

Comprehensive Annual Financial Report

For the Fiscal Years Ended September 30, 2017 and 2016



SAN ANTONIO, TEXAS



VIAINFO.NET



Comprehensive Annual Financial Report

**For the Fiscal Years
Ended September 30, 2017 and 2016**

Prepared by the Fiscal Management Division

Steven J. Lange
Vice President Fiscal Management/CFO

VIA Metropolitan Transit
San Antonio, Texas



Highlight: 2017 Youth Art Contest Best of Show winning poster by Elisabeth Wang, 10th grade, Health Careers High School

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INTRODUCTORY

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March 23, 2018

Residents of the VIA Metropolitan Transit Service Area:

We are pleased to share VIA Metropolitan Transit's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. 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 2016 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, Baker Tilly, has rendered an unmodified opinion on VIA's financial statements for the year ended September 30, 2017. 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 14 member cities 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 percent to VIA Metropolitan Transit, 25 percent to the City of San Antonio, and 25 percent 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 11-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 1,226 square miles, almost all of which are in Bexar County. This represents 97 percent of Bexar County. VIA operates on a street network of approximately 1,140 miles and in FY17 carried an average of 118,148 passengers on weekdays. In FY17, VIA transported 37.8 million passengers and provided 2.4 million hours of service over 36.7 million miles.

Service is currently available seven days a week, from 4 a.m. until 1 a.m., with a fleet of 479 buses and 139 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.

Local Economy

The Federal Reserve Bank of Dallas, in their January 26, 2018 *San Antonio Economic Indicators* publication, noted that the San Antonio Business-Cycle Index averaged 4.6-percent growth over 2017, above the area's long-term average. The business-cycle index produced by the Federal Reserve Bank of Dallas is the broadest and most current measure of the local economy. It is a composite index consisting of changes in the unemployment rate, nonagricultural employment, inflation-adjusted wages, and inflation-adjusted retail sales for the metropolitan area (source: www.dallasfed.org/research/econdata/mbci.aspx).

The January 26, 2018 issue of the publication cited above also noted that the San Antonio labor force grew at a sharp 3.4 percent in 2017, well above Texas' 1.4- percent pace, and the fastest of any of the state's major metros. In the Fed's December 28, 2017 version of *San Antonio Economic Indicators*, the following highlight was noted: "Over the past decade, San Antonio jobs have generally grown at a faster pace than the state rate, averaging 2.1 percent, compared with Texas' 1.6 percent ...This is predominantly due to the relative stability of San Antonio's core industries during state and national economic downturns. In the face of the 2015-16 oil bust, the region continued to add jobs at a 2.9-percent rate despite its proximity to the Eagle-Ford Shale, which saw a sharp decline in drilling rigs. The rise in the rig count, from 35 in October to 98 in May 2017, along with the subsequent decline to 77 in November, similarly had little direct impact on regional job growth."

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 that exceed 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.

Healthcare costs are a significant expense for VIA, and to limit exposure to large- dollar medical claims, VIA has contracted with a stop-loss insurer. The cap on claims for any one individual per year is \$150,000 (this also includes pharmacy claims). VIA does not incur any expense in connection with claims above the cap.

Major Initiatives

VIA's FY18 budget reflects a commitment to our riders, with a 4.7% increase in line service resulting in record-high service levels, and funding for a wide variety of significant strategic investments. Construction progress will be made on passenger facilities projects including the Stone Oak Park & Ride, Zarzamora Primo Route, SW Military Primo Route, and Brooks Transit Center, and design phase work will take place for the Fredericksburg Road Operating Facility (new paratransit facility), Randolph Park & Ride, Naco Transfer Center, IH-10 Park & Ride and SH-151 Park & Ride. Partnerships will be pursued for the Robert Thompson Transit Center and Scobey Complex. Additionally, VIA will expand its shelter program beyond the goal of 1,000 and will begin installing solar-powered lighting at 250 shelters throughout the service area. Other strategic investments, including a Rapid Transit Project – consistent with VIA's Long Range Comprehensive Transportation Plan – will also be pursued.

The planned service increase is largely attributable to the City of San Antonio Partnership Plan. Service frequencies will be increased on high-demand corridors, which will serve to reduce the number of routes with 60-minute service. The plan will be supported by a \$10 million annual contribution from the City's general fund. VIA will also be implementing an innovative service pilot program, which will be mobility-on-demand service in the northeast corridor.

For the last several 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 offered a greater variety of transportation choices, a VIA that invested in technology and infrastructure to bring transit into the 21st century. VIA updated their Long Range Comprehensive Transportation Plan through 2040 ("Vision 2040") and worked with the City of San Antonio as they developed a transportation plan for the community.

VIA has a very robust capital program that will serve to bring about many significant transit infrastructure improvements, building on successes achieved in recent years. 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. VIA is now working on projects for new BRT Primo service on Zarzamora and Military Drive. Centro Plaza became fully operational in FY16 and Stone Oak Park & Ride will become operational in FY18.

Progress on Key Projects Underway

New Facilities.

VIA will make significant progress on new facilities in FY18. Key projects underway are noted in the section below. All of the transit technologies included in VIA's Long Range Comprehensive Transportation Plan will continue to be explored.

- Stone Oak Park & 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 high-occupancy vehicle (HOV) lanes that are included in TxDOT's U.S. 281 expansion project. The facility is scheduled to open in 2018.

- 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. Eight routes are planned to converge at this hub on the southeast side, including a new Primo line. A public art component is currently being procured for an exterior application. The project has been advertised for bids.
- Zarzamora Primo Corridor (South/West Corridor) – Expansion of VIA’s Primo bus service and passenger amenity enhancements along Zarzamora Street from the Madla Transit Center to Fredericksburg Road where it will link with the existing Primo service and continue to the Crossroads Park and Ride. Passenger enhancements include 26 Primo shelters and 19 new NextGen shelters. The contractor is working to complete administrative permitting requirements, and right-of-way acquisition and utility relocations are continuing.
- Military Primo Corridor (South/West Corridor) – Expansion of VIA’s Primo bus service and passenger amenity enhancements along Military Drive from Brooks Transit Center to the Kel-Lac Transit Center. This project also includes improvements at the Kel-Lac Transit Center to allow for Primo Service. Passenger enhancements include 22 Primo shelters and 17 new NextGen shelters. Bids for this project are under evaluation, and right-of-way acquisition and utility relocations are continuing.
- Naco Pass – The area of Naco Pass has become an unofficial transfer location for VIA passengers, serving approximately 1,400 passengers each day for six bus routes. Due to the current activity at the location, VIA is seeking to provide passengers with more amenities on a permanent site. Possible amenities include security, restroom facilities, ticket vending machines, real-time bus arrival displays, and public art. VIA staff has identified a site near the existing area and is currently completing due diligence for said site. Next steps include public involvement, real estate, and preliminary design.
- SH151 Park & Ride – The proposed State Highway 151 facility will provide an opportunity for commuters living in low-density areas to congregate to access express or vanpool services. VIA is working to coordinate access to existing and future TxDOT projects to and from the site. VIA has vetted the project through the public with public open houses and rider outreach, as well as with internal and external stakeholders. Staff is working to analyze bus access to the area to optimize operations of fixed route service. Upcoming activities include continued stakeholder coordination, real estate, and design.
- I-10 Park & Ride – The proposed facility will provide an opportunity for commuters living in low-density areas to congregate and access express or vanpool services to utilize future TxDOT high-capacity lanes. VIA’s future investments will make alternative transportation choices attractive to travelers as congestion continues to grow. This project has also undergone a successful public involvement process via rider outreach and public open houses. VIA maintains a robust coordination with internal and external stakeholders. The proposed site is located on the site of a future Alamo Colleges campus. VIA has successfully coordinated a real estate agreement with Alamo Colleges, and the Alamo Colleges Board accepted the agreement in May 2016. Upcoming activities for the project include continued stakeholder coordination, and design.
- Northeast Park & Ride - The proposed passenger facility will provide an opportunity for commuters living in low density areas to congregate to access VIA services and carpools. VIA’s site, near Rolling Oaks Mall, will make alternative transportation choices attractive to area commuters as the project is being coordinated to ensure access to current and future TxDOT projects. VIA has conducted a genuine public input process through rider outreach and public open houses. The site has received environmental clearance and is in the real estate process.

- Robert Thompson Transit Center – The existing Robert Thompson Transit Station (RTTS) at the Sunset Station/Alamodome area is being planned for a conversion to provide daily service via an enhanced facility and bus stops along Montana Street at the lower level of the station. VIA is working with a development team who has provided an initial massing concept and a high-level budget for a joint development opportunity. Using the VIA plaza and air rights, the project will leverage the transit station investment with a robust, mixed-use development. This development will offer retail, residential, and parking, and it will serve the east end of the Central Business District, connecting to both the Alamodome and Hemisfair development sites. An exclusive negotiation agreement has been signed to initiate the project programming, establish a pro forma, and define the term sheet. The development team is defining a more detailed concept, project pro forma, and schedule; the project is expected to be constructed in 2019-20.
- Concurrently, a Vision Plan has been developed, with the assistance of a VIA consultant team, for the larger Robert Thompson Transit Station (RTTS) area, to better define the mixed-use market and identify potential land acquisition and/or joint development. The plan incorporates the mixed-use development project at the RTTS, simplifies special event service operations, accommodates daily service along Montana Street, and makes suggestions for highest/best use of the approximate 20 acres of public property adjacent to the transit center. The RTTS development team has been briefed on the Vision Plan, and notes it as a welcomed collaboration that will provide future development direction to augment the RTTS development. VIA staff will present the plan to COSA staff, to initiate discussion on future development opportunities identified in the Vision Plan, for the publicly owned parcels.
- Vision 2040 Rapid Corridor Studies – Four Rapid Transit Corridors, as identified as part of the region-wide rapid transit network of the VIA Vision 2040 Long Range Plan, are being studied for potential implementation of improved high- capacity, rapid transit service. VIA's investment in rapid transit services supports the land use vision established by the City of San Antonio in its 2016 Comprehensive Plan, SA Tomorrow. SA Tomorrow acknowledges that Bexar County is projected to add over 1.1 million people and 500,000 jobs by 2040. The Rapid Transit Corridor Studies will focus on four critical corridors: the Northwest Corridor, the North-Central Corridor, the East-West Corridor, and the Southeast Crosstown Corridor.

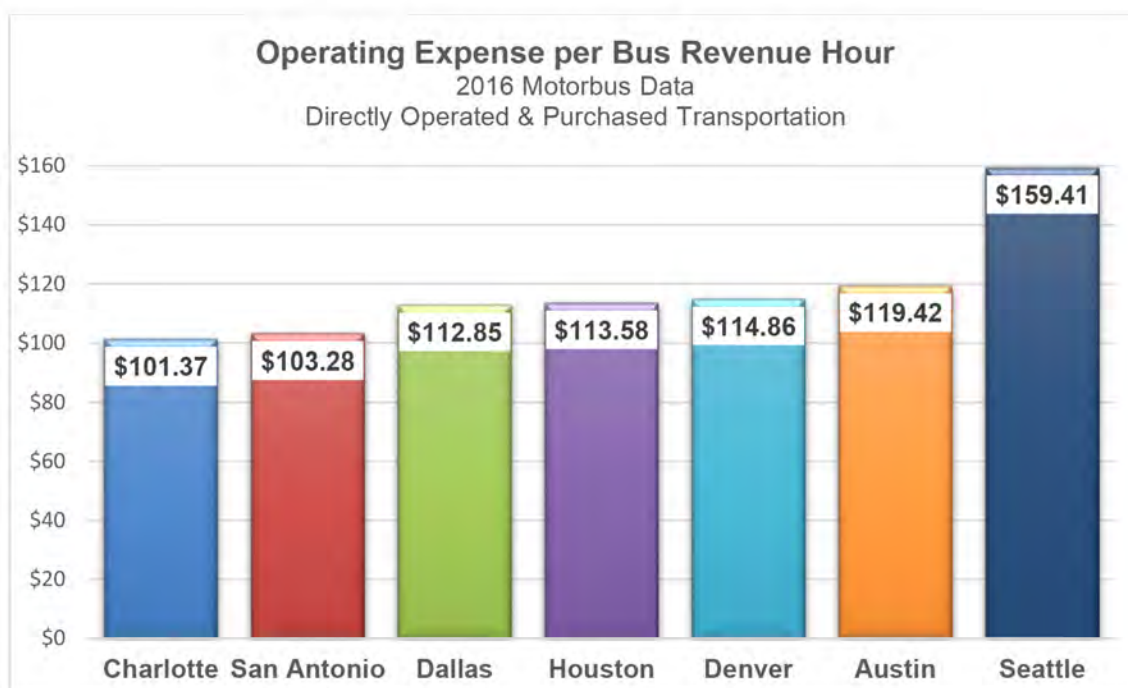
Updated Bus Stop Shelter and Amenities. VIA recently hit the milestone of 1,000 new shelters being installed or replaced at bus stop locations across the system (as part of a three-year program). Site analysis, design, and coordination are all underway on additional stop improvements, and construction and site work are progressing as well. VIA is partnering with TxDOT and the City of San Antonio and others on the improvement of nearly 300 additional bus stop improvements in the next five years. In 2018, VIA is further enhancing the passenger experience by installing solar lighting for security and visibility at the bus stop level. Components are being procured and retrofits will begin in 2018.

State-of-the-Art Fare Collection System. VIA will be implementing smart card technology in FY18, following implementation of new validating fareboxes and electronic fare media in FY14, and mobile ticketing in FY17. Smart cards will provide more fare options, decrease boarding time, and give riders greater flexibility.

In summary, FY18 will be a year of significant progress for VIA, as the vision of a better bus system continues to develop, and investments are made in transit system assets and improvements throughout the region. Additionally, VIA has been able to expand bus service slightly while remaining fiscally sound, with Stabilization Fund ("Rainy Day" Fund) and working capital balances at Board policy levels (60 days each).

Doing More with Less: Sustainability

VIA is known for operating an extremely cost-effective and efficient transit system. The cost per hour of service at VIA is approximately 8.5- to 13.5-percent lower than the cost per hour of peer agencies in Houston and Dallas (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 constantly seek out ways to do even more with less, enabling investment in new and enhanced services.

During FY18, VIA will continue to explore ways to improve financial sustainability. Key fiscal sustainability efforts for FY18 are as follows:

Comprehensive Operational Analysis – VIA recently had a Comprehensive Operational Analysis (COA) completed. This analysis looked at the best use of existing resources to increase the attractiveness of VIA services, as well as where to best prioritize future investments. In FY18, VIA will continue to perform route assessments and make route frequency and phasing recommendations.

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 purchased 270 new CNG buses. An additional 62 CNG buses will be purchased in FY18. Replacing diesel-powered buses with CNG vehicles has resulted in significant fuel savings.

Business Process Improvements – VIA is currently working on implementation of a new Enterprise Resource Planning (ERP) System. 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 has been successful at reducing fuel cost by purchasing new CNG buses. There is a significant cost differential between CNG and ultra-low sulfur diesel (ULSD). VIA has also been successful at reducing 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 30, 2016. This was the 27th 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:

Outstanding Public Transportation General Manager – Texas Transit Association (presented to President/CEO Jeffrey C. Arndt for being the best transit manager in Texas)

Centropolitan Best Public Partner Award – Awarded by Centro San Antonio for continued efforts to support economic vitality and enhance the quality of life throughout the region

Hit the Spot Award, Electronic Media – South West Transit Association (for "VIA Moves Me" video series)

Hit the Spot Award, Social Media – South West Transit Association (for “VIVA Holidays” marketing campaign)

El Bronce Campaign Award, Creative Tactics – Public Relations Society of America – San Antonio chapter (for Vision Zero Pledge Event)

El Bronce Campaign Award, Social Media – Public Relations Society of America – San Antonio chapter (for “VIVA Holidays” marketing campaign)

El Bronce Campaign Award, Media Kit – Public Relations Society of America – San Antonio chapter (for Centro Plaza Celebration/Mascot Rally)

Solar Champion – Build San Antonio Green (for installation of solar panels at Centro Plaza and use of solar at other facilities)

First Place, Texas State Rodeo – Texas Transit Association – Maintenance Team of Marcos Lopez Jr., David Berrelez, and Armando Vargas

SA Tomorrow Sustainability Award – City of San Antonio Office of Sustainability (for VIA Villa: Centro Plaza in the Commercial Project category)

Max Navarro Leaders in Procurement Excellence Award – San Antonio Hispanic Chamber of Commerce (for support of diversity and inclusiveness in the community to promote access to opportunity in the region)

Russell H. Perry Award – TxDOT, TTI, and Texas Good Roads Transportation Association (presented to VIA Board Chair Hope Andrade for significant contribution to the field of transportation)

Spotlight Award, Public Transportation Marketing Excellence – South West Transit Association (for “Viva VIVA” marketing campaign)

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)

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Fiscal Management Division. We would also like to recognize the Administration and Public Engagement Group 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
Achievement
for Excellence
in Financial
Reporting**

Presented to

**VIA Metropolitan Transit
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

**VIA Metropolitan Transit
Board of Trustees FY 2017**

October 2016 – September 2017

Appointed by:

Hope Andrade	
Chair (eff. 1/27/15)	Elected by VIA Board of Trustees
Douglas “Doug” Poneck (appt’d 12/15/11)	
Vice Chair (2014)	San Antonio City Council
Stephen P. Allison (appt’d 1/1/10)	
Secretary (2014) Vice Chair (2015/2016)	Suburban Mayors
A. David Marne (appt’d 1/15/14)	Suburban Mayors
Katherine Thompson (appt’d 1/19/12)	San Antonio City Council
Carl “Tex” Morgan (appt’d 9/18/14)	San Antonio City Council
Lester Bryant (appt’d 9/18/14)	
Secretary (2016)	San Antonio City Council
Marc A. Harrison (appt’d 12/19/13).	San Antonio City Council
Patricia Y. Rodriguez (appt’d 4/7/16)	San Antonio City Council
Steven Hussain (appt’d 4/7/16)	San Antonio City Council
Robert “Bob” Comeaux (appt’d 6/30/16).	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
Gambitta



