$ -	\$ -	\$ 37,157,391	\$ 17,979,390	\$ 55,136,781
Federal Home Loan Mortgage Bank Agency Securities	31,485,103	12,490,008	9,999,585	-	53,974,696
Freddie Mac Agency Securities	-	23,866,955	40,042,800	6,061,451	69,971,206
Fannie Mae Agency Securities	-	9,999,009	22,942,090	-	32,941,099
Total United States Treasury and agency securities	31,485,103	46,355,972	110,141,866	24,040,841	212,023,782
CDs	7,520,655	-	-	-	7,520,655
TexPool	32,325,813	-	-	-	32,325,813
Total investments	\$ 71,331,571	\$ 46,355,972	\$ 110,141,866	\$ 24,040,841	\$ 251,870,250

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

At September 30, 2016, VIA had the following cash, cash equivalent, and investments:

	<b>Carrying Amount 2016</b>	<b>Carrying Amount 2015</b>
Cash and cash equivalents:		
Cash on hand	\$ 601,106	\$ 317,217
Cash in bank	11,971,436	12,241,850
Texpool	44,183,909	32,325,813
TexSTAR	10,004,158	-
Total cash and cash equivalents	<u>66,760,609</u>	<u>44,884,880</u>
Investments:		
United States agency securities	183,992,883	212,023,782
CDs	7,552,035	7,520,655
Total investments	<u>191,544,918</u>	<u>219,544,437</u>
Total cash, cash equivalents, and investments	<u>\$ 258,305,527</u>	<u>\$ 264,429,317</u>

**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, 90% of VIA's investment portfolio is invested in maturities less than one year (90% in 2015). Investment maturities are as follows:

<b>Maturity</b>	<b>Percentage of Portfolio</b>	
	<b>September 30, 2016</b>	<b>2015</b>
Less than 90 days	52%	28%
From 91 days to 180 days	9%	18%
From 181 days to 364 days	29%	44%
Greater than 365 days	10%	10%

**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.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

#### Credit Risk Ratings as of September 30, 2016

Investments	Minimum Legal Rating	Investment Rating	Rating Organization
United States Treasury Notes	N/A	N/A	N/A
Federal Home Loan Mortgage Bank Agency Securities	A-1	Aaa	Moody's
Federal Farm Credit Bank Agency Securities	A-1	Aaa	Moody's
Freddie Mac Agency Securities	A-1	Aaa	Moody's
Fannie Mae Agency Securities	A-1	Aaa	Moody's
CDs	AAA	AAAm	Standard & Poor's
TexSTAR	AAA	AAAm	Standard & Poor's
TexPool	AAA	AAAm	Standard & Poor's

#### Credit Risk Ratings as of September 30, 2015

Investments	Minimum Legal Rating	Investment Rating	Rating Organization
United States Treasury Notes	N/A	N/A	N/A
Federal Home Loan Mortgage Bank Agency Securities	A-1	Aaa	Moody's
Freddie Mac Agency Securities	A-1	Aaa	Moody's
Fannie Mae Agency Securities	A-1	Aaa	Moody's
CDs	AAA	AAAm	Standard & Poor's
TexPool	AAA	AAAm	Standard & Poor's

**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 85.0% of VIA's investment portfolio; and fully collateralized CDs are limited to 50.0% of VIA's investment portfolio. As of September 30, 2016, VIA's investment portfolio consists of 7.6% (21.8% in 2015) in direct obligations and 67.2% (62.4% in 2015) in indirect obligations.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

The following table reflects the percentage amount invested in each issuer subject to concentration of credit risk as a percentage of the total portfolio:

Investments	Percentage of Portfolio	
	September 30, 2016	2015
Federal Home Loan Mortgage Bank Agency Securities	35%	21%
Federal Farm Credit Bank Agency Securities	24%	0%
Freddie Mac Agency Securities	5%	28%
Fannie Mae Agency Securities	3%	13%

#### **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 (changed to 36 months, as per Resolution 4-29-14-07). 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). No up-front cash is received or paid by VIA when entering into any of these transactions. The fuel swaps are considered effective with the positive or negative fair value being reflected in the Statements of Net Position as either deferred inflows or outflows with a related current asset or current liability.

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

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

For fiscal year 2016, VIA hedged approximately 77% of budgeted diesel fuel usage volumes, 83% of budgeted unleaded gasoline usage volumes, and 91% of budgeted propane volumes. In October 2014, VIA entered into a fixed rate swap with J.P. Morgan covering 5,000,000 gallons of diesel fuel at \$2.5100/gallon. The swap was settled monthly against Platts US Gulf Coast Ultra Low Sulfur Diesel. In October 2014, VIA also entered into a fixed rate swap with J.P. Morgan covering 540,000 gallons of unleaded gasoline at \$2.2325/gallon. The swap was settled monthly against Platts Gulf Coast Unleaded Gasoline. In November 2014, VIA entered into a fixed rate swap with J.P. Morgan to cover 900,000 gallons of propane at \$0.8600/gallon. The propane swap was settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2017, VIA has hedged approximately 87% of anticipated diesel fuel usage volumes, 89% of anticipated unleaded gasoline usage volumes, and 82% of anticipated propane volumes. In March 2015, VIA entered into a fixed rate swap with BP covering 1,999,872 gallons of diesel fuel at \$1.97 per gallon. In May 2016, VIA entered into a fixed rate swap with J.P. Morgan to cover 2,799,996 gallons of diesel fuel at \$1.4685 per gallon. Both of these diesel swaps will be settled monthly against Platts US Gulf Coast Ultra Low Sulfur Diesel. In March 2015, VIA entered into a fixed rate swap with J.P. Morgan to cover 249,996 gallons of unleaded gasoline at \$1.664 per gallon. In May 2016, VIA also entered into a fixed rate swap with J.P. Morgan to cover 330,000 gallons of gasoline at \$1.459 per gallon. Both of these gasoline swaps will be settled monthly against Platts Gulf Coast Unleaded Gasoline. In May 2016, VIA entered into a propane swap with BP to cover 900,144 gallons of propane at \$0.555 per gallon. This propane swap will be settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2018, VIA has hedged approximately 81% of anticipated diesel fuel usage volumes, 50% of anticipated unleaded gasoline usage volumes, and 51% of anticipated propane volumes. In May 2016, VIA entered into a fixed rate swap with J.P. Morgan covering 1,599,996 gallons of diesel fuel at \$1.549 per gallon. The swap will be settled monthly against Platts US Gulf Coast Ultra Low Sulfur Diesel. In May 2016, VIA also entered into a fixed rate swap with J.P. Morgan to cover 330,000 gallons of unleaded gasoline at \$1.469 per gallon. This gasoline swap will be settled monthly against Platts US Gulf Coast UNL 87 gasoline. In addition, in May 2016, VIA also entered into a fixed rate swap with J.P. Morgan to cover 499,968 gallons of propane at \$0.55 per gallon. The propane swap will be settled monthly against OPIS Mont Belvieu Propane.

VIA's credit risk is minimized since counterparties to the swaps are required to meet minimum long-term ratings or meet collateral posting requirements. As of September 30, 2016, VIA has outstanding swaps with BP and J.P. Morgan, two nationally recognized commodity traders. As of September 30, 2016, the credit rating for BP was "A-" with Standard & Poor's and "A3" with Moody's and the credit rating for J.P. Morgan was "A-" with Standard & Poor's and "A3" with Moody's.

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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, 2016, is \$0. On September 30, 2016, the outstanding diesel fuel swaps had a combined negative value \$593,888, the outstanding gasoline fuel swap had a negative value of \$41,636, and the outstanding propane fuel swap had an outstanding negative value of \$12,283, resulting in a total liability of \$647,807 (liability of \$6,462,825 in 2015).

Under VIA's International Swaps and Derivatives Association ("ISDA") Agreement with BP, VIA has a credit limit of \$35,000,000, and BP has a credit limit of \$35,000,000. For exposure above those credit limits, cash is the only acceptable collateral. As per VIA's ISDA agreement with J.P. Morgan, VIA has a credit limit of \$10,000,000 and J.P. Morgan has a credit limit of \$55,000,000. For exposure above those credit limits, cash is the only acceptable collateral.

VIA's outstanding hedges do not involve any basis risk, since the fuel products VIA physically purchases to provide service are based on the same index and are the same products used for the financial contracts (swaps) – Platts US Gulf Coast Ultra Low Sulfur Diesel, Platts Gulf Coast Unleaded Gasoline and OPIS 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. **Bond Construction Fund** – represents bond proceeds and interest to be used for capital expenditures.
- B. **Bond Fund – Principal and Interest Due** – used for setting aside funds for upcoming principal and interest payments on outstanding bonds.
- C. **TxDOT Grant** – represents assets to provide for the enhancement of visual, operational, and structural vehicle right-of-way improvements.

##### ***Unrestricted***

- A. **VIAcare** – represents assets to provide for unusually large medical claims from VIA's self-insured employees' health program.
- B. **Property Insurance Deductibles** – represent assets to provide for the insurance policy deductible on VIA's vehicles, buildings, and contents.

# VIA Metropolitan Transit

## San Antonio, Texas

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- 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. Working Capital** – represents assets designated to provide VIA with sufficient operating funds to pay its day-to-day operational obligations.
- G. Retainage** – represents assets equal to the liability payable to contractors for retainage withheld from periodic payments, plus interest earnings.
- H. Capital Grant Local Share** – represents assets to provide for VIA’s matching share of the Federal Transit Administration (“FTA”) 49 U.S. Code Section 5307 and Section 5309 grants.

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>Restricted Cash and Investments</b>				
Bond construction fund	\$ 12,297,175	\$ 35,064,731	\$ 47,361,906	\$ 48,175,908
Bond fund – principal and interest due	3,830,305	-	3,830,305	3,811,002
TxDOT grant	<u>9,735,778</u>	<u>90,819,687</u>	<u>100,555,465</u>	<u>92,503,993</u>
Total restricted cash and investments	<u>25,863,258</u>	<u>125,884,418</u>	<u>151,747,676</u>	<u>144,490,903</u>
<b>Unrestricted Cash and Investments</b>				
Board-approved purposes:				
VIAcare	-	-	-	6,400,016
Property insurance deductibles	-	500,000	500,000	500,000
Uninsured property	-	815,381	815,381	815,381
Stabilization fund	-	36,650,000	36,650,000	35,070,000
VIA capital fund	8,032,723	16,468,413	24,501,136	36,083,936
Working capital:				
MTA	30,450,000	-	30,450,000	29,620,001
ATD	2,131,037	4,068,964	6,200,001	5,450,001
Retainage	283,591	-	283,591	1,461,307
Capital grant local share:				
FTA grants	<u>-</u>	<u>7,157,742</u>	<u>7,157,742</u>	<u>4,537,772</u>
Total unrestricted cash and investments	<u>40,897,351</u>	<u>65,660,500</u>	<u>106,557,851</u>	<u>119,938,414</u>
Total cash, cash equivalents, and investment balances	<u>\$ 66,760,609</u>	<u>\$ 191,544,918</u>	<u>\$ 258,305,527</u>	<u>\$ 264,429,317</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

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#### 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 Assets

Components of capital assets are summarized as follows:

	Balance at September 30, 2015	Additions	Deletions	Transfers	Balance at September 30, 2016
Land*	\$ 32,841,276	\$ 1,052,426	\$ (2,520)	\$ -	\$ 33,891,182
Buildings and shelters	187,656,130	1,624,179	-	765,289	190,045,598
Revenue and service vehicles	180,894,264	1,637,870	(170,611)	247,558	182,609,081
Equipment	54,858,544	1,023,363	(825,950)	646,715	55,702,672
	<u>456,250,214</u>	<u>5,337,838</u>	<u>(999,081)</u>	<u>1,659,562</u>	<u>462,248,533</u>
Accumulated depreciation:					
Buildings and shelters	136,386,968	8,506,287	(42,455)	4,182,731	149,033,531
Revenue and service vehicles	128,849,909	9,659,974	(170,611)	-	138,339,272
Equipment	38,909,956	4,043,365	(706,995)	(4,182,731)	38,063,595
	<u>304,146,833</u>	<u>22,209,626</u>	<u>(920,061)</u>	<u>-</u>	<u>325,436,398</u>
Allowance for capital projects	<u>9,800,000</u>	<u>-</u>	<u>(9,800,000)</u>	<u>-</u>	<u>-</u>
Net capital assets before construction in progress	<u>142,303,381</u>	<u>(16,871,788)</u>	<u>9,720,980</u>	<u>1,659,562</u>	<u>136,812,135</u>
Construction in progress*:					
Buildings and shelters	55,874,682	16,336,841	(18,212,807)	(765,287)	53,233,429
Revenue and service vehicles	224,947	9,005,654	-	(247,560)	8,983,041
Equipment	2,721,347	2,839,705	(174,325)	(646,715)	4,740,012
Total construction in progress	<u>58,820,976</u>	<u>28,182,200</u>	<u>(18,387,132)</u>	<u>(1,659,562)</u>	<u>66,956,482</u>
Net capital assets	<u>\$ 201,124,357</u>	<u>\$ 11,310,412</u>	<u>\$ (8,666,152)</u>	<u>\$ -</u>	<u>\$ 203,768,617</u>

\*Capital assets not being depreciated.

**VIA Metropolitan Transit**  
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September 30, 2016

	Balance at September 30, 2014	Additions	Deletions	Transfers	Balance at September 30, 2015
Land*	\$ 31,812,673	\$ 1,028,603	\$ -	\$ -	\$ 32,841,276
Buildings and shelters	174,765,995	788,514	-	12,101,621	187,656,130
Revenue and service vehicles	178,265,301	930,320	(1,240,659)	2,939,302	180,894,264
Equipment	45,113,736	760,299	(643,229)	9,627,738	54,858,544
	<u>429,957,705</u>	<u>3,507,736</u>	<u>(1,883,888)</u>	<u>24,668,661</u>	<u>456,250,214</u>
Accumulated depreciation:					
Buildings and shelters	129,193,302	7,193,666	-	-	136,386,968
Revenue and service vehicles	119,431,663	10,658,905	(1,240,659)	-	128,849,909
Equipment	35,130,813	4,422,797	(643,654)	-	38,909,956
	<u>283,755,778</u>	<u>22,275,368</u>	<u>(1,884,313)</u>	<u>-</u>	<u>304,146,833</u>
Allowance for capital projects	<u>4,882,000</u>	<u>4,918,000</u>	<u>-</u>	<u>-</u>	<u>9,800,000</u>
Net capital assets before construction in progress	<u>141,319,927</u>	<u>(23,685,632)</u>	<u>425</u>	<u>24,668,661</u>	<u>142,303,381</u>
Construction in progress*:					
Buildings and shelters	42,838,973	25,137,330	-	(12,101,621)	55,874,682
Revenue and service vehicles	2,279,032	885,217	-	(2,939,302)	224,947
Equipment	9,687,289	2,661,796	-	(9,627,738)	2,721,347
Total construction in progress	<u>54,805,294</u>	<u>28,684,343</u>	<u>-</u>	<u>(24,668,661)</u>	<u>58,820,976</u>
Net capital assets	<u>\$ 196,125,221</u>	<u>\$ 4,998,711</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 201,124,357</u>

\*Capital assets not being depreciated.

The following is a summary of depreciation expense:

Description	Years Ended September 30,	
	2016	2015
Capital assets acquired with VIA equity	\$ 6,651,905	\$ 5,556,639
Capital assets acquired with grants	<u>15,548,773</u>	<u>16,718,729</u>
	<u>\$ 22,200,678</u>	<u>\$ 22,275,368</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### Note 7 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 76% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2016 (70% in 2015). These revenues are reported as nonoperating revenues in the statements of revenues, expenses, and changes in net position. Included below is a summary of sales tax revenues:

#### *Sales Tax Revenues*

<u>Description</u>	Years Ended September 30,	
	2016	2015
MTA	\$ 138,552,066	\$ 136,370,773
ATD	<u>62,855,132</u>	<u>61,274,476</u>
	<u>\$ 201,407,198</u>	<u>\$ 197,645,249</u>

Sales taxes for MTA increased by \$2,181,293 in 2016 and increased by \$5,488,525 in 2015. ATD sales taxes increased \$1,580,656 in 2016 and increased by \$2,192,390 in 2015. In fiscal years 2016 and 2015, 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*

<u>Description</u>	September 30,	
	2016	2015
MTA	\$ 24,429,310	\$ 22,499,826
ATD	<u>10,973,684</u>	<u>10,043,177</u>
	<u>\$ 35,402,994</u>	<u>\$ 32,543,003</u>

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

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### **Note 8 – Defined Benefit Retirement Plan**

##### ***Plan Description***

VIA's defined benefit pension plan, VIA Metropolitan Transit Retirement Plan (the "Plan") provides pension for all full time VIA employees who were hired prior to January 1, 2012 and completed 1 year of continuous service prior to July 1, 2013. The Plan is a single-employer defined benefit retirement plan administered by VIA. 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.