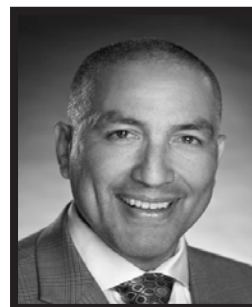
Steven Hussain



A. David Marne



Carl "Tex" Morgan



Bobby Perez



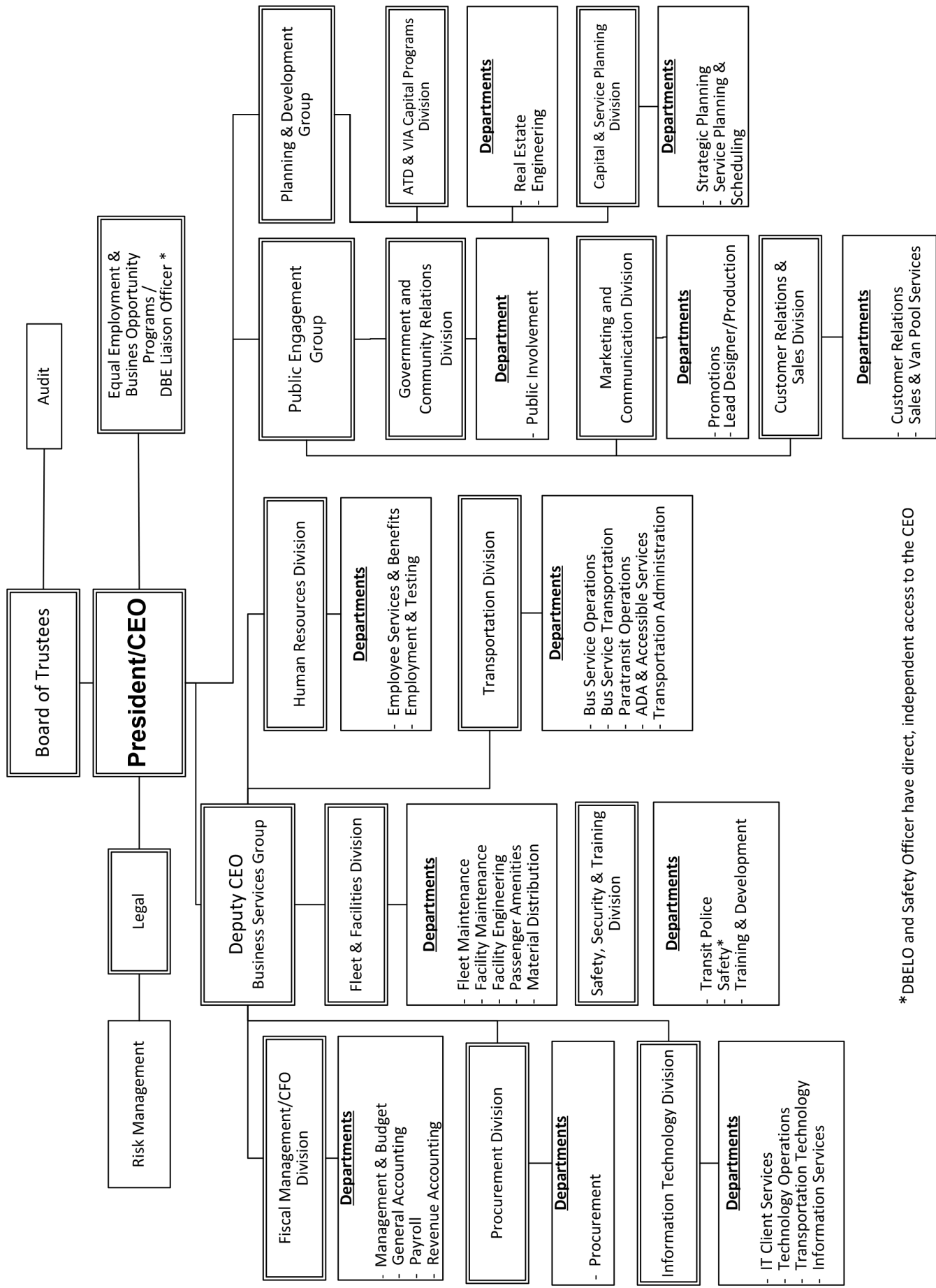
Patricia Y.
Rodriguez



Board of Trustees

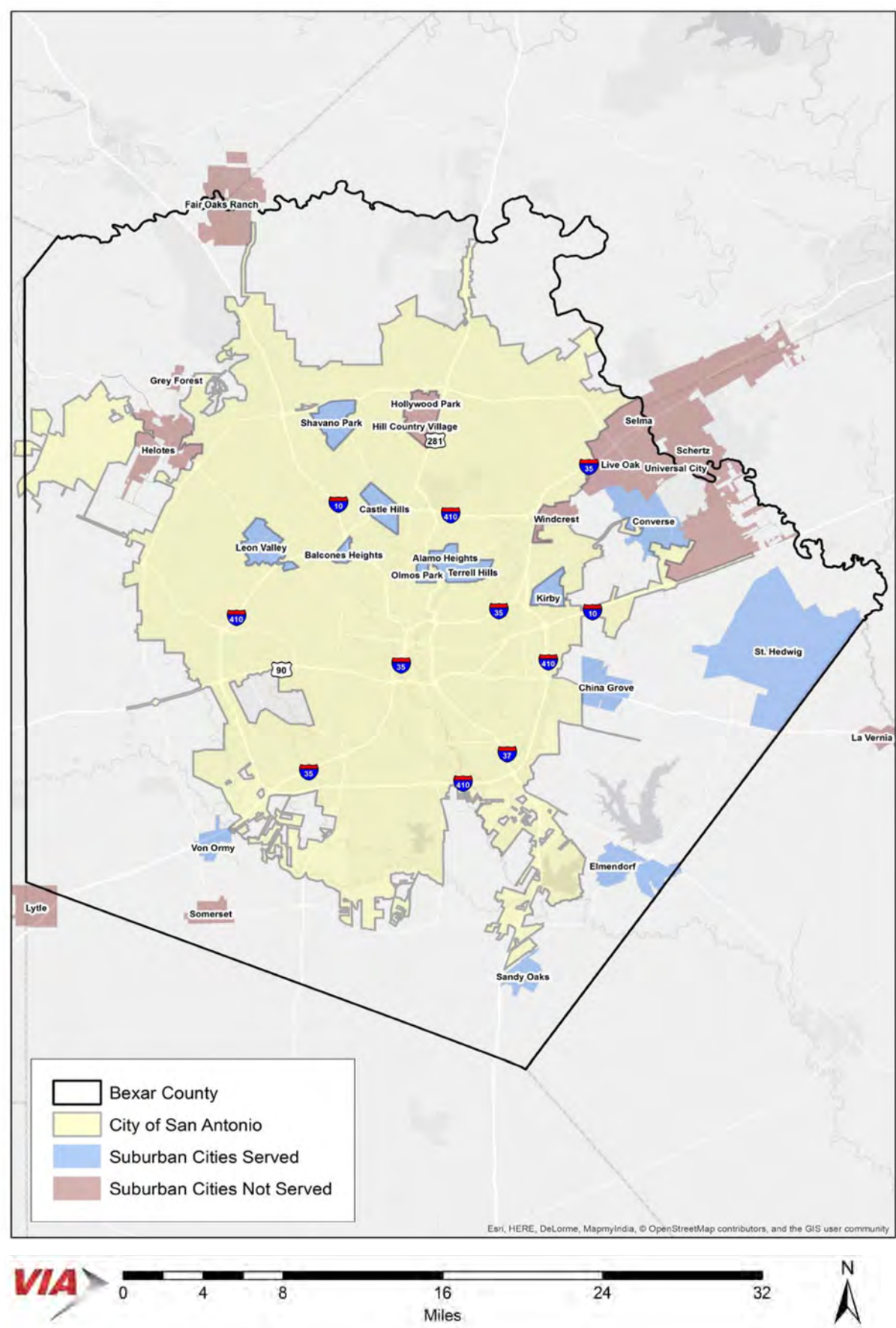
VIA METROPOLITAN TRANSIT ORGANIZATIONAL CHART

October 1, 2017 – September 30, 2018



* DBELO and Safety Officer have direct, independent access to the CEO

VIA Service Area



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Independent Auditor's Report

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INDEPENDENT AUDITORS' 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 VIA Metropolitan Transit, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise VIA Metropolitan Transit'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 over financial reporting relevant to the VIA Metropolitan Transit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VIA Metropolitan Transit's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VIA Metropolitan Transit as of September 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of VIA Metropolitan Transit as of September 30, 2016, were audited by other auditors whose report dated March 23, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical information as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated March 6, 2018, on our consideration of VIA Metropolitan Transit'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 the 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 Metropolitan Transit's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Austin, Texas
March 6, 2018

Required Supplementary Information - Unaudited

Management's Discussion and Analysis

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Management's Discussion and Analysis

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 years ("FY") ending September 30, 2017 and 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

- As of September 30, 2017 and 2016, total assets and deferred outflows of resources of VIA exceeded total liabilities and deferred inflows of resources by \$290.1M and \$277.1M respectively. VIA's net investment in capital assets is the largest component of these net position balances, accounting for \$254.4M of the current year balance \$181.4M of the prior year balance.
- The net position of VIA increased by \$13.0M during the current fiscal year and decreased by \$3.4M in the prior year. The increase in the current year is accounted for by revenue and capital contributions exceeding expenses. In the prior year, the decrease in net position was mainly due to the write-off of the remaining streetcar costs.
- Operating revenues are \$23.1M in FY17, down \$0.9M from the prior year, and in the prior year, operating revenues decreased by \$0.7M. In both years, the decrease is attributable to lower bus line fare revenues resulting from lower ridership, consistent with a national trend.
- Net nonoperating revenues/(expenses) are \$203.0M in FY17, up \$6.2M from the prior year, with the prior year up \$4.9M. These changes were driven by higher sales taxes, up \$5.5M and \$3.0M in FY17 and FY16, respectively (net after adjusting for amounts paid to the City of San Antonio and Bexar County) due to a growing economy.
- VIA's net sales tax revenue, which is the largest component of nonoperating revenue, is \$175.5M in FY17 and \$170.0M in FY16. In the current year, total sales taxes were \$207.9M, of which \$32.4M was for ATD entities other than VIA, and in the prior year, total sales taxes were \$201.4M, 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. Bexar County and TxDOT have used ATD funds to accelerate highway projects such as on Loop 1604 and U.S. 281.
- Operating expenses including depreciation and loss on asset impairment are \$238.9M in FY17, a decrease of \$9.2M (3.7%) in the current year, compared to an increase of \$13.1M (5.6%) in the prior year. In the current year, the decrease is primarily attributable to fuel & lubricants, down \$5.9M, and depreciation and loss on asset impairment, down \$6.8M. Fuel & lubricants expense was down due mainly to VIA's

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replacing of diesel-powered buses with compressed natural gas (CNG) vehicles. Depreciation and loss on asset impairment was down due to the impact of a \$8.6M FY16 write-off of remaining streetcar costs on VIA's balance sheet, partially offset by higher depreciation expense due to VIA's purchase of new CNG buses. In the prior year (FY16), the increase in operating expenses was mainly due to the loss on asset impairment.

- Total capital/cash reserves and working capital (which equals cash, cash equivalents, and investments) decreased by \$29.5M in the current year and \$6.1M in the prior year. As of September 30, 2017 and 2016, the balances for these funds were \$228.8M and \$258.3M, respectively. The current year decrease was driven by an \$18.9M decrease in TxDOT grant funds and an \$18.4M decrease in VIA's capital reserve, as these funds were used for capital projects against which they were programmed. The prior year 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 September 30, 2017 and 2016, VIA's Stabilization Fund and working capital were 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 are at \$37.6M at the end of FY17. In the prior year, the year-end balance was \$36.6M in each fund.
- VIA spent \$183.2M on capital projects in FY17 and \$33.5M in FY16. New buses accounted for \$124.3M of the FY17 total, as VIA replaced diesel-powered buses with CNG buses. In FY16, buildings and shelters along with revenue and service vehicles together accounted for 85% of total capital spending.

Overview of the Financial Statements

The financial statements consist of two parts: Management's Discussion and Analysis prepared by VIA, and the Financial Statements, notes and required supplementary information audited by the external audit firm. VIA uses accounting methods like 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 GASB 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.

The Statement of Net Position includes all the assets and liabilities of VIA, and the deferred inflows and outflows of resources. 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

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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 because of the fiscal year's activities. The statements show the difference between assets and deferred outflows, and liabilities and deferred inflows over time. The statements are one way to measure the financial health of the system. Other nonfinancial factors such as changes in economic conditions, population growth, regulations and new or revised government legislation must also be taken into consideration when attempting to assess the financial condition of VIA.

A condensed Statement of Net Position is found on the following page. These statements are condensed. To see more detail, refer to the basic financial statements which follow this section.

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Condensed Statements of Net Position Information

(In Millions of Dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 187.4	\$ 274.5	\$ 284.8
Capital assets	362.0	203.8	201.1
Other noncurrent assets	106.6	38.4	32.2
Total assets	<u>\$ 656.0</u>	<u>\$ 516.7</u>	<u>\$ 518.1</u>
Deferred outflows of resources	<u>24.6</u>	<u>26.2</u>	<u>18.6</u>
Total assets and deferred outflows of resources	<u>\$ 680.6</u>	<u>\$ 542.9</u>	<u>\$ 536.7</u>
Current liabilities	75.2	37.8	44.0
Long-term liabilities	308.2	223.6	206.4
Total liabilities	<u>\$ 383.4</u>	<u>\$ 261.4</u>	<u>\$ 250.4</u>
Deferred inflows of resources	<u>7.2</u>	<u>4.4</u>	<u>5.8</u>
Total liabilities and deferred inflows of resources	<u>\$ 390.6</u>	<u>\$ 265.8</u>	<u>\$ 256.2</u>
Net position:			
Net investment in capital assets	211.5	181.4	177.3
Restricted	91.9	102.2	94.2
Unrestricted	(13.3)	(6.5)	9.0
Total net position	<u>\$ 290.1</u>	<u>\$ 277.1</u>	<u>\$ 280.5</u>

Total net position may serve, over time as a useful indicator of an entity's financial position. As of September 30, 2017 and 2016, VIA's net position was \$290.1M and \$277.1M, respectively. A significant portion of VIA's net position in all years reported is represented by capital assets (revenue vehicles, passenger stations and shelters, service vehicles, land and equipment). These capital assets are used by VIA to provide public transportation services.

Net position increased by \$13.0M in FY17, going from \$277.1M to \$290.1M. Net investment in capital assets is up \$30.1M, restricted funds are down \$10.3M, and unrestricted funds are down \$6.8M. The increase in net investment in capital assets and the decrease in restricted funds were driven by the purchase of new CNG buses. The decrease in unrestricted funds resulted from net liability increases, mainly higher accounts payable.

In FY16, net position decreased by \$3.4M, going from \$280.5M to \$277.1M. Net investment in capital assets was up \$4.1M, restricted was up \$8.0M, and unrestricted was down \$15.5M. The increase in the restricted category was 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 an \$8.6M loss on asset impairment due to a write-off of remaining streetcar costs.

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There was a \$158.2M increase in net capital assets during FY17, going from \$203.8M to \$362.0M. This resulted from asset acquisitions of \$183.2M (including work-in-progress), net deletions of \$0.8M, and depreciation of \$24.1M (excluding accumulated depreciation impact included in net deletions; remaining difference is rounding). The \$183.2M in asset acquisitions is comprised of: revenue and service vehicles, \$124.9M, buildings and shelters, \$49.5M; and equipment, \$8.8M.

In FY16, net capital assets increased by \$2.7M. The increase results from assets acquisitions of \$33.5M (including work-in-progress) and depreciation and loss on asset impairment of \$30.8M (includes \$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, \$10M; 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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues:			
Passenger revenues	\$ 21.2	\$ 22.3	\$ 23.1
Advertising, real estate development, and other	1.9	1.7	1.6
Total operating revenues	<u>23.1</u>	<u>24.0</u>	<u>24.7</u>
Operating expenses:			
Line service	165.7	167.4	161.2
Line disaster relief	0.2	-	-
Robert Thompson Terminal	0.5	0.6	0.6
Other special events	0.5	0.6	0.6
VIAtrans	40.1	40.9	37.4
Vanpool	0.6	0.6	0.5
Charter	-	-	0.1
Promotional service	0.1	0.1	0.1
Business development and planning	6.7	6.5	6.6
Transit Technology	0.5	0.6	0.7
Depreciation and loss on asset impairment	24.0	30.8	27.2
Total operating expenses	<u>238.9</u>	<u>248.1</u>	<u>235.0</u>
Operating Loss	<u>(215.8)</u>	<u>(224.1)</u>	<u>(210.3)</u>
Nonoperating revenues (expenses):			
Sales taxes	207.9	201.4	197.6
Grants revenue - VIA	29.0	28.8	27.0
Grants revenue - pass-through	1.6	1.4	1.3
Investment income	1.4	1.8	0.9
Bond interest and issuance costs	(5.6)	(3.2)	(3.0)
Gain on sale of assets	2.6	(0.1)	-
Less amounts remitted to CoSA and Bexar County	(32.4)	(31.4)	(30.6)
Less pass-through funds remitted to sub-recipients	(1.5)	(1.4)	(1.3)
Less local assistance program	-	(0.5)	-
Total nonoperating revenues (expenses) - net	<u>203.0</u>	<u>196.8</u>	<u>191.9</u>
Loss before capital contributions	<u>(12.8)</u>	<u>(27.3)</u>	<u>(18.4)</u>
Capital contributions	<u>25.8</u>	<u>23.9</u>	<u>22.0</u>
Change in net position	<u>13.0</u>	<u>(3.4)</u>	<u>3.6</u>
Net position at beginning of year - restated (*)	<u>277.1</u>	<u>280.5</u>	<u>276.9</u>
Net position at end of year	<u>\$ 290.1</u>	<u>\$ 277.1</u>	<u>\$ 280.5</u>

* Due to VIA's adoption of GASB 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 68, the prior fiscal year was not restated.

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As shown on the statement of Revenues, Expenses, and Changes in net position, VIA's net position increased by \$13.0M. Capital contributions were \$25.8M. In FY17, all except \$0.1M of the capital contributions are grant funds received from the Federal Transit Administration that VIA used for capital projects. In FY16, capital contributions also included some grant funds received from TxDOT.

Operating Revenues

In FY17, operating revenues were \$23.1M, down \$0.9M (3.7%) from the prior year. This result is due to lower passenger revenues, down \$1.1M (5.3%) due to lower ridership. Lower bus ridership has been a national trend in recent years.

In FY16, operating revenues were \$24.0M, down \$0.7M (2.8%) from the prior year. The result reflects lower line ridership, which was negatively impacted by significantly lower gas prices.

Net Nonoperating Revenues (Expenses)

In FY17, VIA's net nonoperating revenues/(expenses) increased by \$6.2M (3.1%). Net sales taxes are up \$5.5M (3.2%), as the San Antonio economy improved, with the growth rate higher than in the previous year (this \$5.5M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). VIA's grant revenue is up just slightly from the prior year.

In FY16, VIA's net nonoperating revenues/(expenses) increased by \$4.9M (2.6%). Sales taxes were 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 reimbursements were up \$1.8M, as VIA used more Federal Transit Administration (FTA) funds for operating expenses rather than capital.

A chart of 2017 Total Revenues by Major Category is found on the next page.

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2017 Total Revenues by Major Category

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 15,421,412	\$ 3,559,201	\$ 18,980,613
Robert Thompson Terminal	82,050	-	82,050
Other special events	140,491	-	140,491
VIAtrans	2,033,653	-	2,033,653
Real estate development	446,352	-	446,352
Ellis Alley Park and Ride	10,201	-	10,201
Bus Advertising	939,642	-	939,642
Miscellaneous	473,160	-	473,160
Total operating revenues	19,546,961	3,559,201	23,106,162
Nonoperating revenues			
Sales taxes	143,046,998	64,826,341	207,873,339
Grant revenue - VIA	29,032,637	-	29,032,637
Grant revenue - pass-through	1,553,833	-	1,553,833
Investment Income	1,141,807	216,159	1,357,966
Gain(loss) on sale of assets	2,633,990	-	2,633,990
Less amounts remitted to CoSA and Bexar County	-	(32,413,170)	(32,413,170)
Less pass-through funds remitted to subrecipients	(1,452,788)	-	(1,452,788)
Less local assistance program	(40,000)	-	(40,000)
Total nonoperating revenues	175,916,477	32,629,330	208,545,807
Total revenues	\$ 195,463,438	\$ 36,188,531	\$ 231,651,969

Expenses

In FY17, operating expenses are \$238.9M, a decrease of \$9.2M (3.7%). The decrease is mainly attributable to a loss on asset impairment of \$8.6M that was booked in FY16 (zero in FY17), and fuel & lubricants, down \$5.9M due to VIA's purchase of CNG buses. The next largest favorable variance was in VIAcare (medical) expense, down \$2.9M. VIAcare expense reductions resulted from various plan changes, such as shifting more costs to employees (e.g., higher deductibles and copays, and a change in the employer/employee cost split), adding a new plan, and increasing out-of-network penalties. Partially offset these decreases was higher wages, up \$5.8M. Wages were up primarily due to a 3% wage increase and an increase in bus service.

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 an increase in bus service hours. 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

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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 68.

Long-term Debt

In FY17, VIA issued \$82.0M par value of MTA Contractual Obligation Bonds. The bonds sold for a premium of \$13.4M. The net proceeds of \$95.4M are being used to help finance the purchase of 270 new CNG buses. VIA is converting its fleet of diesel-powered buses to CNG. At the end of FY17, VIA has four bond issues outstanding.

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

Capital Assets

At the end of FY17, VIA had \$362.0M in net capital assets, an increase of \$158.2M over the prior fiscal year-end balance of \$203.8M. The \$158.2M net change resulted from the following: fixed assets before depreciation and construction in progress ("CIP") increased by \$156.4M (to a balance of \$618.6M); accumulated depreciation increased by \$23.6M (to a balance of \$349.0M); and construction in progress increased by \$25.4M (to a balance of \$92.4M). VIA's investment in capital assets includes land, buildings, revenue vehicles, service vehicles, communications technology, information technology, maintenance equipment and other miscellaneous equipment. The assets have been purchased with federal and local funds.

The \$156.4M increase in fixed assets value before depreciation and construction in progress reflects the net of \$109.6M in asset additions, \$1.4M in asset disposals, and \$48.1M in transfers from CIP (remaining difference is rounding). The asset category accounting for the largest balance change is revenue vehicles, up \$116.9M due mainly to the purchase of new CNG buses. Buildings and shelters account for +\$38.9M of the change (mainly shelters/amenities and a new CNG station), equipment accounts for +\$1.3M, and land accounts for a \$0.8M decrease (a property on Potranco Road was sold).

CIP increased by \$25.4M, with \$73.5M in CIP additions and \$48.1M in transfers out (to fixed assets). Buildings and shelters were up \$10.2M, revenue and service vehicles were up \$7.5M, and equipment was up \$7.7M.

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 was 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.

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.G defines accounting policies related to capital assets and note 6 gives details of the components of capital assets categories.

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Capital Assets (In Millions of Dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 33.1	\$ 33.9	\$ 32.8
Buildings and shelters	229.0	190.0	187.7
Revenue vehicles	294.7	177.8	176.2
Service vehicles	4.8	4.8	4.7
Equipment	57.0	55.7	54.9
	<u>618.6</u>	<u>462.2</u>	<u>456.3</u>
Less accumulated depreciation and allowance for capital projects	349.0	325.4	314.0
Net capital assets before construction in progress	<u>269.6</u>	<u>136.8</u>	<u>142.3</u>
Construction in progress:			
Buildings and improvements	63.4	53.2	55.9
Revenue vehicles	16.5	9.0	0.2
Equipment	12.5	4.8	2.7
Total construction in progress	<u>92.4</u>	<u>67.0</u>	<u>58.8</u>
Net capital assets	<u>\$ 362.0</u>	<u>\$ 203.8</u>	<u>\$ 201.1</u>

Economic Factors and Outlook for Fiscal Year 2018

Economic factors and the outlook for FY18 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 FY18 sales tax revenue reflects a 3.5% increase over the forecasted FY17 total, and a 3.3% increase over actual FY17 sales taxes. Actual results for 2017 came in just slightly higher than forecast. Actual sales tax receipts for 2017 were up 3.2% from 2016, reflecting modest growth.

San Antonio's economy is expected to strengthen in the coming year, led by healthcare, construction and manufacturing, according to Moody's Analytics. Longer term, the metro area's above-average population gains, low costs of doing business, and relatively high housing affordability should contribute to above-average overall performance.

FY18 Initiatives

VIA's FY18 budget reflects a strong commitment to our riders, with a 4.7% increase in line service resulting in record-high service levels, and funding for a wide variety of significant strategic investments. VIA has a robust

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slate of projects that includes the purchase of 70 buses and 122 paratransit vans, many passenger facility projects, a new operating facility, a new Enterprise Resource Planning system, and many other projects. Planned purchases of new buses include 54 new 40-foot CNG buses, 8 electric buses, and 8 CNG BRT buses.

In FY17, VIA issued bonds to help finance the purchase of 270 new CNG buses. These vehicles are serving to replace diesel-powered buses in the current fleet that have reached 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.

Various projects to build/rehabilitate facilities are programmed. These include rehabilitating three transit centers (Crossroads, Northstar and Ellis Alley), continuing bus stop improvements and shelter installation, retrofitting 250 new shelters with solar lighting, completing the Stone Oak Park & Ride, and building route infrastructure and introducing new Primo service (Zarzamora Primo route, SW Military Primo route, and Brooks Transit Center).

Other initiatives include designing facilities and developing partnerships. Facility design projects include Fredericksburg Road Operating Facility, Randolph Park & Ride, Naco Transfer Center, IH-10 Park & Ride, and SH-151 Park & Ride. Projects that develop/continue partnerships include the Robert Thompson Transit Center, Scobey Complex, and the continuation of the JLEC and SAOEM Police partnership.

Various studies and assessments are also slated. These include a rapid transit corridor study (project development/environmental analysis), comprehensive operational assessment (route assessments, frequency and phasing recommendations), Scobey complex site assessment, and maintenance facility(ies) assessment.

In FY18, VIA will be implementing smartcard technology. Mobile ticketing was successfully introduced in FY17. New technologies serve to provide more fare options, decrease boarding time, and give riders greater flexibility.

FY18 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 FY18, with Stabilization Fund ("Rainy Day" Fund) and working capital balances at Board policy levels (60 days each).

Requests for Information

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

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Basic Financial Statements

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Statements of Net Position

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 63,536,044	\$ 18,840,198
Investments	30,209,302	87,717,653
Fuel hedging asset	416,845	-
Accounts receivable:		
Federal government	17,015,774	5,834,345
State of Texas - sales taxes	30,030,931	29,916,152
Interest	323,247	453,123
Other, net	2,815,794	3,119,736
Inventory	3,967,956	3,948,520
Prepaid expenses and other current assets	143,349	904,642
Restricted assets:	-	-
Restricted cash - sales tax payable	386,904	-
Restricted cash - debt service	3,261,954	1,000,066
Restricted cash - construction account	24,587,144	12,297,175
Restricted investments - sales tax payable	5,158,289	5,455,543
State of Texas Receivable - sales taxes	5,548,659	5,486,842
Total current assets	187,402,192	174,973,995
Noncurrent assets:		
Prepaid expenses	809	-
Restricted cash - TxDOT grant	14,624,014	9,735,778
Restricted cash - bond reserve fund	2,851,776	2,830,239
Restricted cash - construction account	17,211,138	29,609,188
Restricted investments - TxDOT grant	67,010,283	90,819,687
Capital assets:		
Land	33,094,493	33,891,182
Buildings and shelters	228,981,007	190,045,598
Revenue vehicles	294,661,596	177,771,070
Service vehicles	4,838,009	4,838,011
Equipment	57,000,347	55,702,672
Total capital assets	618,575,452	462,248,533
Less accumulated depreciation	348,958,881	325,436,398
Construction in progress	92,427,132	66,956,482
Net capital assets	362,043,703	203,768,617
Other assets:	-	-
Other postemployment benefits (OPEB) asset	4,925,202	4,925,202
Total other assets	4,925,202	4,925,202
Total noncurrent assets	468,666,925	341,688,711
Total assets	656,069,117	516,662,706
Deferred outflows of resources		
Pension	24,663,381	25,551,613
Fuel hedging	-	647,807
Total deferred outflows of resources	24,663,381	26,199,420
Total assets and deferred outflows of resources	\$ 680,732,498	\$ 542,862,126

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

	2017	2016
Liabilities		
Current liabilities:		
Accounts payable	\$ 17,570,596	\$ 2,187,278
Fuel hedging liability	-	647,807
Retainage payable	1,959,055	515,468
Accrued liabilities	6,950,966	4,785,701
Unearned revenue	1,738,140	1,412,416
Claims payable	7,971,754	7,611,973
Current liabilities payable from unrestricted assets	36,190,511	17,160,643
Current liabilities payable from restricted assets:		
Payable from construction fund assets	24,587,144	12,297,175
Payable to CoSA and Bexar County	5,545,193	5,482,328
Interest payable	1,372,894	566,732
Bonds payable	7,525,000	2,285,000
Total current liabilities	75,220,742	37,791,878
Noncurrent liabilities:		
Net pension liability	144,850,545	145,888,111
Long-term liabilities	163,338,688	77,714,291
Total noncurrent liabilities	308,189,233	223,602,402
Total liabilities	383,409,975	261,394,280
Deferred inflows of resources		
Pension	6,793,508	4,349,303
Fuel hedging	416,845	-
Total deferred outflows of resources	7,210,353	4,349,303
Total liabilities and deferred inflows of resources	\$ 390,620,328	\$ 265,743,583
Net position		
Net investment in capital assets	211,516,797	181,356,296
Restricted sales tax	5,548,659	5,455,543
Restricted debt service	1,889,061	1,000,066
Restricted TXDOT grant	81,634,297	92,947,835
Restricted bond reserve fund	2,851,776	2,830,239
Unrestricted	(13,328,420)	(6,471,436)
Total net position	\$ 290,112,170	\$ 277,118,543
Total liabilities, deferred inflows and net position	\$ 680,732,498	\$ 542,862,126

The accompanying notes are an integral part of these statements.

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Statements of Revenues, Expenses, and Changes in Net Position

	2017	2016
Operating revenues:		
Line service	\$ 18,980,613	\$ 20,051,622
Robert Thompson Terminal	82,050	94,787
Other special events	140,491	144,402
VIATrans	2,033,653	1,996,240
Real estate development	446,352	330,799
Ellis Alley Park and Ride	10,201	12,582
Bus advertising	939,642	894,530
Miscellaneous	473,160	441,677
Total operating revenues	23,106,162	23,966,639
Operating expenses:		
Line service	165,746,945	167,351,942
Disaster relief	165,953	
Robert Thompson Terminal	465,271	630,944
Other special events	534,207	552,244
VIATrans	40,055,752	40,922,470
Vanpool	611,149	608,055
Promotional service	89,541	99,753
Real estate development	539	1,678
Business development and planning	6,685,076	6,453,239
Transit technology	492,167	637,751
Total operating expenses before depreciation	214,846,600	217,258,076
Depreciation on capital assets:		
Acquired with VIA equity	7,461,756	6,651,905
Acquired with grants	16,550,846	15,548,773
Loss on asset impairment	-	8,579,632
Total operating expenses after depreciation and loss on asset impairment	238,859,202	248,038,386
Operating loss	(215,753,040)	(224,071,747)
Nonoperating revenues (expenses):		
Sales taxes	207,873,339	201,407,198
Grants revenue - VIA	29,032,637	28,773,370
Grants revenue - pass-through	1,553,833	1,463,234
Investment income	1,357,966	1,839,616
Bond interest and issuance costs	(5,619,099)	(3,237,107)
Gain (loss) on sale of assets	2,633,990	(117,056)
Less pass-through funds remitted to subrecipients	(1,452,788)	(1,400,626)
Less local assistance program	(40,000)	(461,513)
Less amounts remitted to CoSA and Bexar County	(32,413,170)	(31,427,566)
Total nonoperating revenues (expenses) - net	202,926,708	196,839,550
Loss before capital contributions	(12,826,332)	(27,232,197)
Capital contributions	25,819,959	23,876,005
Change in net position	12,993,627	(3,356,192)
Net position at beginning of year	277,118,543	280,474,735
Net position at end of year	\$ 290,112,170	\$ 277,118,543

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Statements of Cash Flows

	2017	2016
Cash flows from operating activities		
Cash received from customers	\$ 23,272,287	\$ 24,880,247
Cash payments to vendors for goods and services	(61,069,783)	(63,108,139)
Cash payments for employee services, including salaried fringe benefits	(151,260,793)	(149,363,435)
Net cash provided by (used in) operating activities	(189,058,289)	(187,591,327)
Cash flows from noncapital financing activities		
Sales taxes	207,693,718	198,563,237
Grants revenue received	27,041,045	32,448,605
Payments to TxDOT, CoSA and Bexar County	(32,390,305)	(30,964,494)
Net cash provided by (used in) noncapital financing activities	202,344,458	200,047,348
Cash flows from capital and related financing activities		
Proceeds from capital grants	16,252,229	24,292,882
Proceeds from bond issuance	81,273,505	-
Principal payments on bonds	(3,219,339)	(2,423,344)
Premium, interest and financing fees	9,268,058	(4,208,329)
Proceeds from sale of assets	2,811,328	11,960
Purchase of capital assets	(150,624,669)	(37,851,935)
Net cash provided by (used in) capital and related financing activities	(44,238,888)	(20,178,766)
Cash flows from investing activities		
Sale of investment securities	202,666,130	212,500,390
Purchase of investment securities	(121,493,580)	(176,615,860)
Interest earnings	1,926,499	1,265,979
Net cash provided by (used in) investing activities	83,099,049	37,150,509
Net increase (decrease) in cash and cash equivalents	52,146,330	29,427,764
Cash and cash equivalents at beginning of year	74,312,644	44,884,880
Cash and cash equivalents at end of year	\$ 126,458,974	\$ 74,312,644
Reconciliation of operating loss to net cash provided (used in) operating activities		
Operating loss	\$ (215,753,035)	\$ (224,071,747)
Adjustments to reconcile operating loss to net cash provided (used in) operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	7,461,756	6,651,905
Acquired with grants	16,550,846	15,548,773
Loss on asset impairment	-	8,579,632
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,246,719	2,719,969
Decrease (increase) in inventory	(1,261,906)	(456,774)
Decrease (increase) in prepaid expenses and other current assets	(170,796)	(6,254,896)
Decrease (increase) in prepaid pension	888,232	(14,030,434)
(Decrease) increase in accounts payable	(137,742)	2,707,814
(Decrease) increase in accrued liabilities	2,117,637	21,014,431
Net cash provided by (used in) operating activities	\$ (189,058,289)	\$ (187,591,327)
Reconciliation of cash and cash equivalents per statements of cash flows to the statements of net position		
Cash and cash equivalents at end of year:		
Unrestricted	63,536,044	18,840,198
Restricted - mandated purpose	62,922,930	55,472,446
Total cash and cash equivalents	\$ 126,458,974	\$ 74,312,644
Noncash investing and financing activities		
Change in fair value of investments reported as cash equivalents	\$ (865,748)	\$ 276,847

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Notes to the Financial Statements

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies

The financial statements of VIA Metropolitan Transit (VIA) 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 Metropolitan Transit Authority (MTA)

VIA Metropolitan Transit Authority (MTA) 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 codification 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 $\frac{1}{4}$ 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, and services, including planning, feasibility studies, operations, and professional and other services in connection with such facilities, equipment, operation, systems, and services.

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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 “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.

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, operations, 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.

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:

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Condensed Statements of Net Position

	2017	2016
Current assets	\$ 27,535,520	\$ 56,460,449
Other noncurrent assets	-	395,629
Total assets	27,535,520	56,856,078
Liabilities		
Payable to MTA	2,182,812	3,249,529
Other current liabilities	6,665,168	6,577,601
Total current liabilities	\$ 8,847,980	\$ 9,827,130
Total long-term liabilities	33,911,383	34,987,123
Total liabilities	\$ 42,759,363	\$ 44,814,253
Net position:		
Net deficit investment in capital assets	(30,495,000)	(6,523,800)
Restricted	5,940,193	-
Unrestricted	9,330,964	18,565,625
Total net position	\$ (15,223,843)	\$ 12,041,825

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

	2017	2016
Operating revenues - line service	\$ 3,559,201	\$ 3,444,140
Operating expenses before depreciation	37,223,765	33,577,835
Depreciation on capital assets	-	-
Operating loss	(33,664,564)	(30,133,695)
Nonoperating revenues (expenses):		
Sales taxes	64,826,341	62,855,132
Less amounts remitted to CoSA and Bexar County	(32,413,170)	(31,427,566)
Other nonoperating revenues (expenses)	(1,099,456)	(1,231,985)
Total nonoperating revenues (expenses) - net	31,313,715	30,195,581
Transfer out	(24,914,819)	(957,255)
Change in net position	(27,265,668)	(895,369)
Net position at beginning of year	12,041,825	12,937,194
Net position at end of year	\$ (15,223,843)	\$ 12,041,825

Condensed Statements of Cash Flows

	2017	2016
Net cash provided by (used in) operating activities	\$ (34,733,359)	\$ (29,408,177)
Net cash provided by (used in) financing activities	32,350,305	30,707,765
Net cash provided by (used in) capital and related financing activities	(27,281,419)	(3,323,278)
Net cash provided by (used in) investing activities	22,248,143	7,983,369
Net increase (decrease) in cash and cash equivalents	(7,416,330)	5,959,679
Cash and cash equivalents at beginning of year	12,309,173	6,349,494
Cash and cash equivalents at end of year	\$ 4,892,843	\$ 12,309,173

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 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 non-fiduciary 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.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The statement is effective for VIA's fiscal year ending September 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The new standard is effective for periods beginning after June 15, 2018. Application of this statement is effective for VIA's fiscal year ending September 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, issued in January of 2017, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The new standard is effective for periods beginning after December 15, 2018 and thus after VIA's fiscal year ending September 30, 2019.

Issued in March of 2017, GASB Statement No. 85 is an Omnibus statement addressing practice issues across multiple GASB statements. Areas pertinent to VIA include measuring certain money market investments and participating interest-earning investment contracts at amortized cost, as well as several enhancements to pension and other postemployment benefits to enhance the consistency in application of accounting and financial requirements. VIA will adopt this statement for the fiscal year ending September 30, 2018.

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GASB statement No. 86, *Certain Debt Extinguishments Issues*, will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for extinguishing that debt, was acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The new standard is effective for VIA's FY ending September 30, 2018.

In June 2017, the GASB issued Statement No. 87 on *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective will be effective for VIA's FY ending September 30, 2020.

C. Use of Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

D. 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 inability to collect 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. The allowance recorded as of September 30, 2017 is \$10,525 and there was no allowance for doubtful accounts in 2016.

E. 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.

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September 30, 2017 and 2016

F. Inventory

Inventory, comprised primarily of fuel and repair parts, is carried at cost. Inventory is carried at cost using the average-cost method.

G. 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 acquisition value at date of donation. VIA provides for depreciation on assets using the straight-line method 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

H. Compensated Absences

VIA accrues employee vacation leave as earned. Sick leave is not accrued since terminated employees are not paid for accumulated sick leave. The amounts expected to be utilized in the next 12 months are carried as a current liability and the remainder, up to the capped number of hours, is reported as a long-term liability. The amounts are shown in note 12.

I. Estimated Liabilities

Estimated liabilities include amounts provided for:

- Claims made against VIA involving public injuries and damages related to transit operations. Refer to note 11.
- Claims made against VIA involving employee injuries that are work related. Refer to note 11.
- Claims incurred but unpaid, and claims incurred but not reported, as of year-end against VIA's self-insured employees' health program where measurement is based on key actuarial assumptions. Refer to note 11.
- Fair value of fixed-rate swaps for fuel, which is further discussed in note 3.
- Pension and OPEB, where measurement is based on key actuarial assumptions. Refer to note 8 related to the defined benefit retirement plan and note 10 for other postemployment benefits.