##### ***Benefits Provided***

Benefit provisions are established by VIA and can be amended at any time; however, no amendment shall authorize any part of the net position to be used for purposes other than benefit payments or administrative expenses. Employees retiring at age 65 or at age 55 with 25 years or more of credited service shall, upon application to the Plan administrator, receive a monthly retirement pension based on the higher of the following 2 methods:

- *Career Average Method* – For each year or fraction of year of credited service between April 1, 1965 and February 1, 1973, 1.5% of the monthly base salary as of February 1, 1973, plus 2.0% of the excess, if any, of such salary over \$300; plus for each year or fraction of year of credited service between February 1, 1973 and September 30, 1989, 1.5% of the monthly base salary at the beginning of each plan year, plus 2.0% of the excess, if any, of such salary over \$300; plus for each year beginning October 1, 1989 and after, 1/12th of 2.0% of the compensation earned during each plan year. Compensation is defined as base salary or base wage plus overtime, bonuses, and employee deferrals under Internal Revenue Service Code, Sections 125 or 457, but excluding "sold" vacation pay and sick pay, and certain other amounts.
- *Final Average Method* – With 25 years or more of credited service 2.00%, or with less than 25 years of credited service, 1.75% of the final average monthly compensation for each year or fraction of year of credited service. Final average monthly compensation is defined as the average monthly base salary or base wage during 36 consecutive months of highest compensation prior to termination or retirement.

##### ***Disability Benefits***

If service is terminated by reason of total and permanent disability, the participant may retire and receive an immediate monthly income equal to the accrued benefit at the date of disability. If the participant recovers, the above benefit may be reduced by 2/12% for each of the first 36 months; 3/12% for each of the next 24 months; 4/12% for each of the next 24 months; and actuarially for each additional month from date of recovery until age 62.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

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#### ***Pre-Retirement Death Benefits***

If service is terminated by reason of death prior to attaining age 65, the spouse will receive the actuarial value of the participant's accrued benefit paid over a 120-month period. If the beneficiary is a nonspouse, the beneficiary will receive the actuarial value of the spouse's benefit, as previously described, and the amount will be paid over a 60-month period.

#### ***Early Retirement Benefits***

If service is terminated at an early retirement date, the participant will receive a monthly income equal to the accrued benefit at the date of early retirement, reduced by 2/12% for each of the first 36 months; 3/12% for each of the next 24 months; and 4/12% for any additional months by which the participant's early retirement date precedes the first of the month coinciding with or next following the participant's attainment of age 62.

#### ***Retiree Health Benefits***

All retired participants receiving a retirement benefit and all disabled participants receiving a disability retirement benefit on or after January 1, 2007 shall be provided a retiree health benefit in a monthly amount equal to \$8 multiplied by the number of years of the retired participant's or disabled participant's credited service.

Benefit terms do not provide for an ad hoc cost of living or supplement in future years.

Effective July 1, 2013, the Plan was closed for participation to new employees. All new employees are eligible for a defined contribution plan described in Note 10.

#### ***Employees Covered by Benefit Terms***

The following table summarizes the number of participants with a benefit in the Plan as of the most recent valuation date, October 1, 2014:

Inactive Plan members or beneficiaries currently receiving benefits	857
Inactive Plan members entitled to, but not yet receiving, benefits	121
Active Plan members	<u>1,353</u>
Total Plan members	<u><u>2,331</u></u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

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#### **Contributions**

VIA follows the policy of funding the Plan through employer and employee contributions. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year. Participants contribute 5% of their wage base (1/3 of the taxable wage base under the old age, survivors, and disability insurance program) plus 8% of the amount of their monthly compensation in excess of the wage base.

#### **Net Pension Liability**

VIA's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

#### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of October 1, 2014 and rolled forward to September 30, 2015, using the following actuarial assumptions:

Inflation	3.00%
Salary increases	4.25%-6.75%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Cost of living	None
Mortality rates	RP-2000 combined healthy mortality table projected to 2010 with scale AA

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study completed in 2011 and adopted by the Board. The period covered was October 1, 2005 through October 1, 2010.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2015 are summarized in the table below:

<b>Asset Class</b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>	<b>Target Asset Allocation</b>	<b>Development of Long-Term Arithmetic Return for Investment Portfolio</b>
Domestic Equity – Large Cap	7.77%	22%	1.71%
International Equity – Small Cap	9.20%	13%	1.17%
Global Equity	8.56%	25%	2.14%
Fixed Income	2.83%	30%	0.85%
Real Estate	5.30%	10%	0.53%
Total Expected Arithmetic Real Return:			6.40%
Inflation Assumption for Actuarial Valuation:			3.00%
Total Expected Arithmetic Nominal Return:			9.40%

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that VIA contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# VIA Metropolitan Transit

## San Antonio, Texas

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#### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of VIA, calculated using the discount rate of 7.5%, as well as what VIA's net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

<b>Discount Rate Sensitivity</b>		
<b>1.0% Decrease 6.5%</b>	<b>Current Single Discount Rate Assumption 7.5%</b>	<b>1.0% Increase 8.5%</b>
<hr/>	<hr/>	<hr/>
\$186,572,954	\$145,888,111	\$111,098,106

#### **Changes in Net Pension Liability**

<b>Total Pension Liability</b>	
Service cost	\$ 7,885,706
Interest	26,126,424
Benefit changes	2,722,757
Difference between expected and actual experience	1,469,523
Assumption changes	-
Benefit payments	(18,876,721)
Refunds	<u>(346,216)</u>
Net change in total pension liability	18,981,473
Total pension liability – beginning	<u>354,020,938</u>
Total pension liability – ending	<u><u>\$ 373,002,411</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions – employer	\$ 12,143,694
Contributions – employee	4,236,620
Pension plan net investment income	2,675,221
Benefit payments	(18,876,721)
Refunds	(346,216)
Pension plan administrative expense	<u>(236,158)</u>
Net change in Plan fiduciary net position	(403,560)
Plan fiduciary net position – beginning	<u>227,517,860</u>
Plan fiduciary net position – ending	<u><u>\$ 227,114,300</u></u>
VIA's net pension liability – ending	<u><u>\$ 145,888,111</u></u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

##### *Pension Expense*

For the year ended September 30, 2016, VIA recognized pension expense of \$17,435,121.

##### **Schedule of Pension Expense**

Total service cost	\$ 7,885,706
Interest on the total pension liability	26,126,424
Current period benefit changes	2,722,757
Employee contributions (reduction of expense)	(4,236,620)
Projected earnings on plan investments (reduction of expense)	(16,948,385)
Administrative expense	236,158
Other changes in fiduciary net position	-
Recognition of outflow (inflow) of resources due to liabilities	244,216
Recognition of outflow (inflow) of resources due to assets	<u>1,404,865</u>
Total pension expense	<u><u>\$ 17,435,121</u></u>

At September 30, 2016, VIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Outflows of Resources</u></b>	<b><u>Inflows of Resources</u></b>
1 Differences between expected and actual experience	\$ 1,225,307	\$ -
2 Net difference between projected and actual earnings on Plan investments	11,418,531	4,349,303
3 Contributions paid subsequent to the measurement date	<u>12,907,775</u>	<u>-</u>
	<u><u>\$ 25,551,613</u></u>	<u><u>\$ 4,349,303</u></u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Deferred Outflows/ Inflows of Resources</u>
2016	\$ 1,649,081
2017	1,649,081
2018	1,649,081
2019	3,098,848
2020	244,216
Thereafter	<u>4,228</u>
Total	<u>\$ 8,294,535</u>

#### **Note 9 – Defined Contribution Retirement Plan**

##### **A. Plan Description**

VIA Metropolitan Transit Defined Contribution Retirement 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.

VIA Metropolitan Transit Defined Contribution Retirement Plan is a “public retirement system” under the laws of Texas and a “governmental plan” under the Internal Revenue Code. As a result, it 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 65<sup>th</sup> birthday and who have completed 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.

# **VIA Metropolitan Transit**

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#### ***C. Funding Policy***

VIA follows the policy of funding the plan through mandatory employee contributions at the rate of 6% of compensation. VIA's contributions to the Employer Contribution Account will be made at the rate of 6% of compensation. Together, mandatory employee contributions and VIA employer contributions will equal 12% of compensation. VIA's required contribution for the fiscal year ended September 30, 2016 totaled \$1,659,862 (\$1,167,347 in 2015).

#### **Note 10 – 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 October 1, 2015, there are 274 retirees and dependents receiving VIA healthcare benefits and 680 participating in the VIA life insurance program. VIA provides, at no cost, base coverage for life insurance of \$10,000 or \$20,000, 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 other postemployment benefits ("OPEB") cost by the end of each fiscal year. 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.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

The following table shows VIA's annual OPEB cost as of September 30, 2016, the amount actually contributed to the plan, and changes in VIA's net OPEB obligation:

Annual required contribution	\$ 2,149,159
Interest on net OPEB asset	(322,702)
Adjustment to annual required contribution	<u>244,271</u>
Annual OPEB cost	2,070,728
Contributions made	<u>(2,693,243)</u>
Increase in net OPEB obligation (asset)	(622,515)
Net OPEB obligation (asset) at beginning of year	<u>(4,302,687)</u>
Net OPEB obligation (asset) at end of year	<u><u>\$ (4,925,202)</u></u>

The following table shows VIA's annual OPEB cost as of September 30, 2015, the amount actually contributed to the plan, and changes in VIA's net OPEB obligation:

Annual required contribution	\$ 1,659,203
Interest on net OPEB asset	(322,702)
Adjustment to annual required contribution	<u>244,271</u>
Annual OPEB cost	1,580,772
Contributions made	<u>(1,580,772)</u>
Increase in net OPEB obligation (asset)	-
Net OPEB obligation (asset) at beginning of year	<u>(4,302,687)</u>
Net OPEB obligation (asset) at end of year	<u><u>\$ (4,302,687)</u></u>

#### Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost ("AOC")</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
September 30, 2016	\$ 2,070,728	130.1%	\$ 4,925,202
September 30, 2015	1,580,772	100.0%	4,302,687
September 30, 2014	1,524,664	100.0%	4,302,687

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### ***D. Funded Status and Funding Progress***

As of October 1, 2014, the most recent actuarial valuation date, the plan was 25% funded. The actuarial accrued liability for benefits was \$29,238,933, and the actuarial value of assets was \$7,138,294, resulting in an unfunded (surplus) actuarial accrued liability ("UAAL") of \$22,100,639. The covered payroll (annual payroll of active employees covered by the plan) was \$88,598,573, and the ratio of the UAAL to the covered payroll was 24.41%.

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

The Schedule Of Funding Progress – Unaudited, presented as Required Supplementary Information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### ***E. Actuarial Methods and Assumptions***

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

For the fiscal year ended September 30, 2016 (and the plan year ended December 31, 2015), the actuarial valuation date was October 1, 2014, date of the most recent valuation report. The actuarial cost method used was the "projected unit credit" method, the amortization method used was the "level percentage open" method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate, and variable merit or longevity component. The healthcare trend rate used was 7.25% in 2017, decreasing 0.2% per year to an ultimate trend of 4.5% in 2031.

#### **Note 11 – 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 Metropolitan Transit**

## **San Antonio, Texas**

### **Notes to the Financial Statements**

September 30, 2016

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 program VIAcare. As of January 1, 2016, Aetna is the third-party administrator for this program; prior to that, VIA self-administered the program. 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 on the following page.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

At September 30, 2016, VIA recorded claims payable of \$7,611,973 for its self-insured programs based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (\$6,442,148 in 2015). 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.

	<b>Property and Casualty and Public Liability Coverage</b>	<b>Workers' Compensation</b>	<b>Employee Health Coverage</b>	<b>Total</b>
Claims payable at September 30, 2014	\$ 1,945,355	\$ 3,096,182	\$ 1,577,000	\$ 6,618,537
Current period claims and changes in estimates	1,376,796	1,495,223	19,034,652	21,906,671
Claim payments	<u>(864,023)</u>	<u>(2,167,385)</u>	<u>(19,051,652)</u>	<u>(22,083,060)</u>
Claims payable at September 30, 2015	2,458,128	2,424,020	1,560,000	6,442,148
Current period claims and changes in estimates	647,853	2,646,347	15,147,825	18,442,025
Claim payments	<u>(505,335)</u>	<u>(2,749,039)</u>	<u>(14,017,826)</u>	<u>(17,272,200)</u>
Claims payable at September 30, 2016	<u>\$ 2,600,646</u>	<u>\$ 2,321,328</u>	<u>\$ 2,689,999</u>	<u>\$ 7,611,973</u>

#### Note 12 – Long-Term Debt

##### **MTA Contractual Obligations**

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

The primary source of security for the obligations is provided for by a first and prior lien on and pledge of VIA "sales tax revenues." VIA "sales tax revenues" mean the revenues derived by VIA from its imposition and collection within its boundaries of a sales and use tax equal to 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.

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### ***MTA Farebox Revenue and Refunding Bonds***

On November 13, 2013, MTA issued a par amount of \$39,965,000 of Series 2013 MTA Farebox Revenue and Refunding Bonds. VIA anticipates utilizing proceeds to: pay a portion of the costs of capital projects, primarily projects defined as VIA's SmartMove program, as well as new bus purchases, and property for a new paratransit facility; refund VIA's Series 2012-1 MTA Farebox Revenue Bonds; fund the Reserve Fund for the bonds; and pay the costs of issuance of the bonds. VIA's SmartMove program includes high capacity transit projects and various passenger facilities projects. The bonds are dated October 1, 2013 and have an interest rate varying between 1.00% and 5.25%. Interest on the bonds is payable on February 1 and August 1 of each year, commencing February 15, 2014. Principal payments are due and payable on August 1 of each year from 2014 through 2038.

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

#### ***ATD Sales Tax Revenue and Refunding Bonds***

On July 30, 2014, ATD issued a par amount of \$32,925,000 of Series 2014 ATD Sales Tax Revenue and Refunding Bonds. VIA anticipates utilizing proceeds to: pay a portion of the costs of capital projects, primarily projects defined as VIA's SmartMove program, as well as new bus purchases and VIA's new automated fare collection system; refund VIA's Series 2012-3 ATD Sales Tax Revenue Bonds; and pay the costs of issuance of the bonds. VIA's SmartMove program includes high capacity transit projects and various passenger facilities projects. The bonds are dated July 1, 2014 and have an interest rate varying between 2% and 5%. Interest on the bonds is payable on February 1 and August 1 of each year, commencing August 1, 2015. Principal payments are due and payable on August 1 of each year from 2015 through 2038.