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J. Unearned Revenues

VIA sells fare through various channels, including VIA operated transit centers, through outside retail operations, a mobile ticket application, as well as on the bus. Fare is defined as a ticket or pass, at a stated value, valid for the period of the ticket or pass. Tickets are valid for one trip. Passes are valid for their stated period: one day, seven days, or 31 days. That period begins with the first use. Fare purchased in advance of the provided service by VIA is considered deferred revenue. Revenue is taken as fare is presented for use and the transportation service is provided. Revenue is taken for multi-period passes, defined as semester and annual passes, ratably over the life of the pass.

K. 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 that point.

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.

L. 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 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. Non-operating 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 non-operating.

M. Operating Revenues

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

- Line Service includes revenues related to all regularly scheduled bus routes available to the general public for a fare.
- Robert Thompson Terminal includes revenues related to the operation and maintenance of the Robert Thompson Terminal, which provides services for various Alamodome events.
- Other Special Events include revenues from services provided to various community events throughout the year.

VIA Metropolitan Transit

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- 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 disparate revenues such as Alamodome facility, station concessions, and sale of scrap material.

N. 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.
- Disaster relief is the cost of service provided by VIA after a formal declaration has been made at the federal level to declare a catastrophe either an emergency or major disaster. All authority for disaster relief operations descends from the president, through the Federal Emergency Management Agency (FEMA), and down to other agencies engaged in relief operations. First established in 1979, FEMA coordinates federal efforts related to natural disaster planning, preparedness, response, and recovery. FEMA funds emergency programs and works closely with state and local governments. Services provided by VIA may be line service and/or paratransit in nature.
- 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.
- Promotional Service includes expenses related to community related charters, including school education programs.
- 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.

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

O. 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 an initial maturity of 90 days or less, to be cash equivalents.

P. Reclassifications

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

Q. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the VIA Metropolitan Transit 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.

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, OPEB expenses, information about the fiduciary net position of the VIA Metropolitan OPEB 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.

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.

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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. Deposits

As of September 30, 2017, the carrying amount of VIA's cash and cash equivalents on the statements of net position was \$126,458,974 (\$74,312,644 in 2016). All deposits are insured by federal depository insurance and/or collateralized with securities held by VIA's agent in VIA's name. VIA's 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. Daily, VIA participates in a sweep of cash balances to achieve higher yields. VIA's deposits also include funds deposited with TexPool and TexSTAR.

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.

B. Investments

VIA invests in United States Treasury and agency securities.

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.

United States Treasury and agency securities in the amount of \$102,377,873 (\$183,992,883 in 2016) are held in safekeeping by VIA's custodial bank, Wells Fargo Bank N.A., and are registered as accounts of VIA. Securities in the amount of \$84,562,684 (\$160,427,493 in 2016) with an original maturity of less than one year are carried at amortized cost. Securities in the amount of \$17,815,190 (\$23,565,390 in 2016) with an original maturity of greater than one year are carried at fair value and are considered level 2.

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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 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.

The following tables show VIA's investments and their days to maturity as of September 30,

Investments	2017 Investment Maturities					Carrying Amount
	Less Than 90	From 91 to 180	From 181 to 364	From 1 Year	From 5 Years	
	Days	Days	Days	to 5 Years	to 10 Years	
United States Treasury notes	\$ -	\$ -	\$ -	\$ 6,965,560	\$10,849,630	\$ 17,815,190
Federal Home Loan Mortgage Bank agency securities	25,996,805	4,993,450	40,099,674	-	-	71,089,929
Freddie Mac agency securities	3,920,863	3,499,780	-	-	-	7,420,643
Fannie Mae agency securities	-	6,052,112	-	-	-	6,052,112
Total United States Treasury and agency securities	29,917,668	14,545,342	40,099,674	6,965,560	10,849,630	102,377,874
TexStar	42,263,619					42,263,619
TexPool	40,859,671					40,859,671
Total Investments	\$ 113,040,958	\$ 14,545,342	\$ 40,099,674	\$ 6,965,560	\$10,849,630	\$ 185,501,164

Investments	2016 Investment Maturities					Carrying Amount
	Less Than 90	From 91 to 180	From 181 to 364	From 1 Year	From 5 Years	
	Days	Days	Days	to 5 Years	to 10 Years	
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	4,991,150	18,574,240	183,992,883
TexStar	10,004,158					10,004,158
TexPool	44,183,909					44,183,909
Total Investments	\$ 120,308,069	\$ 23,354,785	\$ 70,952,706	\$ 4,991,150	\$18,574,240	\$ 238,180,950

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At September 30, 2017 and 2016, VIA had the following deposits and investments:

	Carrying Amount 2017	Carrying Amount 2016
Deposits:		
Cash on hand	\$ 476,304	\$ 601,106
Cash in bank	35,250,748	11,971,436
CDs	7,608,632	7,552,035
Total deposits	43,335,684	20,124,577
Investments:		
Texpool	42,263,619	10,004,158
TexSTAR	40,859,671	44,183,909
United States agency securities	102,377,874	183,992,883
Total cash, cash equivalents and investments	<u>\$ 228,836,848</u>	<u>\$ 258,305,527</u>

Interest Rate Risk – Interest rate risk, the risk that changes with 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 the 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, 91% of VIA's investment portfolio limits is invested in maturities less than one year (90% in 2016). Investment maturities are as follows:

	Percentage of Portfolio September 30,	
Maturity	2017	2016
Less than 90 days	61%	51%
From 91 days to 180 days	8%	9%
From 181 days to 364 days	21%	30%
From 1 to 5 years	4%	2%
From 5 to 10 years	6%	8%

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

Presented 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, 2017			
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

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

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. As of September 30, 2017, VIA's investment portfolio consists of 10% (8% in 2016) in direct obligations and 46% (69% in 2016) in indirect obligations.

The following table reflects the percentage amount invested in each issuer subject to concentration of credit risk as a percentage of the total portfolio. Amounts below 5% in both years are not disclosed.

Investments	Percentage of Portfolio	
	2017	2016
United States Treasury Notes	10%	8%
Federal Home Loan Mortgage Bank agency securities	38%	36%
Federal Farm Credit Bank agency securities	0%	24%
Freddie Mac agency securities	4%	6%

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C. Financial Hedges for Fuel

VIA has a fuel hedging program that was developed and implemented in 2009, with the goal of managing fuel price risk and providing for fuel price certainty for a period of up to 60 months and changed to 36 months, 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.

The fair value of VIA's open hedges as of September 30, 2017 and 2016 was \$416,845 and -\$647,807, respectively. There are no hedges that extend past FY18. A summary of VIA's fuel derivative transactions as of September 30, 2017 and 2016 is shown below:

Fuel Derivative Transactions as of September 30, 2017

Type of Transaction	Referenced Index	Duration	Volumes	Fair Value	FY17 Change in Fair Value
Long Ultra Low Sulfur Diesel Swap	Platts USGC ULSD	Oct 2017 through Sep 2018	1,599,996	\$ 254,806	\$ 150,700
Long Unleaded Gasoline Swap	Platts USG UNL 87	Oct 2017 through Sep 2018	330,000	46,578	39,251
Long Propane Swap	OPIS C3/MTB TET	Oct 2017 through Sep 2018	499,968	115,461	117,336
Total				\$ 416,845	\$ 307,287

Fuel Derivative Transactions as of September 30, 2016

Type of Transaction	Referenced Index	Duration	Volumes	Fair Value	FY16 Change in Fair Value
Long Ultra Low Sulfur Diesel Swap	Platts USGC ULSD	Oct 2017 through Sep 2018	1,599,996	\$ 104,106	\$ -
Long Unleaded Gasoline Swap	Platts USG UNL 87	Oct 2017 through Sep 2018	330,000	7,327	-
Long Propane Swap	OPIS C3/MTB TET	Oct 2017 through Sep 2018	499,968	(1,875)	-
Long Ultra Low Sulfur Diesel Swap	Platts USGC ULSD	Oct 2016 through Sep 2017	4,799,868	(697,994)	(58,135)
Long Unleaded Gasoline Swap	Platts USG UNL 87	Oct 2016 through Sep 2017	579,996	(48,963)	6,791
Long Propane Swap	OPIS C3/MTB TET	Oct 2016 through Sep 2017	900,144	(10,408)	-
Total				\$ (647,807)	\$ (51,344)

Fair value for the hedges is based on Level 2 inputs in the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

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For fiscal year 2016, VIA hedged approximately 77% of budgets diesel fuel usages volumes, 83% of budgeted unleaded gasoline 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 2016, VIA hedged approximately 77% of budgets diesel fuel usages volumes, 83% of budgeted unleaded gasoline volumes, and 91% of budgeted propane volumes.

For fiscal year 2017, VIA 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 \$1.9700/gallon. In May 2016, VIA entered into a fixed rate swap with J.P. Morgan covering 2,799,996 gallons of diesel fuel at \$1.4685/gallon. Both diesel swaps were 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 \$1.6640/gallon. In May 2016, VIA also entered into a fixed rate swap with J.P. Morgan to cover 330,000 gallons of gasoline at \$1.4590/gallon. Both gasoline swaps were 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 \$0.5550/gallon. This propane swap was settled monthly against OPIS Mont Belvieu Propane.

For fiscal year 2018, VIA has hedged approximately 61% of anticipated diesel fuel usage volumes, 46% of anticipated unleaded gasoline usage volumes, and 48% 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 \$1.5490/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 \$1.4690/gallon. The gasoline swap will be settled monthly against Platts US Gulf Coast UNL 87 gasoline.
- In addition, in May 2016, VIA entered into a fixed rate swap with B.P.to cover 499,968 gallons of propane at \$0.5500/gallon. The propane swap will be settled monthly against Platts OPIS Mont Belvieu.

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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, 2017, VIA has outstanding swaps with BP and J.P. Morgan, two nationally recognized commodity traders. As of September 30, 2017, the credit rating for BP was "A-" with Standard & Poor's and "A1" with Moody's and the credit rating for J.P. Morgan was "A-" with Standard & Poor's and "A3" with Moody's. 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.

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, 2017, is \$416,845. On September 30, 2017, the outstanding diesel fuel swap had a value of \$254,806, the outstanding gasoline fuel swap had a value of \$46,578, and the outstanding propane fuel swap had a value of \$115,461, resulting in an asset of \$416,845 (liability of \$647,807 in 2016).

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

- **Bond Construction Fund** – the restricted construction account represents bond proceeds and interest to be used for capital expenditures.
- **Bond Fund** – Debt service or principal and interest due on bonds is used for setting aside funds for upcoming principal and interest payments on outstanding bonds.
- **Bond Reserve Fund** – Reserve funds specifically required at bond issuance and documented in the bond agreement. This item is cleared when bonds have been paid off.
- **TxDOT Grant** – represents assets to provide for the enhancement of visual, operational, and structural vehicle right-of-way improvements.
- **ATD Sales Tax Payable** – represents assets to provide for the payment of the monthly sales taxes collected by VIA and remitted to the City of San Antonio and Bexar County.

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Unrestricted

- **Property Insurance Deductibles** – represent assets to provide for the insurance policy deductible on VIA's vehicles, buildings, and contents.
- **Uninsured Property** – represents assets to provide for replacement of property with a value below the deductible per occurrence amount of the property insurance policy.
- **Stabilization Fund** – represents assets to provide a level of financial resources to protect against revenue shortfalls or unpredicted one-time expenditures.
- **VIA Capital Fund** – represents assets to provide for capital asset acquisitions.
- **Working Capital** – represents assets designated to provide VIA with sufficient operating funds to pay its day-to-day operational obligations.
- **Retainage** – represents assets equal to the liability payable to contractors for retainage withheld from periodic payments, plus interest earnings.
- **Capital Grant Local Share** – represents assets to provide for VIA's matching share of Federal Transit Administration (FTA) grants.

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

	Cash & Cash			
	Equivalents	Investments	2017 Total	2016 Total
Restricted deposits and investments				
Bond construction fund	\$ 41,798,282	\$ -	\$ 41,798,282	\$ 41,906,363
Bond fund -- principal and interest due	3,261,954	-	3,261,954	1,000,066
Bond reserve fund	2,851,776		2,851,776	2,830,239
TxDOT grant	14,624,014	67,010,283	81,634,297	100,555,465
Sales tax payable	386,904	5,158,289	5,545,193	5,455,543
Total restricted deposits and investments	62,922,930	72,168,572	135,091,502	151,747,676
Unrestricted deposits and investments				
Board approved purposes:				
Property insurance deductibles	500,000	-	500,000	500,000
Uninsured property	815,381	-	815,381	815,381
Stabilization fund	13,437,714	24,142,286	37,580,000	36,650,000
VIA capital fund	-	6,067,016	6,067,016	24,501,136
Working capital:	-	-		
MTA	33,469,061	-	33,469,061	30,450,000
ATD	4,110,939	-	4,110,939	6,200,001
Retainage	5,986,925	-	5,986,925	283,591
Capital grants local share	5,216,024	-	5,216,024	7,157,742
Total unrestricted deposits and investments	63,536,044	30,209,302	93,745,346	106,557,851
Total deposits and investment balances	<u>\$ 126,458,974</u>	<u>\$ 102,377,874</u>	<u>\$ 228,836,848</u>	<u>\$ 258,305,527</u>

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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 for September 2016 to September 2017. The comparative period schedules follow:

	Balance at September 30, 2016	Additions	Deletions	Transfers	Balance at September 30, 2017
Land*	\$ 33,891,182	\$ -	\$ (796,689)	\$ -	\$ 33,094,493
Buildings and shelters	190,045,598	44,863	-	38,890,547	228,981,008
Revenue & service vehicles	182,609,081	109,311,888	(502,351)	8,080,986	299,499,604
Equipment	55,702,672	285,332	(81,443)	1,093,786	57,000,347
	462,248,533	109,642,083	(1,380,483)	48,065,319	618,575,452
Accumulated depreciation:					
Buildings and shelters	149,033,531	8,157,396	(65,751)	-	157,125,176
Revenue & service vehicles	138,339,272	12,694,400	(454,068)	-	150,579,604
Equipment	38,063,595	3,206,193	(15,687)	-	41,254,101
	325,436,398	24,057,989	(535,506)	-	348,958,881
Net capital assets before construction in progress	136,812,135	85,584,094	(844,977)	48,065,319	269,616,571
Buildings and shelters	53,233,429	49,433,449	-	(39,219,055)	63,447,823
Revenue and service vehicles	8,983,041	15,577,358	-	(8,080,949)	16,479,450
Equipment	4,740,012	8,525,162	-	(765,315)	12,499,859
Construction in progress	66,956,482	73,535,969	-	(48,065,319)	92,427,132
Net capital assets	\$ 203,768,617	\$ 159,120,063	\$ (844,977)	\$ -	\$ 362,043,703

* Capital assets not being depreciated.

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	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 & 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
	456,250,214	5,337,838	(999,081)	1,659,562	462,248,533
Accumulated depreciation:					
Buildings and shelters	136,386,968	8,506,287	(42,455)	4,182,731	149,033,531
Revenue & 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
	304,146,833	22,209,626	(920,061)	-	325,436,398
Allowance for capital projects	9,800,000	-	(9,800,000)	-	-
Net capital assets before construction in progress	142,303,381	(16,871,788)	9,720,980	1,659,562	136,812,135
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
Construction in progress	58,820,976	28,182,200	(18,387,132)	(1,659,562)	66,956,482
Net capital assets	\$ 201,124,357	\$ 11,310,412	\$ (8,666,152)	\$ -	\$ 203,768,617

* Capital assets not being depreciated.

The following is a summary of depreciation expense:

	Years Ended September 30,	
Description	2017	2016
Capital assets acquired with VIA equity	\$ 7,461,756	\$ 6,651,905
Capital assets acquired with grants	16,550,846	15,548,773
	<u>\$ 24,012,602</u>	<u>\$ 22,200,678</u>

Note 7 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 60% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2017 (76% in 2016). These revenues are reported as non-operating revenues in the statements of revenues, expenses, and changes in net position. Included below is a summary of sales tax revenues:

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Sales Tax Revenues

Description	Years Ended September 30,	
	2017	2016
MTA	\$ 143,046,998	\$ 138,552,066
ATD	64,826,341	62,855,132
	<u>\$ 207,873,339</u>	<u>\$ 201,407,198</u>

Sales taxes for VIA increased by \$4,494,932 in 2017 and by \$2,181,293 in 2016. ATD sales taxes increased \$1,971,209 in 2017 and increased by \$1,580,656 in 2016. Of the ATD sales taxes shown above, ¼ is remitted to CoSA and ¾ is remitted to TxDOT/Bexar County.

Sales Tax Receivable from State of Texas

Description	Years Ended September 30,	
	2017	2016
MTA	\$ 24,482,273	\$ 24,429,310
ATD-VIA	5,548,658	5,486,842
ATD-Other (CoSA and Bexar County)	5,548,659	5,486,842
	<u>\$ 35,579,590</u>	<u>\$ 35,402,994</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.

Note 8 – Defined Benefit Retirement Plan

A. Plan Description

VIA's defined benefit pension plan, VIA Metropolitan Transit Retirement Plan (the "Plan") provides pensions 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. There is a separate plan audit. An 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.

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B. 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.

C. Disability Benefits

If service is terminated because 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.

D. Pre-Retirement Death Benefits

If service is terminated because 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 non-spouse, 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.

E. 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.

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F. Pension Supplement

Effective July 1, 2015, the pension plan provides the retirees (and beneficiaries) a one-time supplement (non-cumulative or compounding benefit) once every two years based on the following table by service at retirement.

Service at Retirement	Supplement (One-Time)
<10 Years	\$ 175.00
10-24 Years	350.00
25+ Years	700.00

G. Retiree Health Benefits

For members with retirement dates prior to March 31, 2007: \$8 times credited service (whole years only) paid monthly to retired and disabled participants for life.

For members with retirement dates after March 31, 2007: a monthly supplement based on the following table (by service at retirement and current age):

Service at Retirement	Benefit Payable Before Age 65	Benefit Payable After Age 65
<10 Years	\$ -	\$ -
10-14 Years	100.00	75.00
15-19 Years	150.00	112.50
20-24 Years	200.00	150.00
25+ Years	250.00	187.50

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 9.

H. Employees Covered by Benefit Terms

The following table summarizes the number of participants with a benefit in the Plan as of the valuation dates of October 1, 2015 and 2014, the dates used to develop the pension accounting information that is reported for the fiscal years ending September 30, 2017 and 2016, respectively.

	FY2017	FY2016
Inactive Plan members or beneficiaries currently receiving benefits	901	857
Inactive Plan members entitled to, but not yet receiving, benefits	124	121
Active Plan members	1,272	1,353
Total Plan members	2,297	2,331

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I. 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. As of January 1, 2017, participants contribute 6% of their wage base (1/3 of the taxable wage base under the old age, survivors, and disability insurance program) plus 9% of the amount of their monthly compensation in excess of the wage base. Prior to January 1, 2017 – effective July 1, 2015 – participants contributed 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.

J. Net Pension Liability

VIA's net pension liability reported for September 30, 2017 was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015 and rolled forward to the September 30, 2016 measurement date. VIA's net pension liability reported for September 30, 2016 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 October 1, 2014 and rolled forward to the September 30, 2015 measurement date.

K. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2015 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 total pension liability reported for September 30, 2016 was determined by an actuarial valuation as of October 1, 2014 and rolled forward to a measurement date of September 30, 2015 using the same actuarial assumptions as shown above. The actuarial assumptions used in the October 1, 2015 and October 1, 2014 valuations 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.

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L. 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 weighing 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, 2017 and 2016 are summarized in the table below (same numbers used for each year).