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

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

Changes in long-term obligations for the year ended September 30, 2016 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Series 2012-2 MTA Contractual Obligations	1.97%	\$ 3,200,000	\$ 1,880,000	\$ -	\$ (455,000)	\$ 1,425,000	\$ 465,000
Series 2013 MTA Farebox Revenue and Refunding Bonds	1.00%- 5.25%	39,965,000	37,955,000	-	(945,000)	37,010,000	980,000
Series 2014 ATD Sales Tax Revenue and Refunding Bonds	2.00%- 5.00%	<u>32,925,000</u>	<u>32,140,000</u>	<u>-</u>	<u>(805,000)</u>	<u>31,335,000</u>	<u>840,000</u>
Total bonds		76,090,000	71,975,000	-	(2,205,000)	69,770,000	2,285,000
Bond premium		N/A	6,051,227	-	(218,344)	5,832,883	-
Compensated absences		<u>N/A</u>	<u>6,219,092</u>	<u>2,262,883</u>	<u>(2,072,981)</u>	<u>6,408,994</u>	<u>2,012,586</u>
Total long-term liabilities		<u>\$ 76,090,000</u>	<u>\$ 84,245,319</u>	<u>\$ 2,262,883</u>	<u>\$ (4,496,325)</u>	<u>\$ 82,011,877</u>	<u>\$ 4,297,586</u>

Changes in long-term obligations for the year ended September 30, 2015 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Series 2012-2 MTA Contractual Obligations	1.97%	\$ 3,200,000	\$ 2,325,000	\$ -	\$ (445,000)	\$ 1,880,000	\$ 455,000
Series 2013 MTA Farebox Revenue and Refunding Bonds	1.00%- 5.25%	39,965,000	38,860,000	-	(905,000)	37,955,000	945,000
Series 2014 ATD Sales Tax Revenue and Refunding Bonds	2.00%- 5.00%	<u>32,925,000</u>	<u>32,925,000</u>	<u>-</u>	<u>(785,000)</u>	<u>32,140,000</u>	<u>805,000</u>
Total bonds		76,090,000	74,110,000	-	(2,135,000)	71,975,000	2,205,000
Bond premium		N/A	6,358,751	-	(307,524)	6,051,227	-
Compensated absences		<u>N/A</u>	<u>5,723,707</u>	<u>2,165,227</u>	<u>(1,669,842)</u>	<u>6,219,092</u>	<u>2,165,227</u>
Total long-term liabilities		<u>\$ 76,090,000</u>	<u>\$ 86,192,458</u>	<u>\$ 2,165,227</u>	<u>\$ (4,112,366)</u>	<u>\$ 84,245,319</u>	<u>\$ 4,370,227</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017	\$ 2,285,000	\$ 3,395,223	\$ 5,680,223
2018	2,365,000	3,313,262	5,678,262
2019	2,460,000	3,219,605	5,679,605
2020	2,070,000	3,120,450	5,190,450
2021	2,170,000	3,016,950	5,186,950
2022-2026	12,525,000	13,412,500	25,937,500
2027-2031	15,900,000	11,347,388	27,247,388
2032-2036	20,350,000	6,502,638	26,852,638
2037-2038	9,645,000	729,250	10,374,250
	<u>\$ 69,770,000</u>	<u>\$ 48,057,266</u>	<u>\$ 117,827,266</u>

#### Note 13 – Commitments and Contingencies

##### A. Grants

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

##### B. Public-Injury Lawsuits

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

##### C. Pending Claims and Litigation

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

##### D. Construction Commitments

Significant construction commitments outstanding as of September 30, 2016 are as follows:

<u>Project Description</u>	<u>Amount</u>
US 281 Park and Ride	\$ <u>16,906,543</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Financial Statements

September 30, 2016

#### **Note 14 – Allowance for Streetcar Project Capitalized Costs**

In July 2014, VIA's management and its Board put its streetcar project on hold to assure alignment with CoSA's development of a transportation plan. VIA was also updating its own Long-Range Comprehensive Transportation Plan, covering the present through 2040. Both plans were completed in 2016.

Based on those plans now being complete, with no decision to proceed with a streetcar/light rail project that utilizes all or part of VIA's 5.9-mile route alignment included in the original Streetcar Project, VIA wrote off streetcar costs of \$18,379,632 in 2016, of which an allowance for impairments of \$9,800,000 had already been booked in prior years. The net remaining expense impact in 2016 was \$8,579,632 and is reported in the statement of revenues, expenses, and changes in net position as a loss on asset impairment.

#### **Note 15 – Subsequent Event**

On February 15, 2017, MTA issued a par amount of \$81,995,000 of Contractual Obligations, Series 2017 (Sales Tax Revenue Obligations). The bonds were issued at a premium of \$13,359,500. The proceeds of the obligation will be used to: finance the costs of purchasing or acquiring personal property properly classified as capital expenditures, including appliances, equipment, facilities, and furnishings (or an interest therein), whether movable or fixed, considered by the VIA Board to be necessary, useful, or appropriate to one or more purposes of VIA, including (specifically) the purchase of buses; and pay the costs of issuing the obligations. The bonds are dated January 1, 2017 and have an interest rate varying between 3% and 5%. Interest on the bonds is payable on January 15 and July 15 of each year, commencing July 15, 2017. Principal payments are due and payable on July 15 of each year from 2018 through 2029.



## Required Supplementary Information

# VIA Metropolitan Transit

## San Antonio, Texas

### Schedule of Changes in Net Pension Liability – Unaudited

	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>		
Service cost	\$ 7,885,706	\$ 8,053,350
Interest on the total pension liability	26,126,424	25,024,697
Changes of benefit terms	2,722,757	-
Differences between expected and actual experience	1,469,523	-
Changes of assumptions	-	-
Benefit payments – including refunds of employee contributions	<u>(19,222,937)</u>	<u>(17,386,120)</u>
<b>Net change in total pension liability</b>	18,981,473	15,691,927
<b>Total pension liability – beginning</b>	<u>354,020,938</u>	<u>338,329,011</u>
<b>Total pension liability – ending (a)</b>	<u><u>\$ 373,002,411</u></u>	<u><u>\$ 354,020,938</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	\$ 12,143,694	\$ 9,798,508
Contributions – employee	4,236,620	4,227,570
Net investment income	2,675,221	22,741,162
Benefit payments – including refunds of employee contributions	(19,222,937)	(17,168,273)
Administrative expense	(236,158)	(215,172)
Other	<u>-</u>	<u>(217,847)</u>
<b>Net change in plan fiduciary net position</b>	(403,560)	19,165,948
<b>Plan fiduciary net position – beginning</b>	<u>227,517,860</u>	<u>208,351,912</u>
<b>Plan fiduciary net position – ending (b)</b>	<u><u>\$ 227,114,300</u></u>	<u><u>\$ 227,517,860</u></u>
<b>Net pension liability – ending (a) – (b)</b>	<u><u>\$ 145,888,111</u></u>	<u><u>\$ 126,503,078</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	60.9%	64.3%
<b>Covered employee payroll</b>	\$ 70,477,214	\$ 71,690,366
<b>Net pension liability as a percentage of covered employee payroll</b>	207.0%	176.5%

GASB Statement No. 68 requires this schedule to be presented for a ten year period. VIA adopted GASB Statement No. 68 during 2015, therefore, only two years are presented. The full trend information will be accumulated over the next eight years.

# VIA Metropolitan Transit

## San Antonio, Texas

### Schedule of VIA's Pension Contributions – Unaudited

September 30, 2016

<b>Fiscal Year Ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2006	\$ 2,467,782	\$ 2,467,782	\$ -	\$ 58,423,556	4.22%
2007	3,055,878	3,055,878	-	56,822,389	5.38%
2008	4,917,777	4,917,777	-	58,765,875	8.37%
2009	5,039,382	5,039,382	-	63,566,356	7.93%
2010	6,252,395	6,252,395	-	66,748,265	9.37%
2011	7,320,891	7,320,891	-	69,772,318	10.49%
2012	8,185,552	8,258,760	(73,208)	69,947,664	11.81%
2013	11,498,776	10,639,132	859,644	74,276,531	14.32%
2014	13,555,866	9,798,508	3,757,358	71,690,366	13.67%
2015	11,901,186	12,143,694	(242,508)	70,477,214	17.23%

**VIA Metropolitan Transit**  
**San Antonio, Texas**  
**Schedule of Funding Progress – Unaudited**  
Year Ended September 30, 2016

**Schedule of Funding Progress – Postretirement Benefits**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability ("AAL")</b>	<b>Unfunded (Surplus) AAL ("UAAL")</b>	<b>Fund Ratio</b>	<b>Covered Payroll</b>	<b>UAAL (Surplus) as a Percentage of Covered Payroll</b>
October 1, 2015	\$7,138,294	\$29,238,933	\$22,100,639	24%	\$88,598,573	25%
October 1, 2013	\$6,866,735	\$21,805,189	\$14,938,454	31%	\$73,480,430	20%
October 1, 2011	\$3,800,747	\$13,229,068	\$9,428,321	29%	\$69,772,318	14%
October 1, 2010	\$2,652,921	\$10,478,347	\$7,825,426	25%	\$66,748,265	12%

# VIA Metropolitan Transit

## San Antonio, Texas

### Notes to the Required Supplementary Information – Unaudited

September 30, 2016

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

#### Note 1 – Schedule of VIA's Pension Contributions

**Valuation Date:** Actuarially determined contributions are calculated as of October 1, and become effective for the following fiscal year (i.e., a 12-month delay in the effective date of the contribution requirement).

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years remaining as of September 30, 2016
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	4.25% to 6.75%, service related assumption, including inflation
Investment rate of return	7.50%, net of pension plan expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of retirement eligibility. Assumption was last updated during the 2011 valuation pursuant to an experience study performed in 2010.
Mortality	RP-2000 Mortality Table projected to the year 2010 with Scale AA

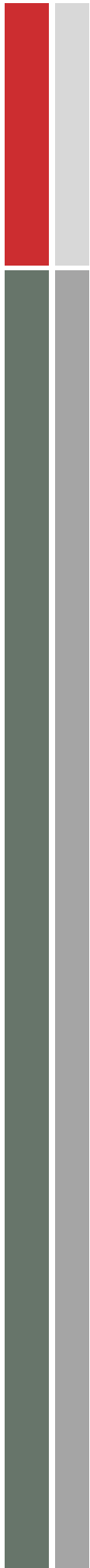
**Other information:** VIA's funding policy is to contribute the Plan's normal cost and an amortization payment to fund the unfunded actuarially accrued liability. The amortization payment is determined as a level percentage of payroll (assuming a 3.5% payroll growth), which includes the payroll of employees who earn benefits in the defined contribution plan.

VIA initiated the current funding policy for determining the actuarially determined contributions and VIA's actual contributions beginning with the 2011 actuarial valuation, which identified the contribution requirement for fiscal year 2013, and included a phase-in strategy to increase into these contribution requirements. Based on this phase-in strategy, VIA will contribute \$1,000,000 less than the actuarially determined contribution for fiscal year 2015, and \$1,000,000 less than the actuarially determined amount for fiscal year 2016. VIA will contribute the actuarially determined contributions for fiscal year 2017 and each fiscal year thereafter.

#### Note 2 – Postemployment Benefits Other Than Pension

For the fiscal year ended September 30, 2016 (and the plan year ended December 31, 2015), the actuarial valuation date was October 1, 2014. The actuarial cost method used was the "projected unit credit" method, the amortization method used was the "level percentage open" method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate, and variable merit or longevity component. The healthcare trend rate used was 7.25% in 2017, decreasing 0.20% per year to an ultimate trend of 4.50% in 2031.

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## Other Supplementary Information

# VIA Metropolitan Transit

## San Antonio, Texas

### Combining Schedule of Net Position

September 30, 2016

	<u>MTA</u>	<u>ATD</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 38,766,314	\$ 2,131,037	\$ -	\$ 40,897,351
Investments	47,144,967	18,515,533	-	65,660,500
Accounts receivable:				
Federal government	5,834,345	-	-	5,834,345
State of Texas – sales taxes	24,429,310	5,486,842	-	29,916,152
Interest	424,128	28,995	-	453,123
ATD	3,249,529	-	(3,249,529)	-
Other	3,119,736	-	-	3,119,736
Inventory	3,948,520	-	-	3,948,520
Prepaid expenses and other current assets	904,642	-	-	904,642
Restricted assets:				
Cash and cash equivalents	12,250,446	9,782,507	-	22,032,953
Investments	81,246,537	15,028,693	-	96,275,230
State of Texas receivable – sales taxes	-	5,486,842	-	5,486,842
Total current assets	<u>221,318,474</u>	<u>56,460,449</u>	<u>(3,249,529)</u>	<u>274,529,394</u>
Noncurrent assets:				
Restricted cash and cash equivalents	3,434,676	395,629	-	3,830,305
Restricted investments	29,609,188	-	-	29,609,188
Capital assets:				
Land	33,891,182	-	-	33,891,182
Buildings and shelters	190,045,598	-	-	190,045,598
Revenue vehicles	177,771,070	-	-	177,771,070
Service vehicles	4,838,011	-	-	4,838,011
Equipment	55,702,672	-	-	55,702,672
Total capital assets	462,248,533	-	-	462,248,533
Less accumulated depreciation	325,436,398	-	-	325,436,398
Construction in progress	66,956,482	-	-	66,956,482
Net capital assets	<u>203,768,617</u>	<u>-</u>	<u>-</u>	<u>203,768,617</u>
Other assets:				
Net OPEB asset	4,925,202	-	-	4,925,202
Total other assets	<u>4,925,202</u>	<u>-</u>	<u>-</u>	<u>4,925,202</u>
Total noncurrent assets	<u>241,737,683</u>	<u>395,629</u>	<u>-</u>	<u>242,133,312</u>
Total assets	<u>463,056,157</u>	<u>56,856,078</u>	<u>(3,249,529)</u>	<u>516,662,706</u>
<b>Deferred Outflows of Resources</b>				
Pension	25,551,613	-	-	25,551,613
Fuel hedging	647,807	-	-	647,807
Total deferred outflows of resources	<u>26,199,420</u>	<u>-</u>	<u>-</u>	<u>26,199,420</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 489,255,577</u>	<u>\$ 56,856,078</u>	<u>\$ (3,249,529)</u>	<u>\$ 542,862,126</u>

	<u>MTA</u>	<u>ATD</u>	<u>Eliminations</u>	<u>Total</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 14,484,453	\$ -	\$ -	\$ 14,484,453
Fuel hedging liability	647,807	-	-	647,807
Retainage payable	515,468	-	-	515,468
Payable to MTA	-	3,249,529	(3,249,529)	-
Accrued liabilities	4,785,701	-	-	4,785,701
Unearned revenue	1,412,416	-	-	1,412,416
Claims payable	7,611,973	-	-	7,611,973
Subtotal	29,457,818	3,249,529	(3,249,529)	29,457,818
Current liabilities – payable from restricted assets:				
Payable to CoSA and Bexar County	-	5,482,328	-	5,482,328
Interest payable	311,459	255,273	-	566,732
Bonds payable	1,445,000	840,000	-	2,285,000
Total current liabilities	31,214,277	9,827,130	(3,249,529)	37,791,878
Noncurrent liabilities:				
Net pension liability	145,888,111	-	-	145,888,111
Long-term liabilities	42,727,168	34,987,123	-	77,714,291
Total noncurrent liabilities	188,615,279	34,987,123	-	223,602,402
<b>Total liabilities</b>	219,829,556	44,814,253	(3,249,529)	261,394,280
<b>Deferred Inflows of Resources</b>				
Pension	4,349,303	-	-	4,349,303
Total deferred inflows of resources	4,349,303	-	-	4,349,303
<b>Total liabilities and deferred inflows of resources</b>	<u>\$ 224,178,859</u>	<u>\$ 44,814,253</u>	<u>\$ (3,249,529)</u>	<u>\$ 265,743,583</u>
<b>Net Position</b>				
Net (deficit) invested in capital assets	\$ 187,880,096	\$ (6,523,800)	\$ -	\$ 181,356,296
Restricted	102,233,683	-	-	102,233,683
Unrestricted	(25,037,061)	18,565,625	-	(6,471,436)
<b>Total net position</b>	<u>\$ 265,076,718</u>	<u>\$ 12,041,825</u>	<u>\$ -</u>	<u>\$ 277,118,543</u>
<b>Total liabilities, deferred inflow of resources     and net position</b>	<u>\$ 489,255,577</u>	<u>\$ 56,856,078</u>	<u>\$ (3,249,529)</u>	<u>\$ 542,862,126</u>