Asset Class	Long-Term Expected Arithmetic Real Rate of Return	Target Asset Allocation	Development of Long- Term Arithmetic Return for Investment Portfolio
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%

M. Discount Rate

The discount rate used to measure the total pension liability as of the measurement dates of September 30, 2016 and September 30, 2015 was 7.5%. The projection of cash flows used to determine the discount rate assumed the 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.

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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 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

Discount Rate Sensitivity - September 30, 2017

Current Single Discount Rate		
1.0% Decrease	Assumption	1.0% Increase
6.5%	7.5%	8.5%
\$ 186,823,423	\$ 144,850,546	\$ 108,914,889

Discount Rate Sensitivity - September 30, 2016

Current Single Discount Rate		
1.0% Decrease	Assumption	1.0% Increase
6.5%	7.5%	8.5%
\$ 186,572,954	\$ 145,888,111	\$ 111,098,106

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Changes in Net Pension Liability

	2017	2016
Total Pension Liability		
Service Cost	\$ 7,905,267	\$ 7,885,706
Interest	27,529,518	26,126,424
Benefit changes	-	2,722,757
Difference between expected and actual experience	2,205,382	1,469,523
Assumption changes	-	-
Benefit payments	(19,443,391)	(18,876,721)
Refunds	(346,216)	(346,216)
Net change in total pension liability	\$ 17,850,560	\$ 18,981,473
Total pension liability - beginning	373,002,411	354,020,938
Total pension liability - ending	<u>\$ 390,852,971</u>	<u>\$ 373,002,411</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 12,907,774	\$ 12,143,694
Contributions - employee	4,121,628	4,236,620
Pension plan net investment income	21,792,139	2,675,221
Benefit payments	(19,443,391)	(18,876,721)
Refunds	(346,216)	(346,216)
Pension plan administrative expense	(143,808)	(236,158)
Net change in Plan Fiduciary net position	18,888,126	(403,560)
Plan fiduciary net position - beginning	227,114,300	227,517,860
Plan fiduciary net position - ending	<u>\$ 246,002,426</u>	<u>\$ 227,114,300</u>
VIA's net pension liability	<u>\$ 144,850,545</u>	<u>\$ 145,888,111</u>

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

Pension Expense

For the year ended September 30, 2017, VIA recognized pension expense of \$15,602,672. For the year ended September 30, 2016, VIA recognized pension expense of \$17,435,121.

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Schedule of Pension Expense

	2017	2016
Total service cost	\$ 7,905,267	\$ 7,885,706
Interest on the total pension liability	27,529,518	26,126,424
Current period benefit changes	-	2,722,757
Employee contribution (reduction of expense)	(4,121,628)	(4,236,620)
Projected earnings on plan investments (reduction of expense)	(16,924,672)	(16,948,385)
Administrative expense	143,808	236,158
Other changes in fiduciary net position	-	-
Recognition of outflow (inflow) of resources due to liabilities	639,007	244,216
Recognition of outflow (inflow) of resources due to assets	431,372	1,404,865
Total pension Expense	<u>\$ 15,602,672</u>	<u>\$ 17,435,121</u>

At September 30, 2017, VIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Fiscal Year Ended September 30, 2017		
1. Differences between expected and actual experience	\$ 2,791,682	\$ -
2. Net differences between projected and actual earnings on Plan investments	8,563,898	6,793,508
3. Contributions paid subsequent to the measurement date	13,307,801	-
	<u>\$ 24,663,381</u>	<u>\$ 6,793,508</u>
	Outflows of Resources	Inflows of Resources
Fiscal Year Ended September 30, 2016		
1. Differences between expected and actual experience	\$ 1,225,307	\$ -
2. Net differences between projected and actual earnings on Plan investments	11,418,531	4,349,303
3. Contributions paid subsequent to the measurement date	12,907,775	-
	<u>\$ 25,551,613</u>	<u>\$ 4,349,303</u>

Contributions subsequent to the measurement date are recognized in the following period. September 30, 2017 amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ending September 30,	Deferred Outflows/ Inflows of Resources
2017	\$ 1,070,379
2018	1,070,380
2019	2,520,146
2020	(334,487)
2021	235,654
Thereafter	-
Total	<u>\$ 4,562,072</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 “government 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 65th birthday and who have completed 5 years of service are entitled to 100% of their employer contribution account balance, as well as 100% of the mandatory employee contribution amount. The plan may also provide benefits in the event of death, disability, or other termination of employment.

C. Funding Policy

VIA follows the policy of funding the plan through mandatory employee contributions at the rate of 6% of compensation. VIA’s contributions to the Employer Contribution Account will be made at 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, 2017 totaled \$1,862,020 (\$1,659,862 in 2016).

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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 plan. As of the October 1, 2015 measurement date, there are 292 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 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 Plan is a single-employer defined benefit retirement plan administered by VIA. Amendments to the Plan may be made by VIA at any time. There is a separate plan audit. An 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.

VIA adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB) in fiscal year ended 2017, which improves financial reporting through enhanced note disclosures including descriptive information such as the types of OPEB provided, the classes of plan members covered, and the composition of the plan's board. Schedules of required supplementary information are presented to include sources of changes in the net OPEB liability and information about the components of the net OPEB liability.

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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

	2017	2016
Annual required contribution	\$ 2,224,380	\$ 2,149,159
Interest on net OPEB asset	(369,390)	(322,702)
Adjustment to annual required contribution	284,806	244,271
Annual OPEB cost	2,139,796	2,070,728
Contributions made	(2,139,796)	(2,693,243)
Increase in net OPEB obligation (asset)	-	(622,515)
Net OPEB obligation (asset) at beginning of year	(4,925,202)	(4,302,687)
Net OPEB obligation (asset) at end of year	<u><u>\$(4,925,202)</u></u>	<u><u>\$(4,925,202)</u></u>

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

Three-Year Trend Information			
	Percentage of		
Fiscal Year Ended	Annual OPEB Cost (AOC)	AOC Contributed	Net OPEB Asset
September 30, 2017	\$ 2,139,796	100.0%	\$ 4,925,202
September 30, 2016	2,070,728	130.1%	4,925,202
September 30, 2015	1,580,772	100.0%	4,302,687

D. Funded Status and Funding Progress

As of October 1, 2015, the most recent actuarial valuation date, the plan was 24.4% 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 24.9%.

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.

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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, 2017 (and the plan year ended December 31, 2016), the actuarial valuation date was October 1, 2015. 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 29 years. The assumed investment rate of return was 7.5%. Projected salary increases are comprised of a 3.0% inflation rate, a 1.25% productivity rate, and variable merit or longevity component. The healthcare trend rate used was 7.25% in 2017, decreasing 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.

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 and building contents. Fire, lightning, and windstorm insurance coverage is purchased for its revenue vehicles. VIA self-insures for the deductible amount of \$500,000.

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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 monthly 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 monthly 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 follows.

At September 30, 2017, VIA recorded claims payable of \$7,971,754 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* (\$7,611,973 in 2016). The statement requires a liability for claims to be reported if it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims payable amounts for the most recent period are presented below.

	Property and Casualty and Public Liability	Workers' Compensation	Employee Health Coverage	Total
Claims payable at September 30, 2015	\$ 2,458,128	\$ 2,424,023	\$ 1,560,000	\$ 6,442,151
Current period claims and charges in estimates	647,853	2,646,347	15,147,825	18,442,025
Claim payments	(505,335)	(2,749,039)	(14,017,826)	(17,272,200)
Claims payable at September 30, 2016	2,600,646	2,321,331	2,689,999	7,611,976
Current period claims and charges in estimates	2,185,244	3,196,867	13,564,816	18,946,927
Claim payments	(1,085,765)	(2,984,996)	(14,516,388)	(18,587,148)
Claims payable at September 30, 2017	\$ 3,700,125	\$ 2,533,202	\$ 1,738,427	\$ 7,971,754

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Note 12 – Long-Term Debt

A. MTA Contractual Obligations

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

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

B. 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. Proceeds have been used 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.

C. 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 has used 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

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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.

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.

D. MTA Contractual Obligation Bonds

On February 15, 2017, MTA issued a par amount of \$81,995,000 of Series 2017 MTA Contractual Obligation Bonds. VIA will use proceeds to pay a portion of the costs of capital projects, including (specifically) the purchase rolling stock, and to pay the costs of issuance of the bonds. 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.

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

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Changes in long-term obligations for the year ended September 30, 2017 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	\$ 1,425,000	\$ -	\$ (465,000)	\$ 960,000	\$ 475,000
Series 2013 MTA Farebox Revenue and Refunding Bonds	1.00%- 5.25%	39,965,000	37,010,000	-	(980,000)	36,030,000	1,020,000
Series 2014 ATD Sales Tax Revenue and Refunding Bonds	2.00%- 5.00%	32,925,000	31,335,000	-	(840,000)	30,495,000	870,000
Series 2017 MTA Sales Tax Revenue and Refunding Bonds	3.00%- 5.00%	81,995,000	-	81,995,000	-	81,995,000	5,160,000
Total bonds		158,085,000	69,770,000	81,995,000	(2,285,000)	149,480,000	7,525,000
Bond premium		N/A	5,832,883	13,359,500	(934,339)	18,258,044	-
Compensated absences		N/A	6,408,994	1,864,788	(1,335,255)	6,938,527	3,838,378
Other		N/A	-	25,495	-	25,495	-
Total long-term liabilities		\$ 158,085,000	\$ 82,011,877	\$ 97,244,783	\$ (4,554,594)	\$ 174,702,066	\$ 11,363,378

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%	32,925,000	32,140,000	-	(805,000)	31,335,000	840,000
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		N/A	6,219,092	2,262,883	(2,072,981)	6,408,994	2,012,586
Total long-term liabilities		\$ 76,090,000	\$ 84,245,319	\$ 2,262,883	\$ (4,496,325)	\$ 82,011,877	\$ 4,297,586

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

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Year Ending September 30,	Principal	Interest	Total Requirements
2018	\$ 7,525,000	\$ 7,248,762	\$ 14,773,762
2019	8,565,000	7,000,305	15,565,305
2020	6,390,000	6,656,950	13,046,950
2021	9,210,000	6,337,450	15,547,450
2022	6,185,000	5,876,950	12,061,950
2023-2027	49,205,000	23,641,700	72,846,700
2028-2032	36,080,000	10,687,750	46,767,750
2033-2037	21,380,000	4,551,988	25,931,988
2038	4,940,000	247,000	5,187,000
	<u>\$ 149,480,000</u>	<u>\$ 72,248,855</u>	<u>\$ 221,728,855</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 outstanding construction commitments are disclosed separately if the outstanding commitment is greater than \$5,000,000. All other construction commitments are grouped together. The outstanding construction commitments as of September 30, 2017 are as follows:

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Project Description	Amount
US 281 North Park and Ride	\$ 7,595,238
Zarzamora Primo Construction Project	6,500,260
Military Primo Construction Project	6,009,362
Other Construction Projects	9,582,266
	<u>\$29,687,126</u>

E. Lease Commitments

During the course of operations, VIA enters into various lease arrangements as both a lessor and a lessee. Amounts involved are relatively immaterial.

Required Supplementary Information - Unaudited

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Schedule of Changes in Net Pension Liability

Total Pension Liability	2017	2016	2015
Service cost	\$ 7,905,267	\$ 7,885,706	\$ 8,053,350
Interest on the total pension liability	27,529,518	26,126,424	25,024,697
Changes in benefit terms	-	2,722,757	-
Differences between expected and actual experience	2,205,382	1,469,523	-
Changes of assumptions	-	-	-
Benefit payments - including refunds of employee contributions	(19,789,607)	(19,222,937)	(17,386,120)
Net change in total pension liability	17,850,560	18,981,473	15,691,927
Total pension liability - beginning	373,002,411	354,020,938	338,329,011
Total pension liability - ending (a)	\$390,852,971	\$373,002,411	\$354,020,938
Plan Fiduciary Net Position			
Contributions - employer	\$ 12,907,774	\$ 12,143,694	\$ 9,798,508
Contributions - employee	4,121,628	4,236,620	4,227,570
Net investment income	21,792,138	2,675,221	22,741,162
Benefit payments - including refunds of employee contributions	(19,789,607)	(19,222,937)	(17,168,273)
Administrative expense	(143,808)	(236,158)	(215,172)
Other	-	-	(217,847)
Net change in plan fiduciary net position	18,888,125	(403,560)	19,165,948
Plan fiduciary net position - beginning	227,114,300	227,517,860	208,351,912
Plan fiduciary net position - ending (b)	\$246,002,425	\$227,114,300	\$227,517,860
Net pension liability (a)-(b)	\$144,850,546	\$145,888,111	\$126,503,078
Plan fiduciary net position as a percentage of total pension liability	62.9%	60.9%	64.3%
covered employee payroll	69,482,896	70,477,214	71,690,366
Net pension liability as a percentage of covered employee payroll	208.5%	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 three years are presented. The full trend information will be accumulated over the next seven years.

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Schedule of VIA's Pension Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2016	12,907,775	12,907,774	1	69,482,896	18.58%
2017	13,308,001	13,307,801	200	67,512,908	19.71%

Schedule of Funding Progress of Postretirement Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Surplus) AAL (UAAL)	Fund Ratio	Covered Payroll	UAAL (Surplus) as a Percentage of Covered Payroll
October 1, 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%

Notes to the Required Supplementary Information

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

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Note 1 – Schedule of VIA’s Pension Contributions

A. 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).

B. Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years remaining as of September 30, 2016
Asset valuation method	5-year smoothed market
Inflation	3%
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

C. 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 was to contribute less than the actuarially determined contribution for fiscal year 2015 and 2016. For fiscal year 2017 and each year thereafter, VIA will contribute the actuarially determined contribution amount.

Note 2 – Postemployment Benefits Other than Pensions

For the fiscal year ended September 30, 2017 (and the plan year ended December 31, 2015), the actuarial valuation date was October 1, 2015. 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 health care trend rate used was 7.25% in 2017 decreasing to an ultimate trend of 4.50% in 2031.

Other Supplementary Information

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Combining Statements of Net Position – FY 2017

	MTA	ATD	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 59,425,105	\$ 4,110,939	\$ -	\$ 63,536,044
Investments	23,869,302	6,340,000	-	30,209,302
Fuel hedging asset	416,845	-	-	416,845
Accounts receivable:				-
Federal government	17,015,774	-	-	17,015,774
State of Texas - sales taxes	24,482,273	5,548,658	-	30,030,931
Interest	276,176	47,071	-	323,247
Receivable from ATD	2,182,812	-	(2,182,812)	-
Other	2,815,794	-	-	2,815,794
Inventory	3,967,956	-	-	3,967,956
Prepaid expenses and other current assets	143,349	-	-	143,349
Restricted assets:	-	-		-
Restricted cash - sales tax payable	-	386,904	-	386,904
Restricted cash - debt service	2,866,955	394,999	-	3,261,954
Restricted cash - construction account	24,587,144	-	-	24,587,144
Restricted investments - sales tax payable	-	5,158,289	-	5,158,289
State of Texas Receivable - sales taxes	-	5,548,659	-	5,548,659
Total current assets	162,049,485	27,535,519	(2,182,812)	187,402,192
Noncurrent assets:				
Prepaid expenses	809	-	-	809
Restricted cash - TxDOT grant	14,624,014	-	-	14,624,014
Restricted cash - construction account	17,211,138	-	-	17,211,138
Restricted cash - bond reserve fund	2,851,776	-	-	2,851,776
Restricted investments - TxDot grant	67,010,283	-	-	67,010,283
Capital assets:				
Land	33,094,493	-	-	33,094,493
Buildings and shelters	228,981,007	-	-	228,981,007
Revenue vehicles	294,661,596	-	-	294,661,596
Service vehicles	4,838,009	-	-	4,838,009
Equipment	57,000,347	-	-	57,000,347
Total capital assets	618,575,452	-	-	618,575,452
Less accumulated depreciation	348,958,881	-	-	348,958,881
Less allowance for capital projects	-	-	-	-
Construction in progress	92,427,132	-	-	92,427,132
Net capital assets	362,043,703	-	-	362,043,703
Other assets:				
Net other postemployment benefits (OPEB) asset	4,925,202	-	-	4,925,202
Total other assets	4,925,202	-	-	4,925,202
Total noncurrent assets	468,666,925	-	-	468,666,925
Total assets	630,716,410	27,535,519	(2,182,812)	656,069,117
Deferred outflows of resources				
Pension	24,663,381	-	-	24,663,381
Total deferred outflows of resources	24,663,381	-	-	24,663,381
Total assets and deferred outflows of resources	\$655,379,791	\$ 27,535,519	\$ (2,182,812)	\$680,732,498

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	MTA	ATD	Eliminations	Total
Liabilities				
Current liabilities:				
Accounts payable	\$ 17,570,596	\$ -	\$ -	\$ 17,570,596
Payable to MTA	-	2,182,812	(2,182,812)	-
Retainage payable	1,959,055	-	-	1,959,055
Accrued liabilities	6,950,966	-	-	6,950,966
Unearned revenue	1,738,140	-	-	1,738,140
Claims payable	7,971,754	-	-	7,971,754
Current liabilities payable from unrestricted assets	36,190,511	2,182,812	(2,182,812)	36,190,511
Current liabilities payable from restricted assets:				
Payable from construction fund	24,587,144	-	-	24,587,144
Payable to CoSA and Bexar County	-	5,545,193	-	5,545,193
Interest payable	1,122,919	249,975	-	1,372,894
Bonds payable	6,655,000	870,000	-	7,525,000
Total current liabilities	68,555,574	8,847,980	(2,182,812)	75,220,742
Noncurrent liabilities:				
Net pension liability	144,850,545	-	-	144,850,545
Long-term liabilities	129,427,306	33,911,382	-	163,338,688
Total noncurrent liabilities	274,277,851	33,911,382	-	308,189,233
Total liabilities	342,833,425	42,759,362	(2,182,812)	383,409,975
Deferred inflows of resources				
Pension	6,793,508	-	-	6,793,508
Fuel hedging	416,845	-	-	416,845
Total deferred outflows of resources	7,210,353	-	-	7,210,353
Total liabilities and deferred inflows of resources	\$350,043,778	\$ 42,759,362	\$ (2,182,812)	\$390,620,328
Net Position				
Net investment in capital assets	246,298,180	(34,781,383)	-	211,516,797
Restricted sales tax	-	5,548,659	-	5,548,659
Restricted debt service	1,744,036	145,025	-	1,889,061
Restricted TxDOT grant	81,634,297	-	-	81,634,297
Restricted bond reserve fund	2,851,776	-	-	2,851,776
Unrestricted	(27,192,276)	13,863,856	-	(13,328,420)
Total Net Position	\$305,336,013	\$ (15,223,843)	\$ -	\$290,112,170
Total liabilities, deferred inflows and net position	\$655,379,791	\$ 27,535,519	\$ (2,182,812)	\$680,732,498

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Combining Schedule of Revenues, Expenses and Changes in Net Position – FY 2017

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 15,421,412	\$ 3,559,201	\$ 18,980,613
Robert Thompson Terminal	82,050	-	82,050
Other special events	140,491	-	140,491
VIATrans	2,033,653	-	2,033,653
Real estate development	446,352	-	446,352
Ellis Alley Park and Ride	10,201	-	10,201
Bus advertising	939,642	-	939,642
Miscellaneous	473,160	-	473,160
Total operating revenues	19,546,961	3,559,201	23,106,162
Operating expenses:			
Line service	129,705,959	36,040,986	165,746,945
Disaster relief	165,953	-	165,953
Robert Thompson Terminal	465,271	-	465,271
Other special events	534,207	-	534,207
VIATrans	40,055,752	-	40,055,752
Vanpool	-	611,149	611,149
Promotional service	89,541	-	89,541
Real estate development	539	-	539
Business development and planning	6,605,608	79,468	6,685,076
Transit technology	-	492,167	492,167
Total operating expenses before depreciation	177,622,830	37,223,770	214,846,600
Depreciation on capital assets:			
Acquired with VIA equity	7,461,756	-	7,461,756
Acquired with grants	16,550,846	-	16,550,846
Total operating expenses after depreciation	201,635,432	37,223,770	238,859,202
Operating loss	(182,088,471)	(33,664,569)	(215,753,040)
Non-operating revenues (expenses):			
Sales taxes	143,046,998	64,826,341	207,873,339
Grants revenue - VIA	29,032,637	-	29,032,637
Grants revenue - pass-through	1,553,833	-	1,553,833
Investment income	1,141,807	216,159	1,357,966
Bond interest and issuance costs	(4,303,484)	(1,315,615)	(5,619,099)
Gain (loss) on sale of assets	2,633,990	-	2,633,990
Less pass-through funds remitted to subrecipients	(1,452,788)	-	(1,452,788)
Less local assistance program	(40,000)	-	(40,000)
Less amounts remitted to CoSA and Bexar County	-	(32,413,170)	(32,413,170)
Total non-operating revenues (expenses) - net	171,612,993	31,313,715	202,926,708
Loss before capital contributions	(10,475,478)	(2,350,854)	(12,826,332)
Capital contributions	25,819,959	-	25,819,959
Transfer in (out)	24,914,814	(24,914,814)	-
Change in net position	40,259,295	(27,265,668)	12,993,627
Net position at beginning of year - restated	265,076,718	12,041,825	277,118,543
Net position at end of year	\$ 305,336,013	\$ (15,223,843)	\$ 290,112,170

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Combining Schedule of Cash Flows – FY 2017

	MTA	ATD	Total
Cash flows from operating activities			
Cash received from customers	\$ 19,713,086	\$ 3,559,201	\$ 23,272,287
Cash payments to vendors for goods and services	(46,507,678)	(14,562,105)	(61,069,783)
Cash payments for employee services, including salaried fringe benefits	(127,530,338)	-	(127,530,338)
Cash payments for MTA employee services	-	(23,730,455)	(23,730,455)
Net cash provided by (used in) operating activities	(154,324,930)	(34,733,359)	(189,058,289)
Cash flows from noncapital financing activities			
Sales taxes	142,993,108	64,700,610	207,693,718
Grants revenue received	27,041,045	-	27,041,045
Payments to TxDOT, CoSA and Bexar County	-	(32,350,305)	(32,350,305)
Local assistance payments	(40,000)	-	(40,000)
Net cash provided by (used in) noncapital financing activities	169,994,153	32,350,305	202,344,458
Cash flows from capital and related financing activities			
Proceeds from capital grants	16,252,229	-	16,252,229
Proceeds from bond issuance	81,273,505	-	81,273,505
Principal payments on bonds	(2,379,339)	(840,000)	(3,219,339)
Premium, interest and financing fees	10,794,711	(1,526,653)	9,268,058
Proceeds from sale of assets	2,811,328	-	2,811,328
Purchase of capital assets	(125,709,903)	(24,914,766)	(150,624,669)
Net cash provided by (used in) capital and related financing activities	(16,957,469)	(27,281,419)	(44,238,888)
Cash flows from investing activities			
Sale of investment securities	147,087,025	55,579,105	202,666,130
Purchase of investment securities	(87,964,534)	(33,529,046)	(121,493,580)
Interest earnings	1,728,415	198,084	1,926,499
Net cash provided by (used in) investing activities	60,850,906	22,248,143	83,099,049
Net increase (decrease) in cash and cash equivalents	59,562,660	(7,416,330)	52,146,330
Cash and cash equivalents at beginning of year	62,003,471	12,309,173	74,312,644
Cash and cash equivalents at end of year	\$ 121,566,131	\$ 4,892,843	\$ 126,458,974
Reconciliation of operating loss to net cash provided (used in) operating activities			
Operating loss	\$ (182,088,470)	\$ (33,664,564)	\$ (215,753,034)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:			
Acquired with VIA equity	7,461,756	-	7,461,756
Acquired with grants	16,550,846	-	16,550,846
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	1,246,719	-	1,246,719
Decrease (increase) in inventory	(1,261,907)	-	(1,261,907)
(Decrease) increase in prepaid expenses and other current assets	(170,796)	-	(170,796)
Decrease (increase) in prepaid pension	888,232	-	888,232
(Decrease) increase in inter-fund receivable	1,066,696	(1,066,696)	-
(Decrease) increase in accounts payable	(135,643)	(2,099)	(137,742)
(Decrease) increase in accrued liabilities	2,117,637	-	2,117,637
Net cash provided by (used in) operating activities	\$ (154,324,930)	\$ (34,733,359)	\$ (189,058,289)
Reconciliation of cash and cash equivalents to the statements of net position			
Cash and cash equivalents at end of year:			
Unrestricted	59,425,105	4,110,939	63,536,043
Restricted - mandated purpose	62,141,027	781,904	62,922,931
Total cash and cash equivalents	\$ 121,566,132	\$ 4,892,843	\$ 126,458,974
Noncash Investing and Financing Activities			
Change in fair value of investments reported as cash equivalents	(865,748)	-	(865,748)

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual (GAAP Basis) – MTA 2017

	MTA		
	Budget	Actual	Variance
Operating revenues:			
Line service	\$ 16,788,908	\$ 15,421,412	\$ (1,367,496)
Robert Thompson Terminal	151,452	82,050	(69,402)
Other special events	168,396	140,491	(27,905)
VIATrans	2,088,541	2,033,653	(54,888)
Charter	35,597	-	(35,597)
Real estate development	277,749	446,352	168,603
Ellis Alley Park and Ride	15,390	10,201	(5,189)
Bus advertising	949,530	939,642	(9,888)
Miscellaneous	521,861	473,160	(48,701)
Total operating revenues	20,997,424	19,546,961	(1,450,463)
Operating expenses (excluding depreciation):			
Line service	132,244,671	129,705,959	(2,538,712)
Disaster relief	-	165,953	165,953
Robert Thompson Terminal	734,002	465,271	(268,731)
Other special events	698,118	534,207	(163,911)
VIATrans	41,838,305	40,055,752	(1,782,553)
Charter	23,610	-	(23,610)
Promotional service	88,226	89,541	1,315
Real estate development	2,539	539	(2,000)
Business development and planning	7,036,515	6,605,608	(430,907)
Total operating expenses before depreciation	182,665,986	177,622,830	(5,043,156)
Operating loss excluding depreciation	(161,668,562)	(158,075,869)	3,592,693
Non-operating revenues (expenses):			
Sales taxes	142,860,000	143,046,998	186,998
Grants revenue - VIA	29,331,851	29,032,637	(299,214)
Grants revenue - pass-through	661,500	1,553,833	892,333
Investment income	925,900	1,141,807	215,907
Bond interest and issuance costs	(2,936,268)	(4,303,484)	(1,367,216)
Gain (loss) on sale of assets	-	2,633,990	2,633,990
Less pass-through funds remitted to subrecipients	(1,250,551)	(1,452,788)	(202,237)
Less local assistance program	-	(40,000)	(40,000)
Total non-operating revenues (expenses) - net	169,592,432	171,612,993	2,020,561
Income before depreciation and loss on asset impairment	7,923,870	13,537,124	5,613,254
Less depreciation	-	24,012,602	24,012,602
Income (loss) after depreciation	\$ 7,923,870	\$ (10,475,478)	\$ (18,399,348)

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual (GAAP Basis) – ATD 2017

	ATD		
	Budget	Actual	Variance
Operating revenues:			
Line service	\$ 4,221,592	\$ 3,559,201	\$ (662,391)
Robert Thompson Terminal	-	-	-
Other special events	-	-	-
VIATrans	-	-	-
Charter	-	-	-
Real estate development	-	-	-
Ellis Alley Park and Ride	-	-	-
Bus advertising	-	-	-
Total operating revenues	4,221,592	3,559,201	(662,391)
Operating expenses (excluding depreciation):			
Line service	35,981,152	36,040,986	59,834
Robert Thompson Terminal	-	-	-
Other special events	-	-	-
VIATrans	-	-	-
Vanpool	614,838	611,149	(3,689)
Charter	-	-	-
Promotional service	-	-	-
Real estate development	-	-	-
Business development and planning	-	79,468	79,468
Transit Technology	607,177	492,167	(115,010)
Total operating expenses before depreciation	37,203,167	37,223,770	20,603
Operating loss excluding depreciation	(32,981,575)	(33,664,569)	(682,994)
Non-operating revenues (expenses):			
Sales taxes	64,580,283	64,826,341	246,058
Grants revenue - VIA	-	-	-
Grants revenue - pass-through	-	-	-
Investment income	87,800	216,159	128,359
Bond interest and issuance costs	(1,322,110)	(1,315,615)	6,495
Less pass-through funds remitted to sub-recipients	-	-	-
Less local assistance program	-	-	-
Less amounts remitted to CoSA and Bexar County	(32,290,000)	(32,413,170)	(123,170)
Total non-operating revenues (expenses) - net	31,055,973	31,313,715	257,742
Income before depreciation and loss on asset impairment	(1,925,602)	(2,350,854)	(425,252)
Less depreciation	-	-	-
Income (loss) after depreciation	\$ (1,925,602)	\$ (2,350,854)	\$ (425,252)

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Schedule of Operating Expenses by Expense Category and Cost Center – MTA for the Year Ended September 30, 2017

	<u>Line Service</u>	<u>Robert Thompson Terminal</u>	<u>Other Special Event</u>	<u>VIAtrans</u>	<u>Disaster Relief Van</u>
Labor	\$ 52,208,630	\$ 177,315	\$ 205,178	\$ 9,388,453	\$ 1,369
Fringe benefits	-	-	-	-	-
Services	1,960,462	28,710	46,595	252,641	-
Materials & supplies	15,925,629	42,205	45,658	1,202,425	-
Utilities	943,543	23,771	1,252	261,049	-
Casualty & liability	1,626,302	3,051	3,610	164,873	-
Taxes	866,938	1,888	2,849	24,801	-
Purchased transportation	-	-	-	-	-
Miscellaneous expenses	373,443	86	216	35,240	-
Leases & rentals	40,665	69	2,714	-	-
Expense transfer to capital	-	-	-	-	-
Fringe distribution	32,567,577	108,006	138,266	6,095,151	740
Expense transfers	<u>23,192,770</u>	<u>80,170</u>	<u>87,869</u>	<u>4,241,036</u>	<u>576</u>
Subtotal	129,705,959	465,271	534,207	21,665,669	2,685
Depreciation on capital assets:					
Direct depreciation	19,547,324	24,427	32,245	2,078,434	-
Indirect depreciation	1,920,375	5,465	5,523	270,679	35
Fringe depreciation	<u>10,561</u>	<u>29</u>	<u>28</u>	<u>1,488</u>	<u>-</u>
Subtotal depreciation	21,478,260	29,921	37,796	2,350,601	35
Total operating expenses	<u>\$ 151,184,219</u>	<u>\$ 495,192</u>	<u>\$ 572,003</u>	<u>\$ 24,016,270</u>	<u>\$ 2,720</u>

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Schedule of Operating Expenses by Expense Category and Cost Center – MTA for the Year Ended September 30, 2017

(continued)

	<u>Purchased</u>	<u>Disaster</u>	<u>Promotional</u>	<u>Real Estate</u>	<u>Business</u>
	<u>Transportation</u>	<u>Relief-Bus</u>	<u>Service</u>	<u>Development</u>	<u>Development</u>
					<u>and Planning</u>
Labor	\$ 1,284,077	\$ 89,381	\$ 38,611	\$ -	\$ 1,015,857
Fringe benefits	-	-	-	-	-
Services	253,907	283	149	300	4,051,203
Materials & supplies	781,348	4,895	5,867	-	8,470
Utilities	112,687	473	171	-	201
Casualty & liability	600	685	428	239	-
Taxes	42,724	244	346	-	-
Purchased transportation	14,556,695	-	-	-	-
Miscellaneous expenses	15,098	16	16	-	393,768
Leases & rentals	-	14	14	-	8,606
Expense transfer to capital	-	-	-	-	-
Fringe distribution	777,463	35,491	26,124	-	666,240
Expense transfers	<u>565,484</u>	<u>31,786</u>	<u>17,815</u>	<u>-</u>	<u>461,263</u>
Subtotal	18,390,083	163,268	89,541	539	6,605,609
Depreciation on capital assets:					
Direct depreciation	-	6,968	3,636	33,630	-
Indirect depreciation	36,983	2,885	1,092	-	30,402
Fringe depreciation	<u>202</u>	<u>18</u>	<u>6</u>	<u>-</u>	<u>167</u>
Subtotal depreciation	37,185	9,871	4,734	33,630	30,569
Total operating expenses	<u>\$ 18,427,268</u>	<u>\$ 173,139</u>	<u>\$ 94,275</u>	<u>\$ 34,169</u>	<u>\$ 6,636,178</u>

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

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

for the Year Ended September 30, 2017

	<u>Bus Rapid Transit (BRT)</u>	<u>Line Service</u>	<u>Vanpool</u>	<u>Transit Technology</u>	<u>Business Development and Planning</u>
Labor	\$ 2,397,577	\$ 11,722,645	\$ 53,933	\$ 221,353	\$ 37,417
Fringe benefits	-	-	-	-	-
Services	26,149	304,084	-	11,719	-
Materials & supplies	979,184	4,236,535	-	269	-
Utilities	94,988	138,337	-	-	-
Casualty & liability	83,630	354,674	254,450	-	-
Taxes	52,425	233,696	-	-	-
Purchased transportation	-	-	242,160	-	-
Miscellaneous expenses	6,418	24,062	-	-	-
Leases & rentals	10,294	12,027	-	12,732	-
Expense transfer to capital	-	-	-	-	-
Fringe distribution	1,581,142	7,313,951	35,395	143,722	24,500
Expense transfers	<u>1,124,776</u>	<u>5,344,392</u>	<u>25,211</u>	<u>102,372</u>	<u>17,551</u>
Subtotal	6,356,583	29,684,398	611,149	492,167	79,468
Depreciation on capital assets:					
Direct depreciation					
Indirect depreciation					
Fringe depreciation					
Subtotal depreciation	-	-	-	-	-
Total operating expenses	<u>\$ 6,356,583</u>	<u>\$ 29,684,398</u>	<u>\$ 611,149</u>	<u>\$ 492,167</u>	<u>\$ 79,468</u>

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2017 and 2016

Schedule of Operating Expenses by Expense Category and Cost Center – Combined for the Year Ended September 30, 2017

	<u>Sub-Total</u>	<u>MTA Indirect</u>	<u>ATD Indirect</u>	<u>Combined MTA & ATD Fringe</u>	<u>Total</u>
Labor	\$ 78,841,796	\$ 15,765,670	\$ 120,880	\$ 432,750	\$ 95,161,096
Fringe benefits	-	-	-	59,108,164	59,108,164
Services	6,936,202	6,026,819	(31,215)	678,305	13,610,111
Materials & supplies	23,232,485	695,717	-	12,165	23,940,367
Utilities	1,576,472	1,443,245	-	-	3,019,717
Casualty & liability	2,492,542	56,601	-	-	2,549,143
Taxes	1,225,911	-	-	-	1,225,911
Purchased transportation	14,798,855	-	-	-	14,798,855
Miscellaneous expenses	848,363	1,037,072	5,292	18,512	1,909,239
Leases & rentals	87,135	156,540	2,908	88,000	334,583
Expense transfer to capital	-	-	-	(810,585)	(810,585)
Fringe distribution	49,513,768	10,116,089	77,942	(59,707,799)	-
Expense transfers	<u>35,293,071</u>	<u>(35,297,753)</u>	<u>(175,807)</u>	<u>180,488</u>	<u>(1)</u>
Subtotal	214,846,600	-	-	-	214,846,600
Depreciation on capital assets:					
Direct depreciation	21,726,664	2,285,938	-	-	24,012,602
Indirect depreciation	2,273,439	(2,285,938)	-	12,499	-
Fringe depreciation	<u>12,499</u>	<u>-</u>	<u>-</u>	<u>(12,499)</u>	<u>-</u>
Subtotal depreciation	24,012,602	-	-	-	24,012,602
					-
Total operating expenses	<u>\$ 238,859,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,859,202</u>

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VIA Metropolitan Transit

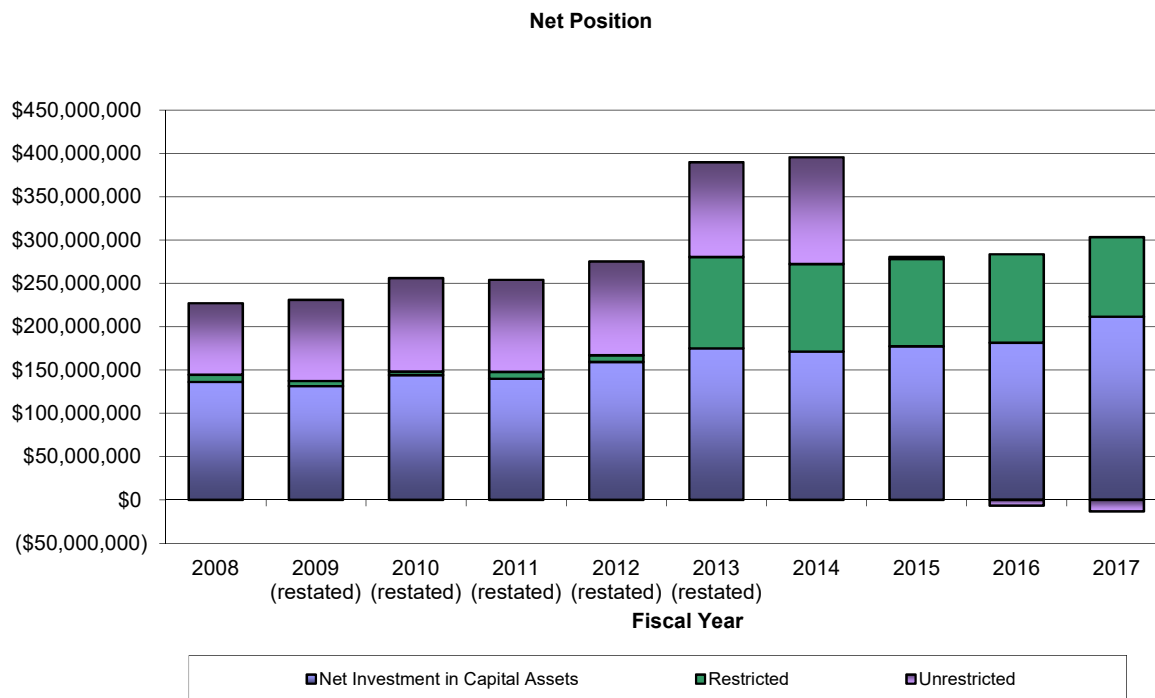
San Antonio, Texas

Net Position

Last Ten Fiscal Years

	2008	2009	2010 (Restated)	2011 (Restated)
Net Investment in Capital Assets	\$136,185,129	\$131,417,640	\$144,198,151	\$139,898,123
Restricted	8,396,663	5,948,362	3,950,272	7,983,145
Unrestricted	82,472,378	93,565,489	107,831,356	106,150,372
Total Net Position	\$227,054,170	\$230,931,491	\$255,979,779	\$254,031,640