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# VIA Metropolitan Transit

## San Antonio, Texas

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

Year Ended September 30, 2016

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 16,607,482	\$ 3,444,140	\$ 20,051,622
Robert Thompson Terminal	94,787	-	94,787
Other special events	144,402	-	144,402
VIAtrans	1,996,240	-	1,996,240
Real estate development	330,799	-	330,799
Ellis Alley Park and Ride	12,582	-	12,582
Bus advertising	894,530	-	894,530
Miscellaneous	441,677	-	441,677
Total operating revenues	20,522,499	3,444,140	23,966,639
Operating expenses:			
Line service	135,129,865	32,222,077	167,351,942
Robert Thompson Terminal	630,944	-	630,944
Other special events	552,244	-	552,244
VIAtrans	40,922,470	-	40,922,470
Vanpool	-	608,055	608,055
Promotional service	99,753	-	99,753
Real estate development	1,678	-	1,678
Business development and planning	6,343,287	109,952	6,453,239
Transit technology	-	637,751	637,751
Total operating expenses before depreciation and loss on asset impairment	183,680,241	33,577,835	217,258,076
Depreciation on capital assets:			
Acquired with VIA equity	6,651,905	-	6,651,905
Acquired with grants	15,548,773	-	15,548,773
Loss on asset impairment	8,579,632	-	8,579,632
Total operating expenses after depreciation and loss on asset impairment	214,460,551	33,577,835	248,038,386
Operating loss	(193,938,052)	(30,133,695)	(224,071,747)
Nonoperating revenues (expenses):			
Sales taxes	138,552,066	62,855,132	201,407,198
Grants revenue – VIA	28,773,370	-	28,773,370
Grants revenue – pass-through	1,463,234	-	1,463,234
Investment income	1,673,865	165,751	1,839,616
Bond interest	(1,839,371)	(1,397,736)	(3,237,107)
Loss on sale of assets	(117,056)	-	(117,056)
Less pass-through funds remitted to sub-recipients	(1,400,626)	-	(1,400,626)
Less local assistance program	(461,513)	-	(461,513)
Less amounts remitted to CoSA and Bexar County	-	(31,427,566)	(31,427,566)
Total nonoperating revenues (expenses) – net	166,643,969	30,195,581	196,839,550
Income (loss) before capital contributions and transfers	(27,294,083)	61,886	(27,232,197)
Capital contributions	23,876,005	-	23,876,005
Transfer in	957,255	-	957,255
Transfer out	-	(957,255)	(957,255)
Change in net position	(2,460,823)	(895,369)	(3,356,192)
Net position at beginning of year	267,537,541	12,937,194	280,474,735
Net position at end of year	\$ 265,076,718	\$ 12,041,825	\$ 277,118,543

**VIA Metropolitan Transit**  
**San Antonio, Texas**  
**Combining Schedule of Cash Flows**  
Year Ended September 30, 2016

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 21,464,731	\$ 3,415,516	\$ 24,880,247
Cash payments to vendors for goods and services	(50,736,779)	(12,371,360)	(63,108,139)
Cash payments for employee services, including salaried fringe benefits	(128,911,102)	-	(128,911,102)
Cash payments for MTA employee services	-	(20,452,333)	(20,452,333)
Net cash used in operating activities	<u>(158,183,150)</u>	<u>(29,408,177)</u>	<u>(187,591,327)</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Sales taxes	136,634,249	61,928,988	198,563,237
Grants reimbursements received	32,448,605	-	32,448,605
Payments to CoSA and Bexar County	-	(30,964,494)	(30,964,494)
Cash transfer for depreciation allocation	256,729	(256,729)	-
Net cash provided by noncapital financing activities	<u>169,339,583</u>	<u>30,707,765</u>	<u>200,047,348</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds from capital grants	24,292,882	-	24,292,882
Debt service	(3,308,395)	(3,323,278)	(6,631,673)
Proceeds from sale of assets	11,960	-	11,960
Purchase of capital assets	(37,851,935)	-	(37,851,935)
Net cash used in capital and related financing activities	<u>(16,855,488)</u>	<u>(3,323,278)</u>	<u>(20,178,766)</u>
<b>Cash Flows From Investing Activities</b>			
Sale of investment securities	150,738,057	61,762,333	212,500,390
Purchase of investment securities	(130,226,478)	(53,941,417)	(184,167,895)
Interest earnings	1,103,526	162,453	1,265,979
Net cash provided by investing activities	<u>21,615,105</u>	<u>7,983,369</u>	<u>29,598,474</u>
Net increase in cash and cash equivalents	15,916,050	5,959,679	21,875,729
Cash and cash equivalents at beginning of year	<u>38,535,386</u>	<u>6,349,494</u>	<u>44,884,880</u>
Cash and cash equivalents at end of year	<u>\$ 54,451,436</u>	<u>\$ 12,309,173</u>	<u>\$ 66,760,609</u>

	<u>MTA</u>	<u>ATD</u>	<u>Total</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>			
Operating loss	\$ (193,938,052)	\$ (30,133,695)	\$ (224,071,747)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:			
Acquired with VIA equity	6,651,905	-	6,651,905
Acquired with grants	15,548,773	-	15,548,773
Loss on asset impairment	8,579,632	-	8,579,632
Changes in assets and liabilities:			
Decrease in accounts receivable	2,719,969	-	2,719,969
Increase in inventory	(456,774)	-	(456,774)
Increase in prepaid expenses and other current assets	(6,254,896)	-	(6,254,896)
Increase in prepaid pension	(14,030,434)	-	(14,030,434)
(Increase) decrease in interfund receivable	(1,177,538)	725,518	(452,020)
Decrease in accounts payable	3,159,834	-	3,159,834
Decrease in accrued liabilities	<u>21,014,431</u>	<u>-</u>	<u>21,014,431</u>
Net cash used in operating activities	<u>\$ (158,183,150)</u>	<u>\$ (29,408,177)</u>	<u>\$ (187,591,327)</u>
<b>Reconciliation of Cash and Cash Equivalents Combining Statements of Net Position</b>			
Cash and cash equivalents at end of year:			
Unrestricted	\$ 38,766,314	\$ 2,131,037	\$ 40,897,351
Restricted – mandated purpose	<u>15,685,122</u>	<u>10,178,136</u>	<u>25,863,258</u>
Total cash and cash equivalents	<u>\$ 54,451,436</u>	<u>\$ 12,309,173</u>	<u>\$ 66,760,609</u>
<b>Noncash Investing and Financing Activities</b>			
Changes in fair value of investments reported as cash	<u>\$ 276,847</u>	<u>\$ -</u>	<u>\$ 276,847</u>

# VIA Metropolitan Transit

## San Antonio, Texas

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

Year Ended September 30, 2016

	MTA		
	Budget	Actual	Variance
Operating revenues:			
Line service	\$ 18,097,941	\$ 16,607,482	\$ (1,490,459)
Robert Thompson Terminal	163,642	94,787	(68,855)
Other special events	194,583	144,402	(50,181)
VIATrans	1,965,684	1,996,240	30,556
Charter	180,670	-	(180,670)
Real estate development	285,998	330,799	44,801
Ellis Alley Park and Ride	12,000	12,582	582
Bus advertising	894,530	894,530	-
Miscellaneous	517,002	441,677	(75,325)
Total operating revenues	22,312,050	20,522,499	(1,789,551)
Operating expenses – excluding depreciation:			
Line service	137,909,112	135,129,865	2,779,247
Robert Thompson Terminal	649,776	630,944	18,832
Other special events	695,066	552,244	142,822
VIATrans	39,943,400	40,922,470	(979,070)
Charter	118,044	-	118,044
Promotional service	83,470	99,753	(16,283)
Real estate development	2,526	1,678	848
Business development and planning	6,550,293	6,343,287	207,006
Total operating expenses – excluding depreciation	185,951,687	183,680,241	2,271,446
Operating loss	(163,639,637)	(163,157,742)	481,895
Nonoperating revenues (expenses):			
Sales taxes	142,890,000	138,552,066	(4,337,934)
Grants revenue – VIA	28,932,100	28,773,370	(158,730)
Grants revenue – passthrough	-	1,463,234	1,463,234
Investment income	815,160	1,673,865	858,705
Bond interest and issuance costs	(1,899,996)	(1,839,371)	60,625
Less pass-through funds remitted to sub-recipients	-	(1,400,626)	(1,400,626)
Less local assistance program	-	(461,513)	(461,513)
Gain on sale of assets	-	(117,056)	(117,056)
Total nonoperating revenues (expenses) – net	170,737,264	166,643,969	(4,093,295)
Income before depreciation and loss on asset impairment	7,097,627	3,486,227	(3,611,400)
Less depreciation	-	22,200,678	(22,200,678)
Less loss on asset impairment	-	8,579,632	(8,579,632)
Income (loss) after depreciation and loss on asset impairment	\$ 7,097,627	\$ (27,294,083)	\$ (34,391,710)

# 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, 2016

	ATD		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Line service	\$ 3,672,702	\$ 3,444,140	\$ (228,562)
Total operating revenues	<u>3,672,702</u>	<u>3,444,140</u>	<u>(228,562)</u>
Operating expenses – excluding depreciation:			
Line service	30,357,733	32,222,077	(1,864,344)
Vanpool	603,543	608,055	(4,512)
Business development and planning	50,017	109,952	(59,935)
Transit technology	<u>847,328</u>	<u>637,751</u>	<u>209,577</u>
Total operating expenses – excluding depreciation	<u>31,858,621</u>	<u>33,577,835</u>	<u>(1,719,214)</u>
Operating loss	<u>(28,185,919)</u>	<u>(30,133,695)</u>	<u>(1,947,776)</u>
Nonoperating revenues (expenses):			
Sales taxes	64,020,000	62,855,132	(1,164,868)
Investment income	40,000	165,751	125,751
Bond interest and amortization	(1,560,283)	(1,397,736)	162,547
Less amounts remitted to CoSA and Bexar County	<u>(32,010,000)</u>	<u>(31,427,566)</u>	<u>582,434</u>
Total nonoperating revenues (expenses) – net	<u>30,489,717</u>	<u>30,195,581</u>	<u>(294,136)</u>
Net income	<u>\$ 2,303,798</u>	<u>\$ 61,886</u>	<u>\$ (2,241,912)</u>

# VIA Metropolitan Transit

## San Antonio, Texas

### Schedule of Operating Expenses by Expense Category and Cost Center

Year Ended September 30, 2016

	MTA		
	Line Service	Robert Thompson Terminal	Other Special Events
Labor	\$ 51,142,490	\$ 218,568	\$ 212,767
Fringe benefits	-	-	-
Services	2,203,165	36,102	47,095
Materials and supplies	21,237,429	61,004	67,851
Utilities	934,416	27,154	1,241
Casualty and liability	451,722	1,708	(922)
Taxes	1,016,030	2,924	3,595
Purchased transportation	-	-	-
Miscellaneous expense	427,338	771	747
Leases and rentals	33,635	11,178	1,782
Expense transfer to Capital Program	-	-	-
Fringe distribution	35,240,446	168,048	131,613
Expense transfers	22,443,194	103,487	86,475
Subtotal	135,129,865	630,944	552,244
Depreciation on capital assets:			
Direct	16,612,631	27,590	27,167
Indirect	2,863,214	11,568	8,926
Fringe	14,339	49	46
Loss on asset impairment	-	-	-
Subtotal depreciation and loss on asset impairment	19,490,184	39,207	36,139
Total operating expenses – including depreciation and loss on asset impairment	\$ 154,620,049	\$ 670,151	\$ 588,383

**MTA**

<u>VIAtrans</u>	<u>Charter</u>	<u>Promotional Service</u>	<u>Real Estate Development</u>	<u>Business Development and Planning</u>
\$ 10,333,474	\$ -	\$ 41,272	\$ -	\$ 883,582
-	-	-	-	2,443
511,675	-	134	1,311	3,988,103
2,993,099	-	9,015	137	9,103
396,240	-	173	-	-
127,634	-	88	230	-
68,514	-	445	-	-
14,559,030	-	-	-	-
26,339	-	20	-	427,050
-	-	12	-	-
-	-	-	-	-
7,317,851	-	30,303	-	639,657
<u>4,588,614</u>	<u>-</u>	<u>18,291</u>	<u>-</u>	<u>393,349</u>
<u>40,922,470</u>	<u>-</u>	<u>99,753</u>	<u>1,678</u>	<u>6,343,287</u>
2,088,318	-	3,648	33,630	-
465,321	-	1,931	-	39,771
2,330	-	8	-	193
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,579,632</u>
<u>2,555,969</u>	<u>-</u>	<u>5,587</u>	<u>33,630</u>	<u>8,619,596</u>
<u>\$ 43,478,439</u>	<u>\$ -</u>	<u>\$ 105,340</u>	<u>\$ 35,308</u>	<u>\$ 14,962,883</u>

# VIA Metropolitan Transit

## San Antonio, Texas

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

Year Ended September 30, 2016

	ATD				
	Line Service	Vanpool	Bus Rapid Transit	Business Development and Planning	Transit Technology
Labor	\$ 9,064,174	\$ 52,658	\$ 2,670,232	\$ 50,148	\$ 281,473
Fringe benefits	-	-	-	-	-
Services	240,609	-	19,483	-	11,719
Materials and supplies	4,849,671	-	1,063,435	-	377
Utilities	104,699	-	72,690	-	-
Casualty and liability	101,910	247,850	30,289	-	-
Taxes	237,008	-	60,633	-	-
Purchased transportation	-	241,370	-	-	-
Miscellaneous expense	(22,974)	2,818	4,093	-	-
Leases and rentals	8,522	-	1,587	-	10,220
Expense transfer to Capital Program	-	-	-	-	-
Fringe distribution	6,245,066	38,068	1,947,634	35,661	198,590
Expense transfers	4,240,632	25,291	1,282,684	24,143	135,372
Subtotal	25,069,317	608,055	7,152,760	109,952	637,751
Depreciation on capital assets:					
Direct	-	-	-	-	-
Indirect	-	-	-	-	-
Fringe	-	-	-	-	-
Loss on asset impairment	-	-	-	-	-
Subtotal depreciation and loss on asset impairment	-	-	-	-	-
Total operating expenses – including depreciation and loss on asset impairment	\$ 25,069,317	\$ 608,055	\$ 7,152,760	\$ 109,952	\$ 637,751

<u>Subtotal</u>	<u>MTA Indirect</u>	<u>ATD Indirect</u>	<u>Combined MTA and ATD Fringe Benefits</u>	<u>Total</u>
\$ 74,950,838	\$ 14,710,395	\$ 176,049	\$ 431,565	\$ 90,268,847
2,443	6,945	-	61,819,294	61,828,682
7,059,396	4,577,138	56,457	718,062	12,411,053
30,291,121	535,316	-	6,040	30,832,477
1,536,613	1,256,316	-	-	2,792,929
960,509	54,835	-	-	1,015,344
1,389,149	-	-	-	1,389,149
14,800,400	-	-	-	14,800,400
866,202	1,422,090	10,327	65,377	2,363,996
66,936	86,093	-	105,808	258,837
-	-	-	(703,638)	(703,638)
51,992,937	10,496,859	124,795	(62,614,591)	-
<u>33,341,532</u>	<u>(33,145,987)</u>	<u>(367,628)</u>	<u>172,083</u>	<u>-</u>
<u>217,258,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,258,076</u>
18,792,984	3,407,694	-	-	22,200,678
3,390,731	(3,407,694)	-	16,965	-
16,965	-	-	(16,965)	-
<u>8,579,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,579,632</u>
<u>30,780,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,780,310</u>
<u>\$ 248,038,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,038,388</u>

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# Statistical

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

## Financial Trends

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

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## Revenue Capacity

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

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Estimated MTA/ATD Sales Tax Receipts by City . . . . .	118

## Debt Capacity

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## Demographic and Economic Information