Source: VIA's Annual Audited Financial Statements



2012 (Restated)	2013 (Restated)	2014	2015	2016	2017
\$159,389,068	\$175,033,075	\$171,241,292	\$177,325,265	\$181,356,296	\$211,516,797
7,752,249	105,420,435	101,174,318	100,721,318	102,233,683	91,923,793
108,124,230	109,393,508	123,167,778	2,428,152	(6,471,436)	(13,328,420)
<u>\$275,265,547</u>	<u>\$389,847,018</u>	<u>\$395,583,388</u>	<u>\$280,474,735</u>	<u>\$277,118,543</u>	<u>\$290,112,170</u>

VIA Metropolitan Transit

San Antonio, Texas

Changes in Net Position

Last Ten Fiscal Years

	2008	2009	2010 (Restated)	2011 (Restated)	2012 (Restated)
Operating Revenues					
Line Service	\$ 19,536,847	\$ 20,862,060	\$ 20,571,968	\$ 21,625,077	\$ 22,315,482
Starlight Service	144,909	32,716	-	-	-
Robert Thompson Terminal	60,527	13,023	42,550	76,917	78,925
Other Special Events	239,099	179,279	180,666	174,383	177,119
VIAtrans	1,493,059	1,661,674	1,713,729	1,705,738	1,681,635
Charter	35,122	114,616	145,500	107,523	113,915
Contract	1,876,060	-	-	-	-
Real Estate Development	230,426	215,488	267,859	277,257	267,719
Ellis Alley Park and Ride	13,821	11,445	11,566	8,243	6,854
Bus Advertising	307,729	731,810	464,100	516,250	615,000
Miscellaneous	1,047,201	765,361	993,321	842,939	843,534
<i>Total Operating Revenues</i>	<u>24,984,800</u>	<u>24,587,472</u>	<u>24,391,259</u>	<u>25,334,327</u>	<u>26,100,183</u>
Operating Expenses					
Line Service	116,822,879	111,333,647	117,495,205	127,048,368	132,326,068
Bus Disaster Relief ¹	410,447	-	-	-	-
Robert Thompson Terminal	234,952	68,564	201,686	361,462	512,763
Other Special Events	499,455	421,502	470,726	490,118	541,478
VIAtrans	26,921,960	27,092,432	29,078,861	31,038,547	32,677,623
Van Disaster Relief ¹	25,927	-	-	-	-
Vanpool	294,744	188,444	200,962	366,252	537,218
Bus Rapid Transit	501,065	740,086	494,849	361,888	391,558
Starlight Service	752,355	200,527	-	-	-
Charter	79,595	140,352	160,020	151,927	131,882
Contract	1,854,243	-	-	-	-
Real Estate Development	719	582	6,239	794	3,192
Business Development and Planning	2,975,743	3,256,780	3,392,485	3,446,449	3,894,405
Transit Technology	528,972	597,196	601,376	690,381	719,319
<i>Total Operating Expenses</i>	<u>151,903,056</u>	<u>144,040,112</u>	<u>152,102,409</u>	<u>163,956,186</u>	<u>171,735,506</u>
Non-Operating Revenues (Expenses)					
Sales Taxes	142,157,492	134,962,020	137,285,707	144,588,735	163,316,655
Grants Reimbursement	7,327,679	19,237,153	27,196,327	23,279,480	20,360,615
Grants Revenue - pass through	-	-	-	-	-
Investment Income	3,472,825	1,262,374	585,219	617,320	252,009
Bond Interest and Amortization	-	-	-	-	(546,141)
Net Gain(Loss) on Sale of Assets	(132,242)	5,903	(126,707)	(367,766)	170,308
Less pass-through funds to subrecipients	-	-	-	-	-
Other Revenue	-	-	-	-	-
ATD, CoSA, TxDOT, Bexar Co., and Election Expense ²	(22,807,203)	(21,468,658)	(21,700,854)	(23,085,686)	(25,720,768)
Local Assistance Program and RMA ³	(227,976)	(2,312,343)	-	-	90,150
<i>Net Non-Operating Revenues (Expenses)</i>	<u>129,790,575</u>	<u>131,686,449</u>	<u>143,239,692</u>	<u>145,032,083</u>	<u>157,922,828</u>
Income(Loss) before Depreciation, Loss on Asset Impairment and Capital Contributions	<u>2,872,319</u>	<u>12,233,809</u>	<u>15,528,542</u>	<u>6,410,224</u>	<u>12,287,505</u>
Depreciation	(19,747,254)	(20,075,564)	(20,281,792)	(21,588,388)	(19,035,123)
Loss on Asset Impairment	-	-	-	-	-
Capital Contributions	22,898,124	11,719,076	29,801,538	13,230,025	27,981,525
Change in Net Position	<u>\$ 6,023,189</u>	<u>\$ 3,877,321</u>	<u>\$ 25,048,288</u>	<u>\$ (1,948,139)</u>	<u>\$ 21,233,907</u>

Source: VIA's Annual Audited Financial Statements

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

² 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.

³ 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.

2013 (Restated)	2014	2015	2016	2017
\$ 23,001,057	\$ 22,103,715	\$ 20,880,726	\$ 20,051,622	\$ 18,980,613
-	-	-	-	-
195,549	187,785	145,337	94,787	82,050
166,560	181,786	169,079	144,402	140,491
1,821,640	1,882,687	1,899,614	1,996,240	2,033,653
230,308	195,052	86,526	-	-
-	-	-	-	-
277,714	263,360	281,072	330,799	446,352
10,290	6,491	23,918	12,582	10,201
714,530	749,530	814,530	894,530	939,642
783,235	759,723	436,382	441,677	473,160
27,200,883	26,330,129	24,737,184	23,966,639	23,106,162
140,264,400	147,478,417	161,181,992	167,351,942	165,746,945
-	-	-	-	165,953
707,542	733,305	657,286	630,944	465,271
584,044	592,886	618,448	552,244	534,207
33,147,022	34,330,772	37,375,783	40,922,470	40,055,752
-	-	-	-	-
534,322	547,806	558,689	608,055	611,149
-	-	-	-	-
-	-	-	-	-
252,832	239,325	175,609	-	-
-	-	-	99,753	89,541
857	4,334	613	1,678	539
4,745,443	5,858,692	6,588,687	6,453,239	6,685,076
715,552	694,331	685,274	637,751	492,167
180,952,014	190,479,868	207,842,381	217,258,076	214,846,600
173,776,660	189,964,334	197,645,249	201,407,198	207,873,339
25,145,760	26,045,513	27,047,155	28,773,370	29,032,637
-	212,062	1,327,755	1,463,234	1,553,833
(18,870)	577,720	853,433	1,839,616	1,357,966
(63,884)	(3,542,815)	(3,000,034)	(3,237,107)	(5,619,099)
73,893	40,839	(1,252)	(117,056)	2,633,990
-	(212,062)	(1,327,755)	(1,400,626)	(1,452,788)
-	-	-	(461,513)	(40,000)
(27,138,822)	(29,541,042)	(30,637,238)	(31,427,566)	(32,413,170)
-	-	-	-	-
171,774,737	183,544,549	191,907,313	196,839,550	202,926,708
18,023,606	19,394,810	8,802,116	3,548,113	11,186,270
(20,933,451)	(22,804,973)	(22,275,368)	(22,200,678)	(24,012,602)
-	(4,882,000)	(4,918,000)	(8,579,632)	-
117,491,316	14,028,533	21,974,093	23,876,005	25,819,959
\$ 114,581,471	\$ 5,736,370	\$ 3,582,841	\$ (3,356,192)	\$ 12,993,627

VIA Metropolitan Transit

San Antonio, Texas

Direct and Overlapping Sales Tax Rates As of September 30, 2017

City	Direct Rates			Overlapping Rates¹			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%	0.125%	8.25%
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%²	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.

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

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

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VIA Metropolitan Transit

San Antonio, Texas

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

	2008	2009	2010	2011
Alamo Heights	\$ 406,932	\$ 389,993	\$ 369,810	\$ 382,503
Balcones Heights	641,981	574,183	573,949	609,594
Castle Hills	394,859	390,619	378,022	422,138
China Grove	48,470	39,141	39,759	42,669
Converse	721,440	712,810	762,992	744,263
Elmendorf	25,405	20,054	22,021	27,340
Kirby	83,575	83,631	90,744	91,851
Leon Valley	864,745	883,285	826,649	840,965
Olmos Park	190,994	189,249	179,401	189,850
Saint Hedwig	28,251	28,075	29,149	27,148
San Antonio (MTA)	93,358,659	88,566,698	90,350,846	94,720,036
San Antonio (ATD) ¹	22,584,786	21,429,342	21,700,855	23,085,685
Sandy Oaks	-	-	-	-
Shavano Park	74,195	80,010	93,876	145,632
Terrell Hills	79,717	80,350	100,277	103,667
Other ²	68,698	65,238	66,502	69,710
Total Sales Tax Receipts	<u>\$ 119,572,707</u>	<u>\$ 113,532,678</u>	<u>\$ 115,584,852</u>	<u>\$ 121,503,051</u>

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.

¹This 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.

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

2012	2013	2014	2015	2016	2017
\$ 418,716	\$ 445,742	\$ 473,443	\$ 471,080	\$ 505,166	\$ 509,808
670,081	702,293	701,787	732,556	716,374	703,907
438,952	459,610	458,501	491,947	508,528	516,192
54,047	57,159	77,598	83,033	74,519	69,503
841,257	856,192	906,675	984,923	1,039,386	1,050,920
35,960	40,532	54,865	87,361	196,823	260,351
95,966	108,265	115,451	132,692	153,993	147,530
869,196	933,280	1,084,454	1,102,355	1,139,132	1,132,195
238,399	232,007	224,911	235,966	226,460	239,283
26,136	30,063	36,134	33,307	35,461	40,060
104,895,568	112,728,315	123,682,950	128,985,691	130,857,440	135,134,156
25,720,768	27,138,822	29,541,044	30,637,237	31,427,566	32,413,171
-	-	-	3,057	16,611	18,845
371,253	407,841	334,104	189,886	194,475	218,223
119,890	107,737	113,730	109,504	116,658	145,085
2,799,697	2,389,980	2,617,645	2,727,415	2,771,040	2,860,940
\$ 137,595,886	\$ 146,637,838	\$ 160,423,292	\$ 167,008,010	\$ 169,979,632	\$ 175,460,169

VIA Metropolitan Transit

San Antonio, Texas

Schedule of Outstanding Debt and Public Debt Coverage Ratios

Fiscal Years

	2008-2011	2012	2013	2014	2015	2016	2017
OUTSTANDING DEBT							
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	960,000
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	36,030,000
ATD Sales Tax Revenue Bonds Series 2014	-	-	-	32,925,000	32,140,000	31,335,000	30,495,000
MTA Sales Tax Revenue Bonds Series 2017	-	-	-	-	-	-	81,995,000
Total Bonds	-	18,500,000	12,965,000	74,110,000	71,975,000	69,770,000	149,480,000
Bond Premium				6,358,751	6,051,227	5,832,883	18,258,044
Total Debt Outstanding		18,500,000	12,965,000	80,468,751	78,026,227	75,602,883	167,738,044
Gross Revenues (a)	N/A	184,479,002	199,039,504	213,417,493	219,645,783	224,621,865	229,057,979
Ratio of Total Debt to Gross Revenues	N/A	0.10	0.07	0.38	0.36	0.34	0.73
# of Riders (b)	N/A	46,893,169	45,894,417	44,346,565	42,218,985	39,635,173	37,807,626
Debt Per Rider	N/A	0.39	0.28	1.81	1.85	1.91	4.44
COVERAGE RATIOS FOR PUBLIC DEBT							
MTA Sales Tax Revenue Bonds Series 2017							
VIA Sales Tax Revenue		109,340,067	119,047,377	128,894,914	136,251,947	136,634,249	142,993,108
Less: Obligations Similarly Secured Debt Service (c)		-	(490,335)	(494,471)	(490,803)	(492,036)	(2,132,865)
Net Sales Tax Revenues Available for Authority		109,340,067	118,557,042	128,400,443	135,761,144	136,142,213	140,860,243
Debt Service Coverage Ratio on Obligations Similarly Secured (d)		N/A	241.8x	259.7x	276.6x	276.7x	66.0x
Maximum Annual Debt Service (MADS)		-	494,555	494,555	494,555	494,555	10,915,805
MADS Coverage Ratio		N/A	239.7x	259.6x	274.5x	275.3x	12.9x
MTA Farebox Revenue Bonds Series 2013							
Maintenance & Operating (M&O) Expenses		(168,156,607)	(170,674,123)	(185,886,928)	(208,843,385)	(212,471,574)	(212,330,576)
Net Sales Tax Revenues (Per Above)		109,340,067	118,557,042	128,400,443	135,761,144	136,142,213	140,860,243
Available ATD Sales Tax (e)		25,309,927	26,923,159	29,108,126	28,249,607	28,593,844	29,976,854
Grants Available to Pay Maintenance and Operating Expenses (f)		27,177,655	18,229,255	34,590,137	22,376,436	32,448,605	27,041,045
Net M&O Expenses Remaining Before Application of Operating Revenues		(6,328,958)	(6,964,667)	6,211,778	(22,456,198)	(15,286,912)	(14,452,434)
Operating Revenue		25,849,877	26,885,148	26,444,828	25,002,383	24,880,247	23,272,287
Less: Remaining Maintenance and Operating Expenses		(6,328,958)	(6,964,667)	6,211,778	(22,456,198)	(15,286,912)	(14,452,434)
Net Operating Revenue Available for Farebox Revenue Bonds		19,520,919	19,920,481	32,656,606	2,546,185	9,593,335	8,819,853
Debt Service on the 2013 Farebox Revenue Bonds		-	58,197	2,480,104	2,812,700	2,816,500	2,813,700
Farebox Revenue Bond Debt Service Coverage Ratio (d)		N/A	342.3x	13.2x	0.9x	3.4x	3.1x
Maximum Annual Debt Service (MADS)		-	2,816,750	2,816,750	2,816,750	2,816,750	2,816,750
MADS Coverage Ratio		N/A	7.1x	11.6x	0.9x	3.4x	3.1x
ATD Sales Tax Revenue Bonds Series 2014							
ATD Sales Tax Revenue	N/A	25,720,768	27,138,822	29,541,043	30,637,238	31,427,566	32,413,171
Less District Debt Service	N/A	-	(55,958)	(63,750)	(2,370,743)	(2,370,650)	(2,373,450)
Net ATD Sales Tax Revenue	N/A	25,720,768	27,082,864	29,477,293	28,266,495	29,056,916	30,039,721
Debt Service Coverage Ratio (d)	N/A	N/A	485.0x	463.4x	12.9x	13.3x	13.7x
Maximum Annual Debt Service (MADS)	N/A	2,374,750	2,374,750	2,374,750	2,374,750	2,374,750	2,374,750
MADS Coverage Ratio	N/A	10.8x	11.4x	12.4x	11.9x	12.2x	12.6x

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

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

(b) Total systemwide passengers (includes all bus service and paratransit service).

(c) This reflects debt service on MTA bonds secured by sales taxes: MTA 2012 contractual obligation bonds and MTA 2017 sales tax revenue 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).

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

(f) Available to the extent permitted by the applicable grant agreement.

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
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%
2017	1,492,494	35,701,948	23,921	33.5	80.9	401,867	3.2%

* 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

Employer	Employees	Rank
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	93,434	1
H.E.B. Food Stores	20,000	2
USAA	17,000	3
Northside Independent School District	13,161	4
City of San Antonio	12,032	5
North East Independent School District	9,292	6
Methodist Health Care System	8,600	7
San Antonio Independent School District	7,382	8
Wells Fargo	6,100	9
Baptist Health Systems	5,800	10

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2016, and Department of Defense personnel statistics. (Latest information published)

VIA Metropolitan Transit

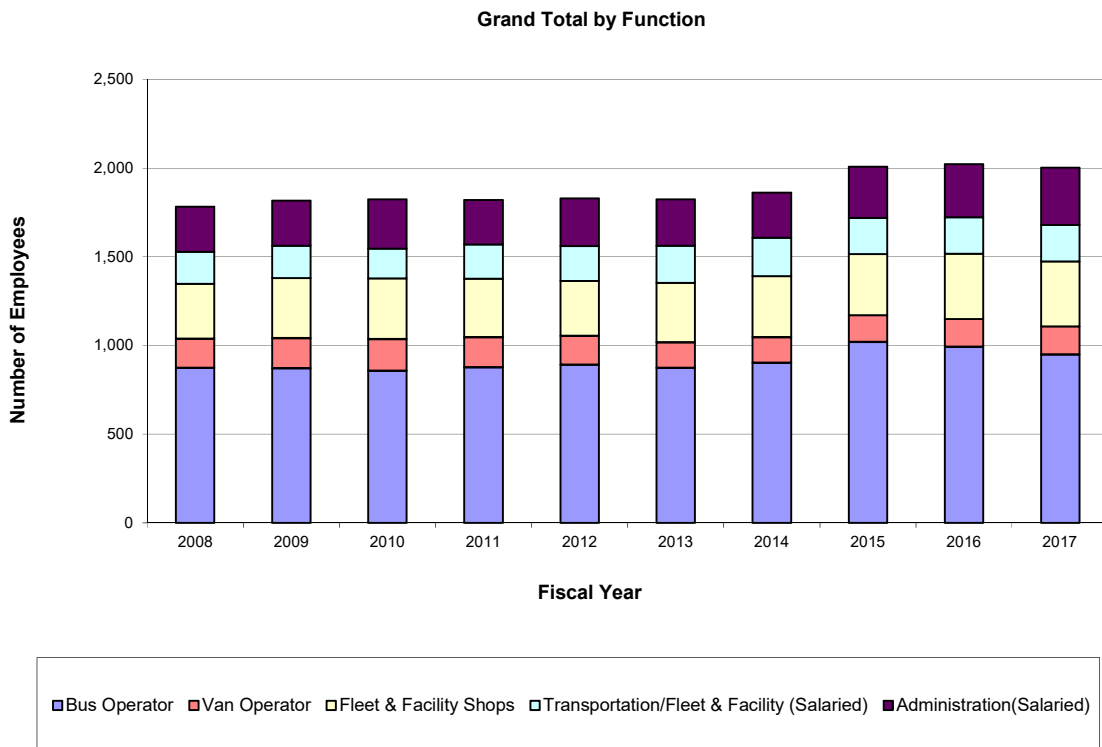
San Antonio, Texas

Full-Time Equivalents

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Full-Time Employees										
Bus Operator	719	728	716	746	733	742	795	943	882	876
Van Operator	161	168	176	167	161	143	140	150	156	158
Fleet & Facility Shops	311	338	343	331	311	334	345	344	368	366
Transportation/Fleet & Facility (Salaried)	165	168	151	178	178	195	201	191	195	197
Administration(Salaried)	245	244	265	239	257	249	244	278	286	309
Subtotal	1,601	1,646	1,651	1,661	1,640	1,663	1,725	1,906	1,887	1,906
Part-Time (Full-Time Equivalents)										
Bus Operator	155.3	143.5	141.2	131.3	158.6	131.6	107.6	77.9	111.7	74.0
Van Operator	2.9	2.8	2.5	2.6	1.8	2.4	4.2	0.6	0.6	-
Fleet & Facility Shops	-	-	-	-	-	-	-	-	-	-
Transportation/Fleet & Facility (Salaried)	14.8	14.8	17.8	14.8	17.0	15.0	15.0	12.9	11.0	9.0
Administration(Salaried)	9.0	11.0	12.8	11.3	13.5	12.0	11.3	11.3	13.5	14.3
Subtotal	182.0	172.1	174.2	160.0	190.9	161.0	138.1	102.7	136.8	97.2
Grand Total										
Bus Operator	874.3	871.5	857.2	877.3	891.6	873.6	902.6	1,020.9	993.7	950.0
Van Operator	163.9	170.8	178.5	169.6	162.8	145.4	144.2	150.6	156.6	158.0
Fleet & Facility Shops	311.0	338.0	343.0	331.0	311.0	334.0	345.0	344.0	368.0	366.0
Transportation/Fleet & Facility (Salaried)	179.8	182.8	168.8	192.8	195.0	210.0	216.0	203.9	206.0	206.0
Administration(Salaried)	254.0	255.0	277.8	250.3	270.5	261.0	255.3	289.3	299.5	323.3
Grand Total	1,783.0	1,818.1	1,825.2	1,821.0	1,830.9	1,824.0	1,863.1	2,008.7	2,023.8	2,003.2