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

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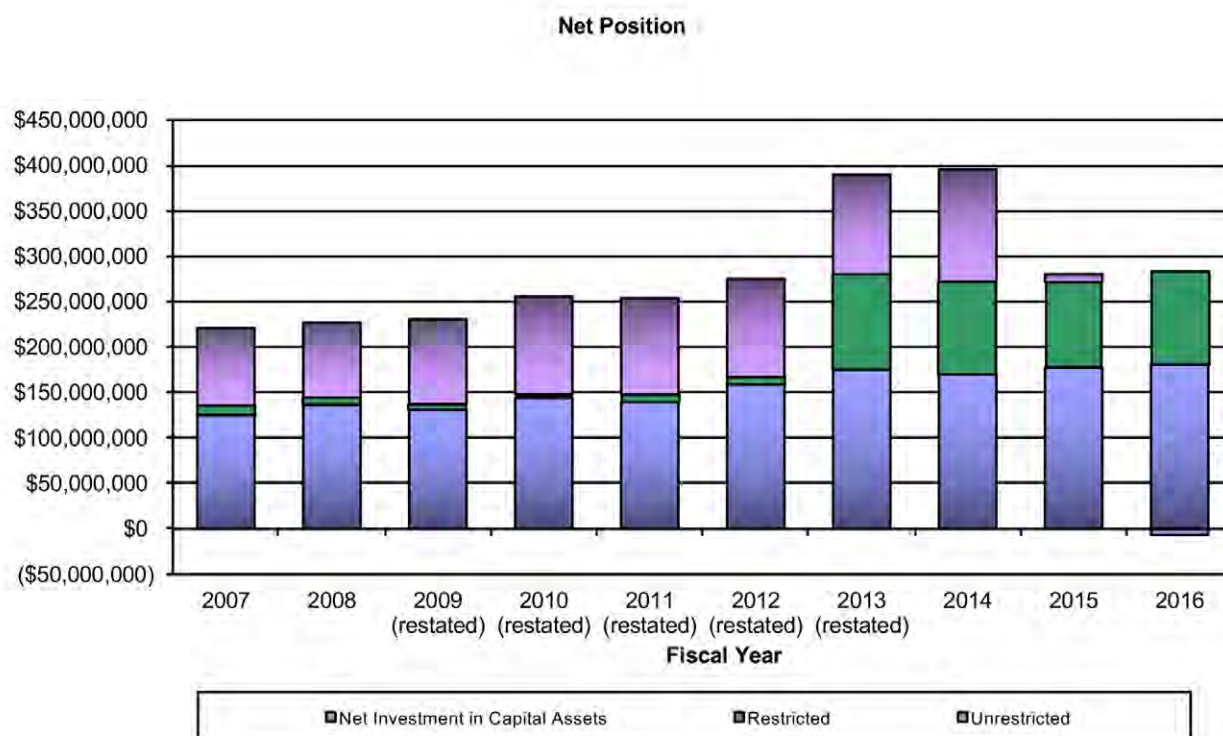
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# VIA Metropolitan Transit San Antonio, Texas

## Net Position Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009 (Restated)	2010 (Restated)
Net Investment in Capital Assets	\$124,803,894	\$136,185,129	\$131,417,640	\$144,198,151
Restricted	11,054,290	8,396,663	5,948,362	3,950,272
Unrestricted	85,172,797	82,472,378	93,565,489	107,831,356
Total Net Position	<u>\$221,030,981</u>	<u>\$227,054,170</u>	<u>\$230,931,491</u>	<u>\$255,979,779</u>

**Source:** VIA's Annual Audited Financial Statements



# VIA Metropolitan Transit San Antonio, Texas

Fiscal Year					
<u>2011 (Restated)</u>	<u>2012 (Restated)</u>	<u>2013 (Restated)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$139,898,123	\$159,389,068	\$175,033,075	\$171,241,292	\$177,325,265	\$181,356,296
7,983,145	7,752,249	105,420,435	101,174,318	94,200,006	101,233,683
106,150,372	108,124,230	109,393,508	123,167,778	8,949,464	(6,471,436)
<u>\$254,031,640</u>	<u>\$275,265,547</u>	<u>\$389,847,018</u>	<u>\$395,583,388</u>	<u>\$280,474,735</u>	<u>\$276,118,543</u>

# VIA Metropolitan Transit San Antonio, Texas

## Changes in Net Position Last Ten Fiscal Years

	Fiscal Year				
	2007	2008	2009	2010 (Restated)	2011 (Restated)
<b>Operating Revenues</b>					
Line Service	\$ 17,304,994	\$ 19,536,847	\$ 20,862,060	\$ 20,571,968	\$ 21,625,077
Starlight Service	250,368	144,909	32,716	-	-
Robert Thompson Terminal	59,216	60,527	13,023	42,550	76,917
Other Special Events	227,927	239,099	179,279	180,666	174,383
VIAtrans	1,424,369	1,493,059	1,661,674	1,713,729	1,705,738
Charter	54,429	35,122	114,616	145,500	107,523
Contract	2,185,330	1,876,060	-	-	-
Real Estate Development	226,620	230,426	215,488	267,859	277,257
Ellis Alley Park and Ride	22,971	13,821	11,445	11,566	8,243
Bus Advertising	388,300	307,729	731,810	464,100	516,250
Miscellaneous	768,869	1,047,201	765,361	993,321	842,939
<i>Total Operating Revenues</i>	<u>22,913,393</u>	<u>24,984,800</u>	<u>24,587,472</u>	<u>24,391,259</u>	<u>25,334,327</u>
<b>Operating Expenses</b>					
Line Service	99,915,598	116,822,879	111,333,647	117,495,205	127,048,368
Bus Disaster Relief <sup>1</sup>	35,011	410,447	-	-	-
Robert Thompson Terminal	200,395	234,952	68,564	201,686	361,462
Other Special Events	444,467	499,455	421,502	470,726	490,118
VIAtrans	24,396,340	26,921,960	27,092,432	29,078,861	31,038,547
Van Disaster Relief <sup>1</sup>	7,729	25,927	-	-	-
Vanpool	133,120	294,744	188,444	200,962	366,252
Bus Rapid Transit	-	501,065	740,086	494,849	361,888
Starlight Service	1,232,416	752,355	200,527	-	-
Charter	131,509	79,595	140,352	160,020	151,927
Contract	2,135,119	1,854,243	-	-	-
Real Estate Development	3,025	719	582	6,239	794
Business Development and Planning	2,579,352	2,975,743	3,256,780	3,392,485	3,446,449
Transit Technology	534,783	528,972	597,196	601,376	690,381
<i>Total Operating Expenses</i>	<u>131,748,864</u>	<u>151,903,056</u>	<u>144,040,112</u>	<u>152,102,409</u>	<u>163,956,186</u>
<b>Non-Operating Revenues (Expenses)</b>					
Sales Taxes	136,525,865	142,157,492	134,962,020	137,285,707	144,588,735
Grants Reimbursement	9,449,194	7,327,679	19,237,153	27,196,327	23,279,480
Investment Income	4,343,935	3,472,825	1,262,374	585,219	617,320
Bond Interest and Amortization	-	-	-	-	-
Net Gain(Loss) on Sale of Assets	94,366	(132,242)	5,903	(126,707)	(367,766)
Other Revenue	-	-	-	-	-
ATD, CoSA, TxDOT, Bexar Co., and Election Expense <sup>2</sup>	(22,035,752)	(22,807,203)	(21,468,658)	(21,700,854)	(23,085,686)
Local Assistance Program and RMA <sup>3</sup>	(250,829)	(227,976)	(2,312,343)	-	-
<i>Net Non-Operating Revenues (Expenses)</i>	<u>128,126,779</u>	<u>129,790,575</u>	<u>131,686,449</u>	<u>143,239,692</u>	<u>145,032,083</u>
<b>Income(Loss) before Depreciation and Capital Contributions</b>	<u>19,291,308</u>	<u>2,872,319</u>	<u>12,233,809</u>	<u>15,528,542</u>	<u>6,410,224</u>
Depreciation	(21,719,090)	(19,747,254)	(20,075,564)	(20,281,792)	(21,588,388)
Capital Contributions	10,044,540	22,898,124	11,719,076	29,801,538	13,230,025
<b>Change in Net Position</b>	<u>\$ 7,616,758</u>	<u>\$ 6,023,189</u>	<u>\$ 3,877,321</u>	<u>\$ 25,048,288</u>	<u>\$ (1,948,139)</u>

Source: VIA's Annual Audited Financial Statements

<sup>1</sup>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.

<sup>2</sup>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.

<sup>3</sup>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.

# VIA Metropolitan Transit San Antonio, Texas

Fiscal Year				
<u>2012</u> <u>(Restated)</u>	<u>2013</u> <u>(Restated)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 22,315,482	\$ 23,001,057	\$ 22,103,715	\$ 20,880,726	\$ 20,051,831
-	-	-	-	94,787
78,925	195,549	187,785	145,337	144,402
177,119	166,560	181,786	169,079	1,996,239
1,681,635	1,821,640	1,882,687	1,899,614	-
113,915	230,308	195,052	86,526	-
-	-	-	-	-
267,719	277,714	263,360	281,072	330,799
6,854	10,290	6,491	23,918	12,582
615,000	714,530	749,530	814,530	894,530
843,534	783,235	759,723	436,382	441,677
<u>26,100,183</u>	<u>27,200,883</u>	<u>26,330,129</u>	<u>24,737,184</u>	<u>23,966,647</u>
132,326,068	140,264,400	147,478,417	161,181,992	167,351,956
-	-	-	-	-
512,763	707,542	733,305	657,286	630,944
541,478	584,044	592,886	618,448	552,245
32,677,623	33,147,022	34,330,772	37,375,783	40,922,470
-	-	-	-	-
537,218	534,322	547,806	558,689	608,055
391,558	-	-	-	-
-	-	-	-	-
131,882	252,832	239,325	175,609	-
-	-	-	-	-
3,192	857	4,334	613	99,754
3,894,405	4,745,443	5,858,692	6,588,687	1,678
719,319	715,552	694,331	685,274	6,453,238
-	-	-	-	637,751
<u>171,735,506</u>	<u>180,952,014</u>	<u>190,479,868</u>	<u>207,842,381</u>	<u>217,258,091</u>
163,316,655	173,776,660	189,964,334	197,645,249	201,407,199
20,360,615	25,145,760	26,045,513	27,047,155	28,835,978
252,009	(18,870)	577,720	853,433	1,839,616
(546,141)	(63,884)	(3,542,815)	(3,000,034)	(3,237,107)
170,308	73,893	40,839	(1,252)	(117,056)
-	-	-	-	(461,513)
(25,720,768)	(27,138,822)	(29,541,042)	(30,637,238)	(31,427,566)
90,150	-	-	-	-
<u>157,922,828</u>	<u>171,774,737</u>	<u>183,544,549</u>	<u>191,907,313</u>	<u>196,839,551</u>
<u>12,287,505</u>	<u>18,023,606</u>	<u>19,394,810</u>	<u>8,802,116</u>	<u>3,548,107</u>
(19,035,123)	(20,933,451)	(27,686,973)	(27,193,368)	(30,780,309)
27,981,525	117,491,316	14,028,533	21,974,093	23,876,006
<u>\$ 21,233,907</u>	<u>\$ 114,581,471</u>	<u>\$ 5,736,370</u>	<u>\$ 3,582,841</u>	<u>\$ (3,356,196)</u>

# VIA Metropolitan Transit San Antonio, Texas

## Direct and Overlapping Sales Tax Rates As of September 30, 2016

City	Direct Rates			Overlapping Rates <sup>1</sup>			Total Sales Tax Rate
	Metropolitan Transit Authority (MTA)	Advanced Transportation District (ATD)	Total Direct Rate	State	Local City	Special Purpose District	
Alamo Heights	0.50%		0.50%	6.25%	1.250%		8.00%
Balcones Heights	0.50%		0.50%	6.25%	1.000%	0.500%	8.25%
Castle Hills	0.50%		0.50%	6.25%	1.250%	0.250%	8.25%
China Grove	0.50%		0.50%	6.25%	1.250%		8.00%
Converse	0.50%		0.50%	6.25%	1.500%		8.25%
Elmendorf	0.50%		0.50%	6.25%	1.500%		8.25%
Kirby	0.50%		0.50%	6.25%	1.250%	0.250%	8.25%
Leon Valley	0.50%		0.50%	6.25%	1.375%	1.250%	9.38%
Olmos Park	0.50%		0.50%	6.25%	1.500%		8.25%
Saint Hedwig	0.50%		0.50%	6.25%	1.000%		7.75%
Sandy Oaks	0.50%		0.50%	6.25%	1.500%		8.25%
Shavano Park	0.50%		0.50%	6.25%	1.250%	0.250%	8.25%
Terrell Hills	0.50%		0.50%	6.25%	1.250%		8.00%
San Antonio	0.50%	0.25% <sup>2</sup>	0.75%	6.25%	1.250%		8.25%
Unincorporated (Bexar County)	0.50%		0.50%	6.25%			6.75%

**Source:** State of Texas Comptroller of Public Accounts

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

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

<sup>2</sup>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			
	2007	2008	2009	2010
Alamo Heights	\$ 393,983	\$ 406,932	\$ 389,993	\$ 369,810
Balcones Heights	637,859	641,981	574,183	573,949
Castle Hills	454,499	394,859	390,619	378,022
China Grove	45,522	48,470	39,141	39,759
Converse	396,735	721,440	712,810	762,992
Elmendorf	20,124	25,405	20,054	22,021
Kirby	86,135	83,575	83,631	90,744
Leon Valley	793,085	864,745	883,285	826,649
Olmos Park	169,600	190,994	189,249	179,401
Saint Hedwig	25,870	28,251	28,075	29,149
San Antonio (MTA)	88,108,466	93,358,659	88,566,698	90,350,846
San Antonio (ATD) <sup>1</sup>	21,566,150	22,584,786	21,429,342	21,700,855
Sandy Oaks	-	-	-	-
Shavano Park	55,314	74,195	80,010	93,876
Terrell Hills	76,086	79,717	80,350	100,277
Other <sup>2</sup>	2,130,287	68,698	65,238	66,502
Total Sales Tax Receipts	\$ 114,959,715	\$ 119,572,707	\$ 113,532,678	\$ 115,584,852

**Source:** VIA's Fiscal Management Department

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

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

<sup>1</sup>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.

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

Fiscal Years 2006-2007 have been restated to reflect an accounting change.

# VIA Metropolitan Transit San Antonio, Texas

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 382,503	\$ 418,716	\$ 445,742	\$ 473,443	\$ 471,080	\$ 505,166
609,594	670,081	702,293	701,787	732,556	716,374
422,138	438,952	459,610	458,501	491,947	508,528
42,669	54,047	57,159	77,598	83,033	74,519
744,263	841,257	856,192	906,675	984,923	1,039,386
27,340	35,960	40,532	54,865	87,361	196,823
91,851	95,966	108,265	115,451	132,692	153,993
840,965	869,196	933,280	1,084,454	1,102,355	1,139,132
189,850	238,399	232,007	224,911	235,966	226,460
27,148	26,136	30,063	36,134	33,307	35,461
94,720,036	104,895,568	112,728,315	123,682,950	128,985,691	130,857,440
23,085,685	25,720,768	27,138,822	29,541,044	30,637,237	31,427,566
-	-	-	-	3,057	16,611
145,632	371,253	407,841	334,104	189,886	194,475
103,667	119,890	107,737	113,730	109,504	116,658
69,710	2,799,697	2,389,980	2,617,645	2,727,415	2,771,040
\$ 121,503,051	\$ 137,595,886	\$ 146,637,838	\$ 160,423,292	\$ 167,008,010	\$ 169,979,632

# VIA Metropolitan Transit San Antonio, Texas

## Schedule of Outstanding Debt and Public Debt Coverage Ratios

	2007-2011	2012	2013	2014	2015	2016
<b>OUTSTANDING DEBT</b>						
Private Placement Bond Issues (All Issued in 2012):						
MTA Farebox Revenue Bonds	\$ -	\$ 5,100,000	\$ 5,100,000	\$ -	\$ -	\$ -
MTA Contractual Obligation Bonds	-	3,200,000	2,765,000	2,325,000	1,880,000	1,425,000
ATD Sales Tax Revenue Bonds	-	5,100,000	5,100,000	-	-	-
MTA Contract Revenue Bonds	-	5,100,000	-	-	-	-
Public Bond Issues:						
MTA Farebox Revenue Bonds Series 2013	-	-	-	38,860,000	37,955,000	37,010,000
ATD Sales Tax Revenue Bonds Series 2014	-	-	-	32,925,000	32,140,000	31,335,000
Total Bonds	-	18,500,000	12,965,000	74,110,000	71,975,000	69,770,000
Bond Premium	-	-	-	6,358,751	6,051,227	5,832,883
Total Debt Outstanding	-	18,500,000	12,965,000	80,468,751	78,026,227	75,602,883
Gross Revenues (a)	N/A	184,479,002	199,039,504	213,417,493	219,645,783	224,621,865
Ratio of Total Debt to Gross Revenues	N/A	0.10	0.07	0.38	0.36	0.34
# of Riders (b)	N/A	46,893,169	45,894,417	44,346,565	42,218,985	39,635,173
Debt Per Rider	N/A	0.39	0.28	1.81	1.85	1.91
<b>COVERAGE RATIOS FOR PUBLIC DEBT</b>						
<b>MTA Farebox Revenue Bonds Series 2013</b>						
Operating Revenue	N/A	26,100,183	27,200,883	26,330,129	24,737,184	23,966,639
Maintenance & Operating Expense:	N/A					
Total Operating Expenses (Before Depreciation)	N/A	171,735,506	180,952,014	190,479,868	207,842,381	217,258,076
Contractual Obligation Debt Service	N/A	-	490,335	494,471	490,803	492,036
Subtotal	N/A	171,735,506	181,442,349	190,974,339	208,333,184	217,750,112
Less MTA Sales Tax	N/A	(111,875,118)	(119,499,016)	(130,882,248)	(136,370,773)	(138,552,066)
Less Available ATD Sales Tax (c)	N/A	(25,720,768)	(27,082,864)	(29,477,293)	(28,266,495)	(29,056,916)
Less Grants Available to Pay M&O Expense	N/A	(20,350,615)	(25,145,760)	(26,045,513)	(27,047,155)	(28,835,978)
Net M&O Expense	N/A	13,789,005	9,714,709	4,569,285	16,648,761	21,305,152
Net Revenue for Debt Service	N/A	12,311,178	17,486,174	21,760,844	8,088,423	2,661,487
Debt Service on Farebox Revenue Bonds	N/A	-	58,197	2,480,104	2,812,700	2,816,500
Debt Service Coverage Ratio (d)	N/A	N/A	300.5	8.8	2.9	0.9
Maximum Annual Debt Service (MADS)	N/A	N/A	N/A	2,816,700	2,816,700	2,816,700
MADS Coverage Ratio	N/A	N/A	N/A	7.7	2.9	0.9
<b>ATD Sales Tax Revenue Bonds Series 2014</b>						
ATD Sales Tax Revenue	N/A	25,720,768	27,138,822	29,541,043	30,637,238	31,427,566
Less District Debt Service	N/A	-	(55,958)	(63,750)	(2,370,743)	(2,370,650)
Net ATD Sales Tax Revenue	N/A	25,720,768	27,082,864	29,477,293	28,266,495	29,056,916
Debt Service Coverage Ratio (d)	N/A	N/A	485.0	463.4	12.9	13.3
Maximum Annual Debt Service (MADS)	N/A	N/A	N/A	2,374,750	2,374,750	2,374,750
MADS Coverage Ratio	N/A	N/A	N/A	12.4	11.9	12.2

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

(a) Total operating revenue, plus non-operating revenue from sales taxes, grants reimbursement, investment income and asset sales.

(b) Total system-wide passengers (includes all bus service and paratransit service).

(c) ATD sales taxes less debt service on ATD bonds.

(d) Coverage ratios shown are slightly different than those in VIA's public debt continuing disclosure documents due to rounding (the latter ratios are based on figures rounded to \$0.01 million).

# VIA Metropolitan Transit San Antonio, Texas

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Population 25 Years and over - Percent high school Graduate or Higher	School Enrollment	Average Yearly Unemployment Rate
2007	1,312,286	26,093,495	19,884	32.6	79.7	291,873	4.0%
2008	1,328,984	27,653,499	20,808	32.8	78.7	295,673	4.2%
2009	1,340,549	28,750,754	21,447	32.6	79.3	296,328	5.9%
2010	1,319,492	28,260,879	21,418	32.1	80.2	387,343	7.0%
2011	1,326,539	28,421,098	21,425	32.8	79.8	392,897	7.1%
2012	1,359,730	29,038,394	21,356	32.7	80.7	396,718	6.4%
2013	1,383,194	30,752,552	22,233	33.2	80.8	397,500	5.8%
2014	1,409,019	31,581,326	22,414	33.0	80.7	407,047	4.8%
2015	1,436,697	32,790,329	22,823	33.2	*	401,771	3.7%
2016	1,469,824	34,905,380	23,748	33.1	81.0	397,500	3.8%

\* Data unavailable.

**Sources:** Population, personal income, per capita income, median age and school enrollment information provided by the U.S. Census Bureau. Unemployment rate provided by the San Antonio Bureau of Labor Statistics.

# VIA Metropolitan Transit San Antonio, Texas

## Principal Employers 2016

2016		
Employer	Employees	Rank
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	93,434	1
H.E.B. Food Stores	20,000	2
USAA	17,900	3
Northside Independent School District	13,161	4
City of San Antonio	11,922	5
North East Independent School District	9,292	6
Methodist Health Care System	10,000	7
University Health System	7,970	8
San Antonio Independent School District	7,334	9
Baptist Health Systems	6,442	10

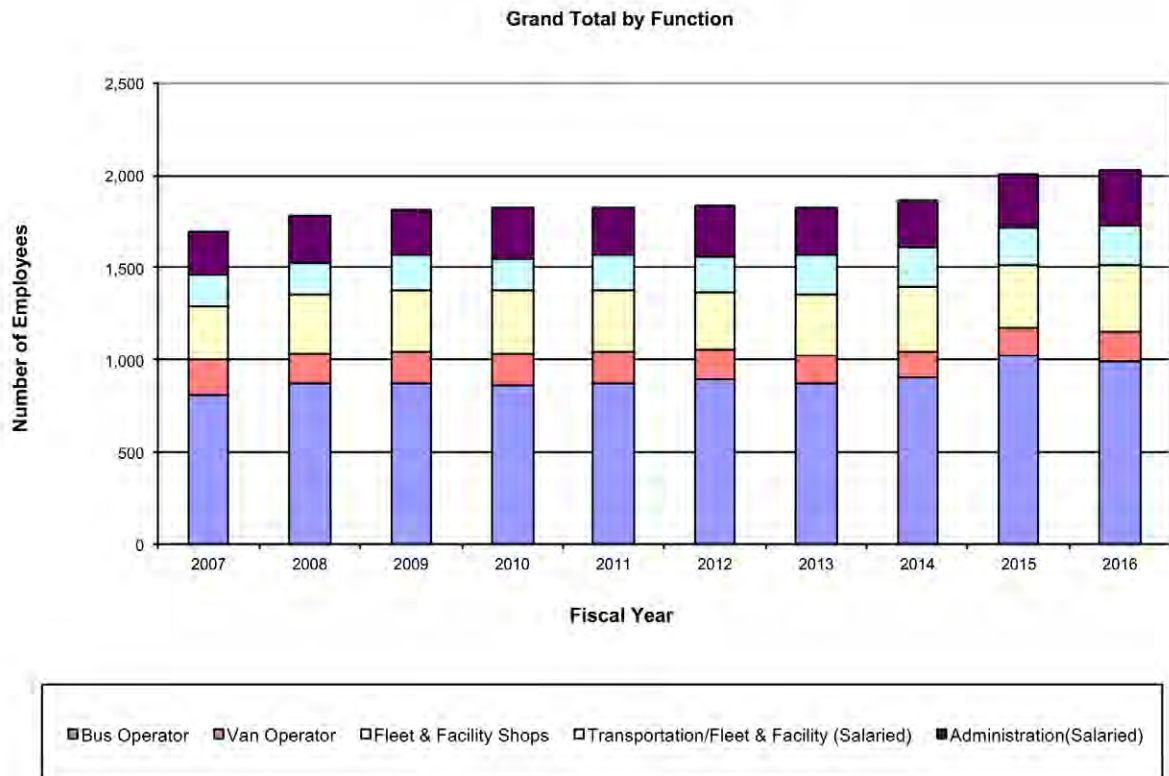
**Source:** San Antonio Express News and Department of Defense personnel statistics.

# VIA Metropolitan Transit San Antonio, Texas

## Full Time Equivalents Last Ten Fiscal Years

		Fiscal Year									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Full-Time Employees</b>											
	Bus Operator	712	719	728	716	746	733	742	795	943	882
	Van Operator	178	161	168	176	167	161	143	140	150	156
	Fleet & Facility Shops	296	311	338	343	331	311	334	345	344	368
	Transportation/Fleet & Facility (Salaried)	150	165	168	151	178	178	195	201	191	195
	Administration (Salaried)	233	245	244	265	239	257	249	244	278	286
	<b>Subtotal</b>	<b>1,569</b>	<b>1,601</b>	<b>1,646</b>	<b>1,651</b>	<b>1,661</b>	<b>1,640</b>	<b>1,663</b>	<b>1,725</b>	<b>1,906</b>	<b>1,887</b>
<b>Part-Time (Full-Time Equivalents)</b>											
	Bus Operator	101.1	155.3	143.5	141.2	131.3	158.6	131.6	107.6	77.9	111.7
	Van Operator	5.1	2.9	2.8	2.5	2.6	1.8	2.4	4.2	0.6	0.6
	Fleet & Facility Shops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Transportation/Fleet & Facility (Salaried)	14.4	14.8	14.8	17.8	14.8	17.0	15.0	15.0	12.9	11.0
	Administration (Salaried)	7.5	9.0	11.0	12.8	11.3	13.5	12.0	11.3	11.3	13.5
	<b>Subtotal</b>	<b>128.2</b>	<b>182.0</b>	<b>172.1</b>	<b>174.2</b>	<b>160.0</b>	<b>190.9</b>	<b>161.0</b>	<b>138.1</b>	<b>102.7</b>	<b>136.8</b>
<b>Grand Total</b>											
	Bus Operator	813.1	874.3	871.5	857.2	877.3	891.6	873.6	902.6	1,020.9	993.69
	Van Operator	183.1	163.9	170.8	178.5	169.6	162.8	145.4	144.2	150.6	156.6
	Fleet & Facility Shops	296.0	311.0	338.0	343.0	331.0	311.0	334.0	345.0	344.0	368.0
	Transportation/Fleet & Facility (Salaried)	164.4	179.8	182.8	168.8	192.8	195.0	210.0	216.0	203.9	206.0
	Administration (Salaried)	240.5	254.0	255.0	277.8	250.3	270.5	261.0	255.3	289.3	299.5
	<b>Grand Total</b>	<b>1,697.2</b>	<b>1,783.0</b>	<b>1,818.1</b>	<b>1,825.2</b>	<b>1,821.0</b>	<b>1,830.9</b>	<b>1,824.0</b>	<b>1,863.1</b>	<b>2,008.7</b>	<b>2,023.8</b>

Source: VIA's Monthly Personnel Report



# VIA Metropolitan Transit San Antonio, Texas

## Fare History Last Ten Fiscal Years

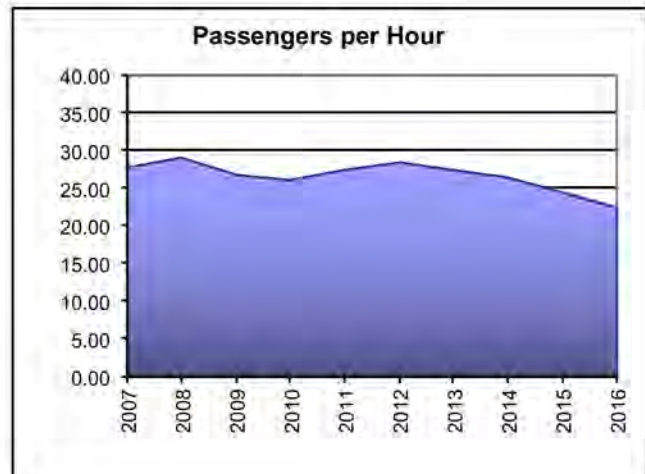
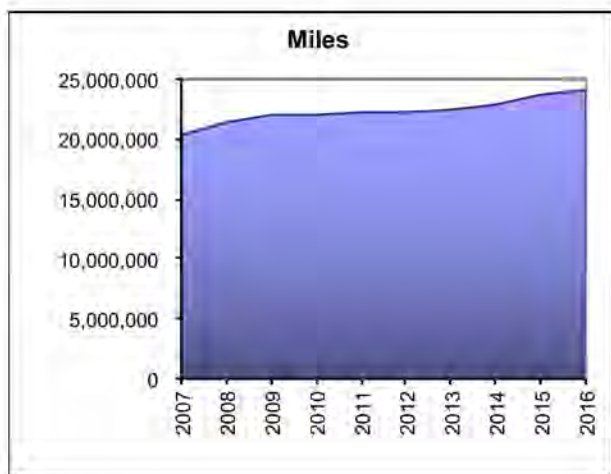
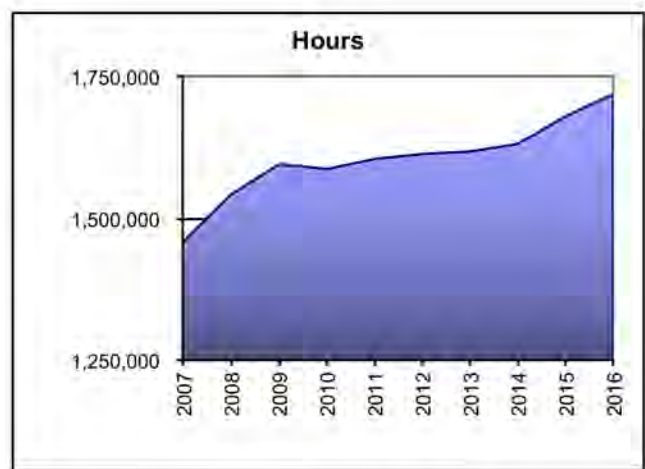
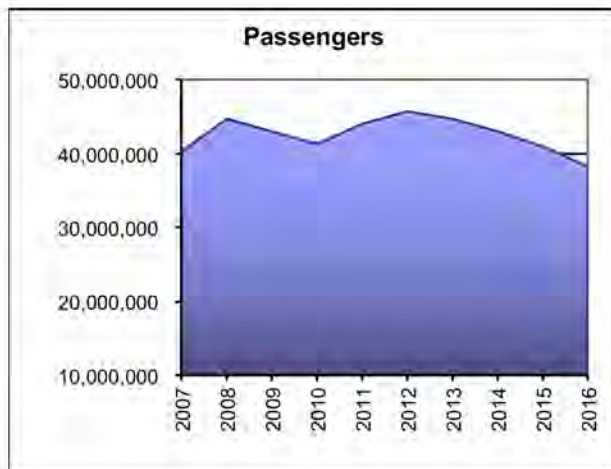
Category	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Bus Service</b>										
Regular Bus Service	\$ 1.00	\$ 1.00	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.30
Regular Half Fare	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65
Express Bus Service	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.60
Express Half Fare	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30
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
<b>Streetcar Service</b>										
Streetcar Service	1.00	1.00	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.30
Streetcar Half Fare	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65
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
<b>VIAtrans Service</b>										
VIAtrans Service	1.50	1.50	1.75	1.75	1.75	1.75	1.95	1.95	1.95	2.00
VIAtrans Taxi Subsidy	-	-	-	-	-	-	9.00	9.00	9.00	9.00
Special Event Service	6.00	4.00	5.00	5.00	5.00	5.00	5.00	2.50	2.50	2.50
Special Event Half Fare	3.00	2.00	2.50	2.50	2.50	2.50	2.50	1.25	1.25	1.25
Off Peak Special for Seniors and riders with limited mobility 9am-3pm	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<b>Starlight Service</b>										
Starlight Service	5.50	5.50	5.50	-	-	-	-	-	-	-
Starlight Service Half Fare	2.75	2.75	2.75	-	-	-	-	-	-	-
<b>Passes</b>										
Monthly Big Pass	25.00	25.00	30.00	30.00	30.00	30.00	35.00	35.00	35.00	38.00
Big Pass Half Fare	12.50	12.50	15.00	15.00	15.00	15.00	17.50	17.50	17.50	19.00
Semester Pass	25.00	25.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	38.00
Weekly Pass	-	-	-	-	-	-	-	-	-	12.00
Weekly Pass Half Fare	-	-	-	-	-	-	-	-	-	6.00
Day Pass	3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.75
Day Pass Half Fare	-	-	-	-	-	-	-	-	-	1.35

**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. Active-duty military who are in uniform or who present a VIA Reduced Fare ID may pay a reduced fare or use a Reduced Fare VIA pass.

# VIA Metropolitan Transit San Antonio, Texas

## Line Service Statistics Last Ten Fiscal Years

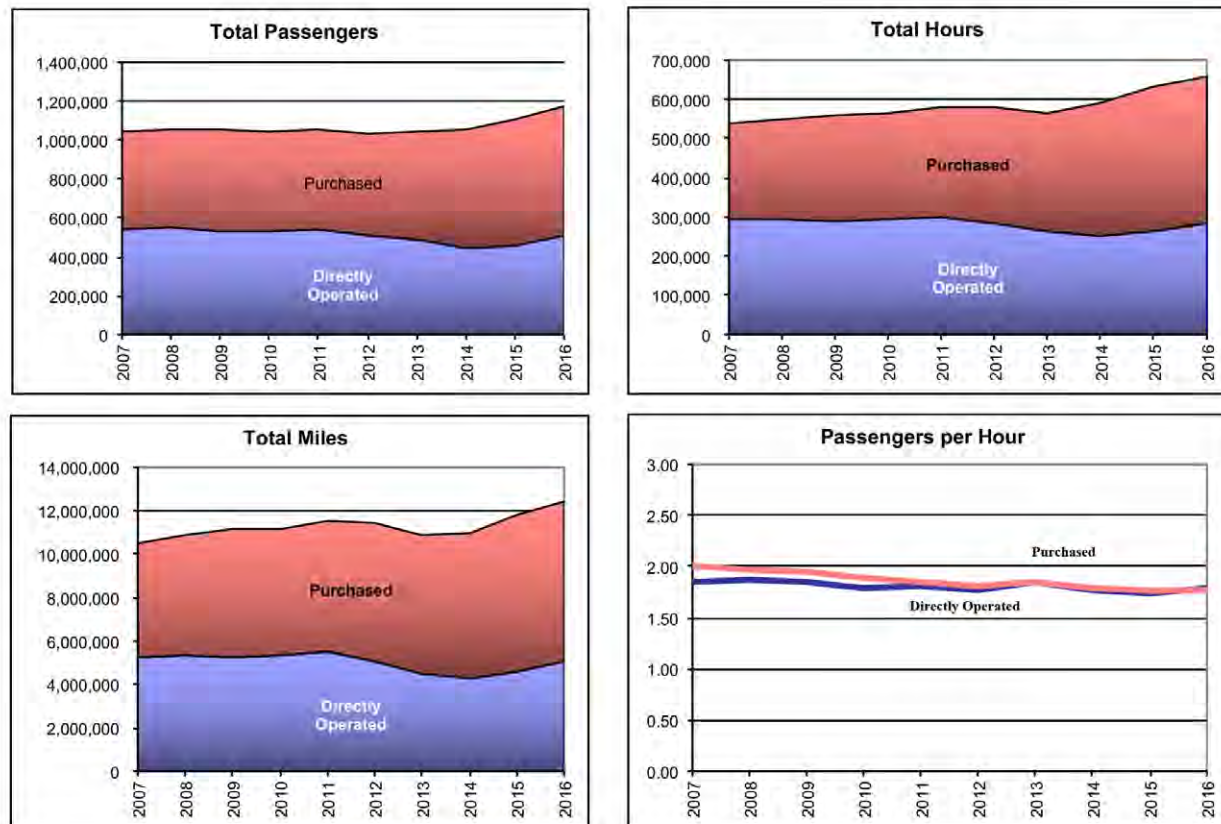


Fiscal Year	Passengers	Hours	Miles	Passengers Per Hour
2007	40,342,110	1,458,556	20,289,379	27.66
2008	44,820,655	1,542,100	21,328,743	29.06
2009	42,863,990	1,595,778	22,094,377	26.86
2010	41,450,314	1,587,804	21,952,740	26.11
2011	44,129,717	1,604,282	22,252,846	27.51
2012	45,704,025	1,613,457	22,308,405	28.33
2013	44,635,608	1,618,364	22,520,641	27.58
2014	43,085,594	1,629,262	22,877,589	26.44
2015	40,938,967	1,678,728	23,654,868	24.39
2016	38,334,650	1,718,037	24,097,912	22.31

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

# VIA Metropolitan Transit San Antonio, Texas

## VIATrans Service Statistics Last Ten Fiscal Years



Fiscal Year	Total Passengers		Total Hours		Total Miles		Passengers per Hour	
	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased
2007	545,825	495,521	294,423	246,936	5,208,221	5,311,191	1.85	2.01
2008	553,332	501,339	295,498	253,444	5,364,599	5,549,201	1.87	1.98
2009	533,379	522,163	289,290	268,503	5,283,792	5,876,735	1.84	1.94
2010	529,854	510,662	294,970	269,416	5,355,046	5,789,331	1.80	1.90
2011	543,981	507,888	302,135	275,986	5,496,656	6,034,974	1.80	1.84
2012	505,217	532,719	286,473	295,883	5,089,293	6,387,270	1.76	1.80
2013	488,752	557,800	265,249	300,535	4,480,271	6,404,527	1.84	1.86
2014	443,678	609,869	251,695	340,939	4,269,252	6,709,623	1.76	1.79
2015	458,282	650,131	263,343	368,139	4,620,731	7,152,795	1.74	1.77
2016	505,815	668,289	281,861	376,680	5,018,275	7,405,518	1.79	1.77

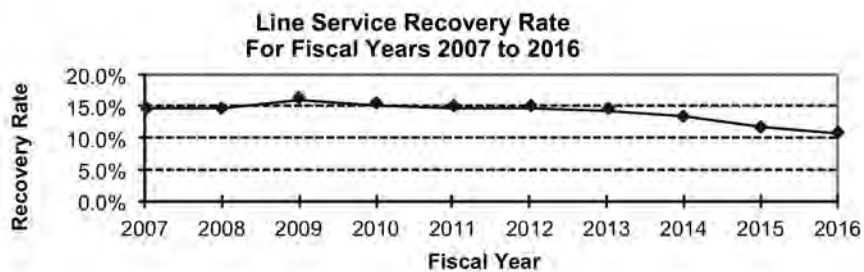
**Source:** VIA's Revenue Accounting Statistical Records.

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

# VIA Metropolitan Transit San Antonio, Texas

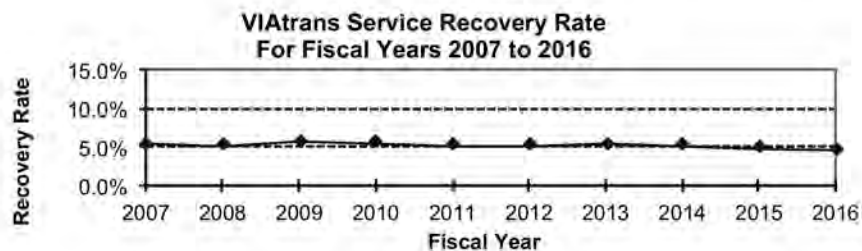
## Line Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2007	14.7%
2008	14.6%
2009	16.0%
2010	15.2%
2011	14.8%
2012	14.8%
2013	14.4%
2014	13.2%
2015	11.6%
2016	10.7%



## VIATrans Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2007	5.4%
2008	5.2%
2009	5.7%
2010	5.5%
2011	5.2%
2012	5.1%
2013	5.3%
2014	5.1%
2015	4.7%
2016	4.6%



**Source:** VIA's Annual Audited Financial Statements.

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

# VIA Metropolitan Transit San Antonio, Texas

## Service Miles by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans				Total
						Direct	Purchased	Van Disaster Relief	Starlight Service	
2007	20,289,379	91,410	11,428	458,137	6,593	5,208,221	5,311,191	-	459,250	31,835,609
2008	21,328,743	92,420	9,573	383,188	55,897	5,364,599	5,549,201	-	444,314	33,227,935
2009	22,094,377	72,326	18,738	-	-	5,283,792	5,876,735	-	105,026	33,450,994
2010	21,952,740	86,148	18,117	-	-	5,355,046	5,789,331	-	-	33,201,382
2011	22,252,846	116,627	17,469	-	-	5,496,656	6,034,974	-	-	33,918,572
2012	22,308,405	122,658	16,283	-	-	5,089,293	6,387,270	-	-	33,923,909
2013	22,520,641	153,521	30,137	-	-	4,480,271	6,404,527	-	-	33,589,097
2014	22,877,589	143,754	27,242	-	-	4,269,252	6,709,623	-	-	34,027,460
2015	23,654,868	129,111	15,225	-	-	4,620,731	7,152,795	-	-	35,572,730
2016	24,097,912	115,500	8,151	-	-	5,018,275	7,405,518	-	-	36,645,356

## Service Hours by Cost Center Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	VIATrans					Total
					Bus Disaster Relief	Direct	Purchased	Van Disaster Relief	Starlight Service	
2007	1,458,556	6,870	1,706	32,081	524	294,423	246,936	-	14,924	2,056,020
2008	1,542,100	6,977	1,417	25,985	4,620	295,498	253,444	-	19,728	2,149,769
2009	1,595,778	5,119	2,350	-	-	289,290	268,503	-	4,804	2,165,844
2010	1,587,804	6,648	2,881	-	-	294,970	269,416	-	-	2,161,719
2011	1,604,282	8,287	2,201	-	-	302,135	275,986	-	-	2,192,891
2012	1,613,457	9,434	2,261	-	-	286,473	295,883	-	-	2,207,508
2013	1,618,364	12,234	3,232	-	-	265,249	300,535	-	-	2,199,614
2014	1,629,262	10,996	2,906	-	-	251,695	340,939	-	-	2,235,798
2015	1,678,728	10,093	1,930	-	-	263,343	368,139	-	-	2,322,233
2016	1,718,037	8,602	1,322	-	-	281,861	376,680	-	-	2,386,502

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

# VIA Metropolitan Transit San Antonio, Texas

## Revenues by Source Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Sales Tax<sup>1</sup></u>	<u>Grant Revenues</u>	<u>Investment Income</u>	<u>Misc Income</u>	<u>Total</u>
2007	22,913,393	114,490,113	9,449,194	4,343,935	94,366	151,291,001
2008	24,984,800	119,350,289	7,327,679	3,472,825	-	155,135,593
2009	24,587,472	113,493,362	19,237,153	1,262,374	5,903	158,586,264
2010	24,391,259	115,584,853	27,196,327	585,219	-	167,757,658
2011	25,334,327	121,503,049	23,279,480	617,320	-	170,734,176
2012 <sup>2</sup>	26,100,183	137,595,887	20,360,615	252,009	260,458	184,569,152
2013	27,200,883	146,637,838	25,145,760	(18,870)	73,893	199,039,504
2014	26,330,129	160,423,292	26,045,513	577,720	40,839	213,417,493
2015	24,737,184	167,008,011	27,047,155	853,433	-	219,645,783
2016	23,966,639	169,979,632	28,835,978	1,839,616	-	224,621,865

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

<u>Fiscal Year</u>	<u>Line Service<sup>3</sup></u>	<u>Special Event</u>	<u>Charter</u>	<u>Contract</u>	<u>VIAtrans</u>	<u>Starlight Service</u>	<u>Vanpool</u>	<u>Other Operating Expenses</u>	<u>Total Operating Expenses</u>	<u>Non-Operating Expenses</u>	<u>Total Expenses</u>
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	250,829	153,718,783
2008	133,947,136	1,351,438	85,613	2,066,769	28,847,814	756,444	296,152	4,298,944	171,650,310	360,218	172,010,528
2009	130,449,544	1,096,860	153,244	-	29,172,611	202,358	190,739	4,184,459	165,449,815	2,312,343	167,762,158
2010	135,647,299	1,283,286	170,791	-	30,923,402	-	202,045	4,157,378	172,384,201	126,707	172,510,908
2011	146,420,289	1,492,528	164,376	-	32,765,906	-	368,195	4,333,280	185,544,574	367,766	185,912,340
2012	150,416,200	1,698,539	142,909	-	33,140,705	-	539,429	4,832,847	190,770,629	23,281	190,793,910
2013	159,497,124	1,962,959	275,894	-	34,095,208	-	537,595	5,516,685	201,885,465	63,884	201,949,349
2014	167,004,628	1,807,553	162,317	-	36,908,809	-	551,133	11,732,401	218,166,841	3,542,815	221,709,656
2015	180,567,404	1,365,037	187,014	-	40,040,010	-	561,930	12,314,354	235,035,749	3,001,286	238,037,035
2016	186,842,126	1,258,534	105,340	-	43,478,439	-	608,055	15,745,894	248,038,388	3,815,676	251,854,064

**Source:** VIA's Annual Audited Financial Statements.

- Notes:**
1. Sales tax includes amounts remitted to CoSA, TxDOT, and Bexar County.
  2. FY2012 Misc. Income (Expense) was restated to recognize bond issuance costs that were previously reported on an amortized basis.
  3. FY2008 through FY2013 Bus Rapid Transit Expense has been moved to Line Service Expense due to the new MAP21 (Sec. 5302) requirements which requires a dedicated lane for rapid transit buses during peak periods.

# VIA Metropolitan Transit San Antonio, Texas

## Operating Expenses by Object Class Last Ten Fiscal Years

	Fiscal Year				
	2007	2008	2009 Restated	2010 Restated	2011 Restated
Operator	\$ 35,556,338	\$ 37,706,299	\$ 37,519,147	\$ 39,163,412	\$ 41,016,213
Garage	9,703,761	10,562,622	11,345,672	12,022,721	12,417,401
Salaried	16,193,801	18,062,321	18,960,436	19,376,845	20,365,495
<i>Total Labor</i>	<u>61,453,900</u>	<u>66,331,242</u>	<u>67,825,255</u>	<u>70,562,978</u>	<u>73,799,109</u>
Fringe Benefits	29,572,250	32,902,957	32,985,424	34,640,866	37,618,626
<i>Total Labor and Fringe Benefits</i>	<u>91,026,150</u>	<u>99,234,199</u>	<u>100,810,679</u>	<u>105,203,844</u>	<u>111,417,735</u>
Advertising Fees	201,342	311,832	532,580	524,532	376,212
Prof. & Tech Fees	1,636,642	1,774,244	1,934,705	1,975,904	2,546,400
Temporary Help	-	-	-	-	-
Contract Maintenance	1,431,956	1,412,628	1,557,547	1,510,826	1,834,136
Custodial Services	-	-	-	-	-
Security Services	1,063,722	1,241,303	1,547,567	1,617,845	1,652,563
Other Services	417,832	426,325	470,475	509,582	522,596
<i>Total Services</i>	<u>4,751,494</u>	<u>5,166,332</u>	<u>6,042,874</u>	<u>6,138,688</u>	<u>6,931,907</u>
Fuel & Lubricants	14,623,296	24,368,920	13,844,663	16,470,705	19,866,016
Tires & Tubes	750,467	846,027	1,113,669	1,168,105	1,299,140
Other Materials & Supplies	7,172,264	7,580,792	8,069,919	8,060,535	8,739,916
<i>Total Materials &amp; Supplies</i>	<u>22,546,027</u>	<u>32,795,739</u>	<u>23,028,251</u>	<u>25,699,345</u>	<u>29,905,072</u>
Utilities	1,128,092	1,364,766	1,378,117	1,617,829	1,647,480
Casualty & Liability	518,628	807,857	453,733	861,475	341,603
Taxes	1,310,151	1,514,318	1,501,359	1,510,880	1,526,586
Purchased Transportation	8,768,749	9,141,155	8,995,692	9,101,700	9,911,331
Dues & Subscriptions	300,682	344,703	316,700	350,446	532,092
Training & Meetings	192,972	203,408	236,561	337,885	353,681
Fines & Penalties	509	608	100	-	-
Bad Debt Expense	43,872	4,963	6,888	7,813	847
Advertising/Promotion Media	403,031	431,403	410,197	408,590	406,816
Miscellaneous Expense	549,510	643,181	565,572	586,888	724,770
<i>Total Miscellaneous Expense</i>	<u>1,490,576</u>	<u>1,628,266</u>	<u>1,536,018</u>	<u>1,691,622</u>	<u>2,018,206</u>
Interest Expense	-	-	-	-	-
Leases & Rentals	208,997	250,424	293,389	277,027	256,265
Expense transfer to Capital Program	-	-	-	-	-
<i>Total Operating Expense Before Depreciation &amp; Capitalized Amounts</i>	<u>131,748,864</u>	<u>151,903,056</u>	<u>144,040,112</u>	<u>152,102,409</u>	<u>163,956,186</u>
Depreciation	21,719,090	19,747,254	20,075,564	20,281,792	21,588,388
Allowance	-	-	-	-	-
Indirect Expense (Capitalized)	-	-	-	-	-
Fringe Expense (Capitalized)	-	-	-	-	-
<i>Total Operating Expenses</i>	<u>\$ 153,467,954</u>	<u>\$ 171,650,310</u>	<u>\$ 164,115,676</u>	<u>\$ 172,384,201</u>	<u>\$ 185,544,574</u>

Source: VIA's Annual Audited Financial Statements

# VIA Metropolitan Transit San Antonio, Texas

Fiscal Year					
	2012 Restated	2013 Restated	2014	2015	2016
\$	40,562,190	\$ 41,573,464	\$ 42,947,778	\$ 47,142,668	\$ 48,017,399
	12,729,474	12,741,074	13,435,740	14,142,320	15,118,009
	21,028,258	20,927,964	22,054,983	24,471,522	27,133,439
	74,319,922	75,242,502	78,438,501	85,756,510	90,268,847
	41,928,210	44,339,708	49,087,760	55,068,428	61,828,682
	116,248,132	119,582,210	127,526,261	140,824,938	152,097,529
	457,068	834,106	868,797	590,285	202,540
	2,602,244	5,012,806	5,575,998	6,487,853	5,994,215
	-	-	-	-	52,107
	1,900,734	2,304,871	2,727,184	2,917,234	3,283,320
	-	-	-	-	-
	1,610,368	1,576,519	1,668,227	2,019,443	2,107,951
	550,437	571,305	545,909	722,178	770,920
	7,120,851	10,299,607	11,386,115	12,736,993	12,411,053
	20,155,666	23,177,525	22,148,972	21,327,903	18,039,638
	1,365,594	1,374,880	1,200,905	1,226,545	1,367,306
	9,355,225	9,725,894	9,478,859	10,679,662	11,425,533
	30,876,485	34,278,299	32,828,736	33,234,110	30,832,477
	1,572,250	2,006,016	2,223,969	2,432,041	2,792,929
	1,231,907	1,243,807	885,038	1,706,027	1,015,344
	1,536,285	1,573,900	1,480,347	1,497,985	1,389,149
	10,916,344	10,410,650	12,405,128	13,630,089	14,800,400
	416,275	379,151	405,648	382,293	473,051
	407,148	487,004	494,390	528,531	482,994
	600	-	294	-	33,342
	7,352	2,635	8,858	1,040	148,593
	437,122	514,553	929,762	477,899	329,205
	678,063	783,941	727,381	873,733	896,811
	1,946,561	2,167,284	2,566,333	2,263,496	2,363,996
	-	-	-	-	-
	286,692	296,882	247,471	445,654	258,837
	-	(906,641)	(1,069,530)	(928,952)	(703,638)
	171,735,507	180,952,014	190,479,868	207,842,381	217,258,076
	19,035,123	20,933,451	22,804,973	22,275,368	22,200,678
	-	-	4,882,000	4,918,000	8,579,632
	-	-	-	-	-
	-	-	-	-	-
\$	190,770,629	\$ 201,885,465	\$ 218,166,841	\$ 235,035,749	\$ 248,038,386

# VIA Metropolitan Transit San Antonio, Texas

## Capital Assets Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 Restated</u>	<u>2011 Restated</u>
<b>Land</b>	\$ 21,839,086	\$ 25,976,887	\$ 26,447,326	\$ 26,804,057	\$ 27,209,314
<b>Revenue Vehicles</b>					
Bus	125,258,628	125,335,354	125,514,249	141,523,621	139,158,252
Van	8,339,955	8,339,955	8,339,955	8,339,955	8,341,255
Total Revenue Vehicles	133,598,583	133,675,309	133,854,204	149,863,576	147,499,506
<b>Service Vehicles</b>					
Trucks	1,365,375	1,726,520	1,909,471	1,951,568	2,069,486
Automobiles	1,165,503	1,201,622	1,360,960	1,299,180	1,391,934
Other Service Vehicles	357,641	357,641	357,641	357,641	357,641
Total Service Vehicles	2,888,519	3,285,783	3,628,072	3,608,390	3,819,060
<b>Buildings and Structures</b>					
Transit Way Facilities	33,532,669	33,532,669	33,680,565	38,475,179	38,991,798
Passenger Stations	30,841,555	35,824,534	42,677,004	47,273,563	48,625,854
Passenger Parking Stations	2,618,036	2,618,686	2,618,686	2,618,686	2,618,686
Operating Yards and Stations	14,392,200	14,531,233	14,563,987	15,148,156	15,277,206
Vehicle Maintenance Shops and Garages	10,933,306	11,138,288	16,679,760	17,228,927	17,570,026
Other General Administration Facilities	11,541,536	12,399,143	12,647,099	12,845,785	17,677,094
Stadium/Depot Complex	6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
Total Buildings and Structures	110,296,417	116,481,668	129,304,216	140,027,411	147,197,779
<b>Equipment</b>					
Passenger Stations	871,375	1,338,262	3,254,607	3,266,389	3,266,389
Operating Yards and Stations	57,868	57,868	57,868	65,362	78,954
Vehicle Maintenance Shops and Garages	1,460,875	1,625,454	1,784,250	1,813,373	1,847,220
Other General Administration Facilities	1,460,342	1,498,987	1,482,498	1,476,252	1,486,143
Revenue Vehicle Movement Control	15,415,162	15,415,162	15,415,161	15,410,422	15,410,420
Revenue Collection and Processing	279,752	297,342	294,009	343,476	343,476
Data Processing	9,942,333	10,458,794	10,505,926	12,860,355	13,231,350
Communication	598,317	665,976	764,697	743,945	4,027,759
Office Equipment	173,465	173,465	110,630	103,608	121,776
Total Equipment	30,259,489	31,531,310	33,669,646	36,083,182	39,813,487
<b>Total Capital Assets Before Depreciation</b>	<b>298,882,094</b>	<b>310,950,957</b>	<b>326,903,464</b>	<b>356,386,616</b>	<b>365,539,146</b>
<b>Accumulated Depreciation</b>					
Revenue Vehicles	(67,839,345)	(66,562,072)	(77,915,736)	(84,564,130)	(93,746,131)
Service Vehicles	(2,741,586)	(2,785,742)	(2,976,301)	(2,882,462)	(3,221,642)
Buildings and Structures	(79,821,381)	(86,769,910)	(94,060,411)	(102,091,886)	(108,594,211)
Equipment	(27,730,455)	(29,155,888)	(29,769,422)	(29,604,437)	(31,298,434)
Total Accumulated Depreciation	(178,132,767)	(185,273,612)	(204,721,870)	(219,142,915)	(236,860,419)
<b>Allowance for Capital Projects</b>					
Allowance for Capital Projects	-	-	-	-	-
Total Allowance for Capital Projects	-	-	-	-	-
<b>Work In Progress</b>					
Revenue Vehicles	-	695	-	156,000	582,964
Service Vehicles	-	-	-	523	-
Buildings and Structures	3,763,402	9,203,875	5,162,105	3,332,888	8,663,926
Equipment	291,164	1,303,214	4,073,941	3,465,039	1,972,506
Total Work In Progress	4,054,567	10,507,784	9,236,046	6,954,450	11,219,396
<b>Net Capital Assets</b>	<b>\$ 124,803,895</b>	<b>\$ 136,185,130</b>	<b>\$ 131,417,641</b>	<b>\$ 144,198,152</b>	<b>\$ 139,898,124</b>

Source: VIA's Annual Audited Financial Statements

# VIA Metropolitan Transit San Antonio, Texas

<u>2012 Restated</u>	<u>2013 Restated</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 27,209,314	\$ 31,729,733	\$ 31,812,673	\$ 32,841,276	\$ 33,891,182
139,405,043	156,393,853	161,102,879	163,792,050	165,240,017
8,194,102	16,177,015	13,062,931	12,390,028	12,531,053
147,599,144	172,570,868	174,165,810	176,182,078	177,771,070
2,419,698	2,397,254	2,500,468	3,007,261	3,073,640
1,190,073	939,038	897,848	990,916	1,033,832
455,229	592,318	701,175	714,009	730,539
4,064,999	3,928,610	4,099,491	4,712,186	4,838,011
38,991,798	38,962,046	38,948,550	39,422,162	39,487,969
49,206,787	69,465,333	71,174,228	80,689,459	82,536,760
2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
17,270,455	17,783,579	18,010,568	18,131,642	18,226,057
18,557,910	18,562,713	18,623,635	18,805,095	19,024,906
17,851,130	18,536,882	18,953,212	21,551,971	21,714,105
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
150,933,881	172,366,354	174,765,995	187,656,130	190,045,598
2,445,424	3,249,984	3,249,984	3,258,088	3,258,088
83,646	199,938	323,809	436,506	462,309
2,280,783	2,704,444	3,088,946	3,342,263	3,499,320
578,057	594,149	611,740	651,360	652,535
15,363,365	15,363,365	15,493,408	15,244,418	15,206,752
337,586	341,679	340,268	9,244,995	9,330,962
9,321,340	16,437,124	17,455,993	17,996,076	17,965,381
4,112,984	4,124,438	4,152,708	4,188,880	4,748,407
150,401	190,677	396,880	495,958	578,918
34,673,586	43,205,798	45,113,736	54,858,544	55,702,672
364,480,925	423,801,363	429,957,705	456,250,214	462,248,533
(103,077,815)	(110,594,492)	(116,038,273)	(125,114,295)	(134,259,461)
(3,284,327)	(3,087,851)	(3,393,392)	(3,735,614)	(4,079,811)
(113,991,594)	(121,292,354)	(129,193,302)	(136,386,968)	(144,210,994)
(27,882,391)	(31,326,126)	(35,130,813)	(38,909,956)	(42,886,132)
(248,236,127)	(266,300,823)	(283,755,779)	(304,146,833)	(325,436,398)
-	-	(4,882,000)	(9,800,000)	-
-	-	(4,882,000)	(9,800,000)	-
16,894,876	1,965,827	2,279,032	108,277	8,983,042
-	-	-	116,670	-
19,028,659	20,766,453	42,838,973	55,874,682	53,233,428
7,220,735	7,765,256	9,687,289	2,721,347	4,740,012
43,144,270	30,497,535	54,805,294	58,820,976	66,956,482
\$ 159,389,069	\$ 187,998,076	\$ 196,125,221	\$ 201,124,357	\$ 203,768,617

# VIA Metropolitan Transit San Antonio, Texas

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Additions</b>										
Member Contributions	\$ 2,359	\$ 2,469	\$ 2,390	\$ 2,584	\$ 3,224	\$ 3,441	\$ 3,703	\$ 4,227	\$ 4,236	\$ 4,122
Employer Contributions	3,056	4,918	5,039	6,252	7,321	8,259	10,639	9,799	12,144	12,908
Investment Income (net of expenses)	20,568	(25,136)	(5,999)	15,342	1,646	29,942	25,017	22,741	2,675	21,771
<b>Total additions to plan net position</b>	<b>26,003</b>	<b>(17,749)</b>	<b>1,430</b>	<b>24,178</b>	<b>12,191</b>	<b>41,642</b>	<b>39,359</b>	<b>36,767</b>	<b>19,055</b>	<b>38,801</b>
<b>Deductions</b>										
Benefit Payments	8,833	9,479	10,866	12,032	13,502	14,525	16,093	17,168	18,877	19,424
Refunds	185	255	214	207	252	186	461	218	346	366
Administrative Expenses	159	155	166	188	238	218	241	215	236	167
<b>Total Deductions from plan net position</b>	<b>8,977</b>	<b>9,889</b>	<b>11,246</b>	<b>12,427</b>	<b>13,992</b>	<b>14,929</b>	<b>16,795</b>	<b>17,601</b>	<b>19,459</b>	<b>19,957</b>
<b>Change in net assets</b>	<b>\$ 17,026</b>	<b>\$ (27,638)</b>	<b>\$ (9,816)</b>	<b>\$ 11,751</b>	<b>\$ (1,801)</b>	<b>\$ 26,713</b>	<b>\$ 22,564</b>	<b>\$ 19,166</b>	<b>\$ (404)</b>	<b>\$ 18,844</b>

Source: VIA's Changes in Retirement Plan Net Position Schedule

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Type of Benefit</b>										
Age and service benefits	\$ 6,954	\$ 7,708	\$ 8,896	\$ 9,966	\$ 11,403	\$ 12,216	\$ 13,572	\$ 14,630	\$ 16,049	\$ 16,330
Disability benefits	686	744	802	851	836	929	996	1,076	1,233	1,346
Beneficiaries	993	1,027	1,168	1,215	1,263	1,380	1,525	1,462	1,595	1,748
<b>Total benefits</b>	<b>8,633</b>	<b>9,479</b>	<b>10,866</b>	<b>12,032</b>	<b>13,502</b>	<b>14,525</b>	<b>16,093</b>	<b>17,168</b>	<b>18,877</b>	<b>19,424</b>
<b>Type of Refund</b>										
Separation	185	255	214	207	252	186	461	218	346	366
Death										
<b>Total refunds</b>	<b>\$ 185</b>	<b>\$ 255</b>	<b>\$ 214</b>	<b>\$ 207</b>	<b>\$ 252</b>	<b>\$ 186</b>	<b>\$ 461</b>	<b>\$ 218</b>	<b>\$ 346</b>	<b>\$ 366</b>

Source: VIA's Changes in Retirement Plan Net Position Schedule

# VIA Metropolitan Transit San Antonio, Texas

## Retired Members by Type of Benefit As of September 30, 2016

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement <sup>1</sup>							Option Selected <sup>2</sup>					
		1	2	3	4	5	6	7	1	2	3	4	5	6
Deferred	63													
\$1 - \$500	168	3	49	23	12	14	64	3	63	5	5	25	20	49
501 - 1,000	200	3	93	26	21	5	47	5	43	17	9	17	47	65
1,001 - 1,500	153	11	72	8	23	4	29	6	40	11	4	14	29	54
1,501 - 2,000	90	25	40	5	9	2	6	3	17	7	4	7	23	30
2,001 - 2,500	118	59	32	11	6	0	10	0	20	7	7	11	38	35
2,501 - 3,000	92	65	19	4	3	0	0	1	17	3	4	7	31	29
Over 3,000	124	88	11	7	15	0	2	1	19	6	8	12	38	40
<b>Total</b>	<b>1,008</b>	<b>254</b>	<b>316</b>	<b>84</b>	<b>89</b>	<b>25</b>	<b>158</b>	<b>19</b>	<b>219</b>	<b>56</b>	<b>41</b>	<b>93</b>	<b>226</b>	<b>302</b>

### <sup>1</sup> 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

### <sup>2</sup> 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 8 death in service options)

Source: VIA's Retirement Plan Comprehensive Financial Report.

# VIA Metropolitan Transit San Antonio, Texas

## Schedule of Average Benefit Payment Amounts Last Ten Fiscal Years

	Years Credited Service							
Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40+
<b>2006 - 2007</b>								
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
<b>2007 - 2008</b>								
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
<b>2008 - 2009</b>								
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
<b>2009 - 2010</b>								
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
<b>2010 - 2011</b>								
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
<b>2011 - 2012</b>								
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
<b>2012 - 2013</b>								
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
<b>2013 - 2014</b>								
Average Monthly Benefit	\$ -	\$ 425	\$ 562	\$ 1,040	\$ 1,657	\$ 2,865	\$ 3,246	\$ 3,771
Average Final Average Salary	\$ -	\$ 35,020	\$ 29,016	\$ 40,021	\$ 48,571	\$ 62,333	\$ 60,134	\$ 61,360
Number of Active Retirants	-	5	4	5	7	12	15	10
<b>2014 - 2015</b>								
Average Monthly Benefit	\$ -	\$ 445	\$ 983	\$ 1,045	\$ 1,249	\$ 2,454	\$ 3,282	\$ 4,081
Average Final Average Salary	\$ -	\$ 45,108	\$ 45,206	\$ 48,027	\$ 45,431	\$ 58,958	\$ 64,250	\$ 62,905
Number of Active Retirants	-	9	4	8	6	12	11	5
<b>2015 - 2016</b>								
Average Monthly Benefit	\$ -	\$ 508	\$ 602	\$ 1,489	\$ 1,310	\$ 2,779	\$ 2,875	\$ 3,253
Average Final Average Salary	\$ -	\$ 48,569	\$ 41,885	\$ 69,995	\$ 48,461	\$ 64,777	\$ 60,476	\$ 85,724
Number of Active Retirants	-	2	7	9	4	11	10	4

Source: VIA's Retirement Plan Comprehensive Annual Financial Report.

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