Source: VIA's Monthly Personnel Report



VIA Metropolitan Transit

San Antonio, Texas

Fare History

Last Ten Fiscal Years

Category	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bus Service										
Regular Bus Service	\$ 1.00	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.30	\$ 1.30
Regular Half Fare	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65	0.65
Express Bus Service	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.60	2.60
Express Half Fare	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	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
Streetcar Service										
Streetcar Service	1.00	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.30	1.30
Streetcar Half Fare	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65	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
VIAtrans Service										
VIAtrans Service	1.50	1.75	1.75	1.75	1.75	1.95	1.95	1.95	2.00	2.00
VIAtrans Taxi Subsidy	-	-	-	-	-	9.00	9.00	9.00	9.00	9.00
Special Event Service	4.00	5.00	5.00	5.00	5.00	5.00	2.50	2.50	2.50	2.50
Special Event Half Fare	2.00	2.50	2.50	2.50	2.50	2.50	1.25	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
Starlight Service										
Starlight Service	5.50	5.50	-	-	-	-	-	-	-	-
Starlight Service Half Fare	2.75	2.75	-	-	-	-	-	-	-	-
Passes										
Monthly Big Pass	25.00	30.00	30.00	30.00	30.00	35.00	35.00	35.00	38.00	38.00
Big Pass Half Fare	12.50	15.00	15.00	15.00	15.00	17.50	17.50	17.50	19.00	19.00
Semester Pass	25.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	38.00	38.00
Weekly Pass	-	-	-	-	-	-	-	-	12.00	12.00
Weekly Pass Half Fare	-	-	-	-	-	-	-	-	6.00	6.00
Day Pass	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.75	2.75
Day Pass Half Fare	-	-	-	-	-	-	-	-	1.35	1.35

Source: VIA's Fiscal Management Division

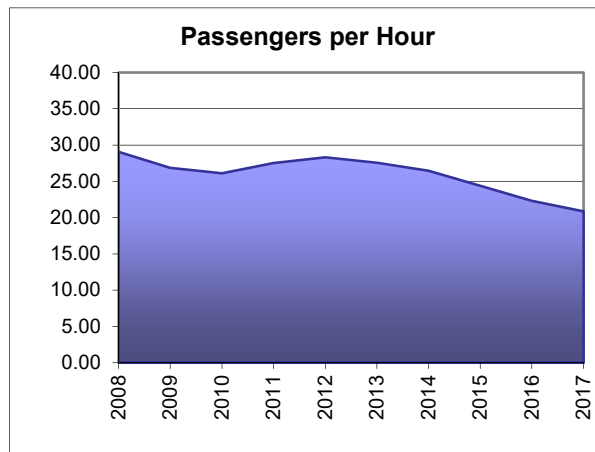
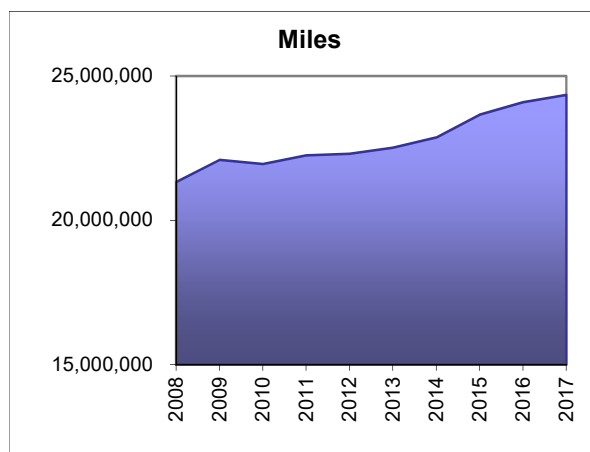
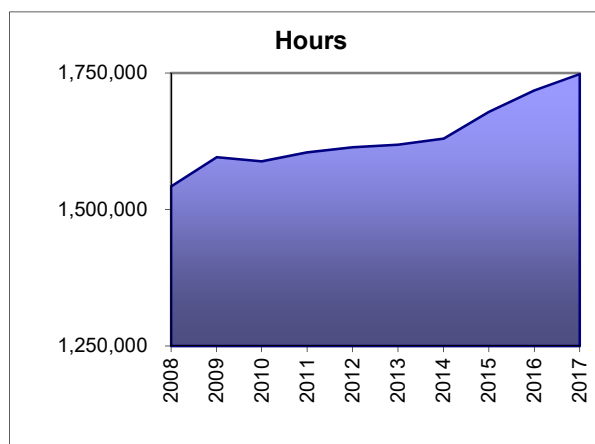
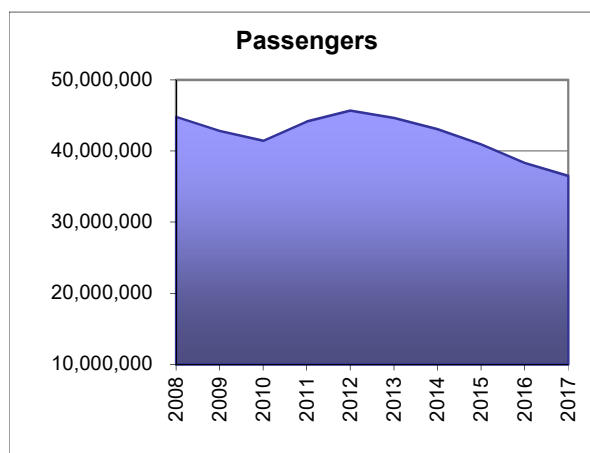
Note: Senior citizens, disabled persons, students and eligible Medicare recipients with a valid VIA identification card are eligible for half fare rates on regular, express, streetcar and special event service. Children ages 5-11 ride for half-fare and those under age five ride free. Active-duty military 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
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
2017	36,493,890	1,747,733	24,351,329	20.88

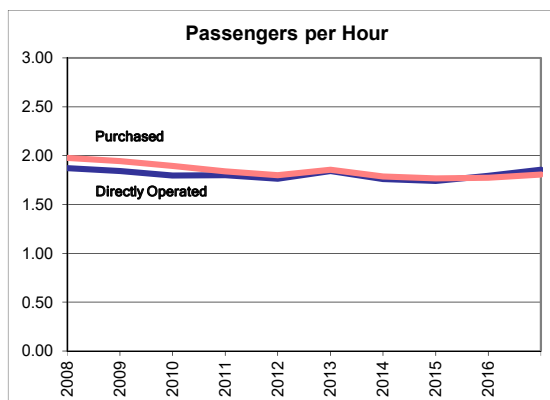
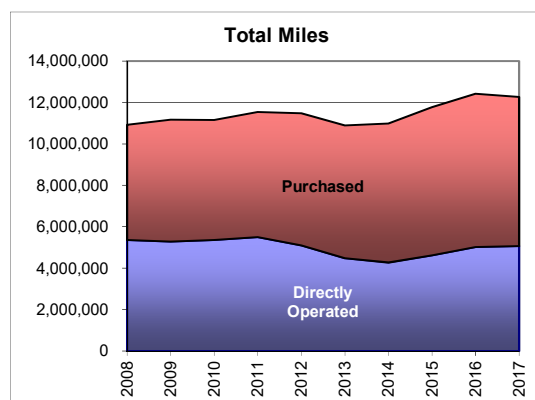
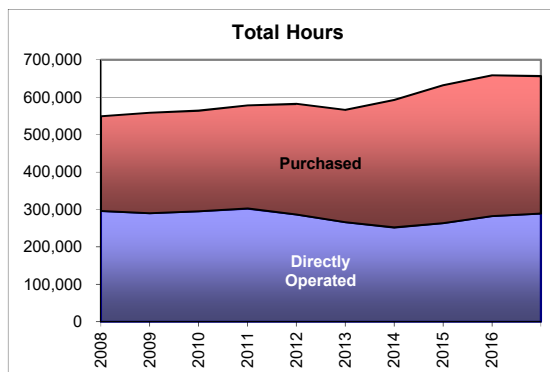
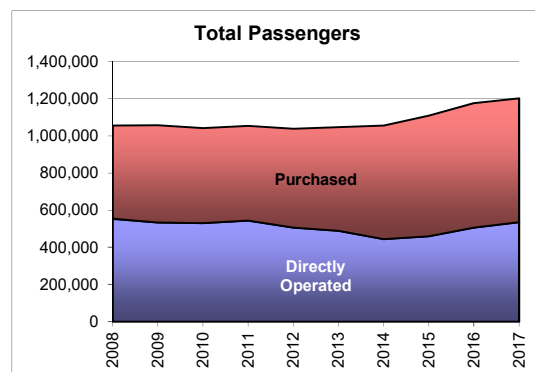
Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report

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
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
2017	535,285	665,547	288,551	368,234	5,062,700	7,199,213	1.86	1.81

Source: VIA's Revenue Accounting Statistical Records.

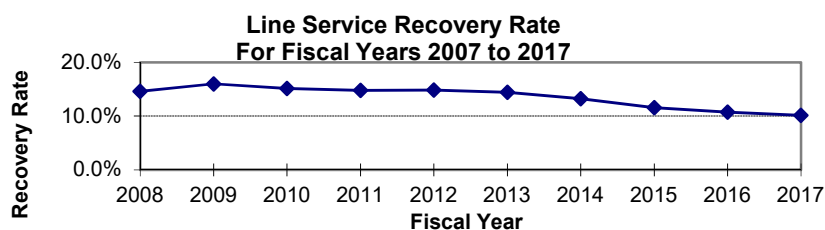
VIA's Miles and Hours Report and Procurement's Contract Administrator for purchased service contracts.

VIA Metropolitan Transit

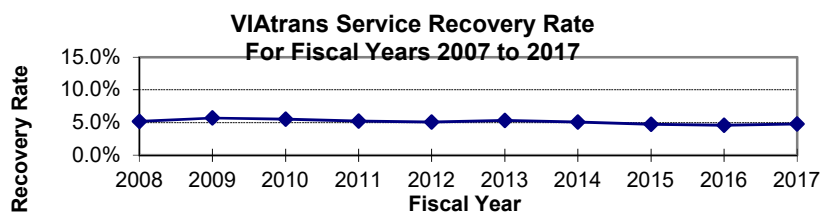
San Antonio, Texas

Line Service Recovery Rate Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u>	<u>Recovery</u> <u>Rate</u>
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%
2017	10.1%



<u>Fiscal</u> <u>Year</u>	<u>Recovery</u> <u>Rate</u>
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%
2017	4.8%



Source: VIA's Annual Audited Financial Statements.

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

VIA Metropolitan Transit

San Antonio, Texas

Service Miles by Cost Center

Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	VIAtrans				Starlight Service	Total
						Direct	Purchased	Van Disaster Relief			
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	
2017	24,351,329	92,095	6,752	-	-	5,062,700	7,199,213	9,219	-	36,721,308	

Service Hours 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	
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
2017	1,747,733	7,067	1,179	-	-	288,551	368,234	1,797	-	2,414,561

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 Tax¹</u>	<u>Grant Revenues</u>	<u>Investment Income</u>	<u>Misc Income</u>	<u>Total</u>
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 ²	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
2017	23,106,162	175,460,169	29,133,682	1,357,966	-	229,057,979

Expenses by Cost Center (Including Depreciation)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Line Service</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>Disaster Relief Van/Bus</u>	<u>Total Operating Expenses</u>	<u>Non-Operating Expenses</u>	<u>Total Expenses</u>
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
2017	187,225,200	1,067,195	94,275	-	42,443,538	-	611,149	7,241,986	175,859	238,859,202	3,025,109	241,884,311

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.

VIA Metropolitan Transit

San Antonio, Texas

Operating Expenses by Object Class Last Ten Fiscal Years

	2008	2009 Restated	2010 Restated	2011 Restated	2012 Restated
Operator	\$ 37,706,299	\$ 37,519,147	\$ 39,163,412	\$ 41,016,213	\$ 40,562,190
Garage	10,562,622	11,345,672	12,022,721	12,417,401	12,729,474
Salaried	18,062,321	18,960,436	19,376,845	20,365,495	21,028,258
<i>Total Labor</i>	<i>66,331,242</i>	<i>67,825,255</i>	<i>70,562,978</i>	<i>73,799,109</i>	<i>74,319,922</i>
Fringe Benefits	32,902,957	32,985,424	34,640,866	37,618,626	41,928,210
<i>Total Labor and Fringe Benefits</i>	<i>99,234,199</i>	<i>100,810,679</i>	<i>105,203,844</i>	<i>111,417,735</i>	<i>116,248,132</i>
Advertising Fees	311,832	532,580	524,532	376,212	457,068
Prof. & Tech Fees	1,774,244	1,934,705	1,975,904	2,546,400	2,602,244
Temporary Help	-	-	-	-	-
Contract Maintenance	1,412,628	1,557,547	1,510,826	1,834,136	1,900,734
Custodial Services	-	-	-	-	-
Security Services	1,241,303	1,547,567	1,617,845	1,652,563	1,610,368
Other Services	426,325	470,475	509,582	522,596	550,437
<i>Total Services</i>	<i>5,166,332</i>	<i>6,042,874</i>	<i>6,138,688</i>	<i>6,931,907</i>	<i>7,120,851</i>
Fuel & Lubricants	24,368,920	13,844,663	16,470,705	19,866,016	20,155,666
Tires & Tubes	846,027	1,113,669	1,168,105	1,299,140	1,365,594
Other Materials & Supplies	7,580,792	8,069,919	8,060,535	8,739,916	9,355,225
<i>Total Materials & Supplies</i>	<i>32,795,739</i>	<i>23,028,251</i>	<i>25,699,345</i>	<i>29,905,072</i>	<i>30,876,485</i>
Utilities	1,364,766	1,378,117	1,617,829	1,647,480	1,572,250
Casualty & Liability	807,857	453,733	861,475	341,603	1,231,907
Taxes	1,514,318	1,501,359	1,510,880	1,526,586	1,536,285
Purchased Transportation	9,141,155	8,995,692	9,101,700	9,911,331	10,916,344
Dues & Subscriptions	344,703	316,700	350,446	532,092	416,275
Training & Meetings	203,408	236,561	337,885	353,681	407,148
Fines & Penalties	608	100	-	-	600
Bad Debt Expense	4,963	6,888	7,813	847	7,352
Advertising/Promotion Media	431,403	410,197	408,590	406,816	437,122
Miscellaneous Expense	643,181	565,572	586,888	724,770	678,063
<i>Total Miscellaneous Expense</i>	<i>1,628,266</i>	<i>1,536,018</i>	<i>1,691,622</i>	<i>2,018,206</i>	<i>1,946,561</i>
Interest Expense	-	-	-	-	-
Leases & Rentals	250,424	293,389	277,027	256,265	286,692
Expense transfer to Capital Program	-	-	-	-	-
<i>Total Operating Expense Before Depreciation & Capitalized Amounts</i>	<i>151,903,056</i>	<i>144,040,112</i>	<i>152,102,409</i>	<i>163,956,186</i>	<i>171,735,507</i>
Depreciation	19,747,254	20,075,564	20,281,792	21,588,388	19,035,123
Allowance	-	-	-	-	-
Indirect Expense (Capitalized)	-	-	-	-	-
Fringe Expense (Capitalized)	-	-	-	-	-
<i>Total Operating Expenses</i>	<i>\$ 171,650,310</i>	<i>\$ 164,115,676</i>	<i>\$ 172,384,201</i>	<i>\$ 185,544,574</i>	<i>\$ 190,770,629</i>

Source: VIA's Annual Audited Financial Statements

2013 Restated	2014	2015	2016	2017
\$ 41,573,464	\$ 42,947,778	\$ 47,142,668	\$ 48,017,399	\$ 51,056,596
12,741,074	13,435,740	14,142,320	15,118,009	15,980,901
20,927,964	22,054,983	24,471,522	27,133,439	28,123,599
75,242,502	78,438,501	85,756,510	90,268,847	95,161,096
44,339,708	49,087,760	55,068,428	61,828,682	59,108,164
119,582,210	127,526,261	140,824,938	152,097,529	154,269,260
834,106	868,797	590,285	202,540	344,035
5,012,806	5,575,998	6,487,853	5,994,215	6,712,151
-	-	-	52,107	166,871
2,304,871	2,727,184	2,917,234	3,283,320	3,341,287
-	-	-	-	-
1,576,519	1,668,227	2,019,443	2,107,951	2,023,186
571,305	545,909	722,178	770,920	1,022,581
10,299,607	11,386,115	12,736,993	12,411,053	13,610,111
23,177,525	22,148,972	21,327,903	18,039,638	12,151,290
1,374,880	1,200,905	1,226,545	1,367,306	1,489,717
9,725,894	9,478,859	10,679,662	11,425,533	10,299,360
34,278,299	32,828,736	33,234,110	30,832,477	23,940,367
2,006,016	2,223,969	2,432,041	2,792,929	3,019,717
1,243,807	885,038	1,706,027	1,015,344	2,549,143
1,573,900	1,480,347	1,497,985	1,389,149	1,225,911
10,410,650	12,405,128	13,630,089	14,800,400	14,798,855
379,151	405,648	382,293	473,051	405,119
487,004	494,390	528,531	482,994	446,958
-	294	-	33,342	-
2,635	8,858	1,040	148,593	17,962
514,553	929,762	477,899	329,205	233,129
783,941	727,381	873,733	896,811	806,070
2,167,284	2,566,333	2,263,496	2,363,996	1,909,238
-	-	-	-	-
296,882	247,471	445,654	258,837	334,583
(906,641)	(1,069,530)	(928,952)	(703,638)	(810,585)
180,952,014	190,479,868	207,842,381	217,258,076	214,846,600
20,933,451	22,804,973	22,275,368	22,200,678	24,012,602
-	4,882,000	4,918,000	8,579,632	-
-	-	-	-	-
-	-	-	-	-
\$ 201,885,465	\$ 218,166,841	\$ 235,035,749	\$ 248,038,386	\$ 238,859,202

VIA Metropolitan Transit

San Antonio, Texas

Capital Assets Last Ten Fiscal Years

	2008	2009	2010 Restated	2011 Restated	2012 Restated
Land	\$ 25,976,887	\$ 26,447,326	\$ 26,804,057	\$ 27,209,314	\$ 27,209,314
Revenue Vehicles					
Bus	125,335,354	125,514,249	141,523,621	139,158,252	139,405,043
Van	8,339,955	8,339,955	8,339,955	8,341,255	8,194,102
Total Revenue Vehicles	133,675,309	133,854,204	149,863,576	147,499,506	147,599,144
Service Vehicles					
Trucks	1,726,520	1,909,471	1,951,568	2,069,486	2,419,698
Automobiles	1,201,622	1,360,960	1,299,180	1,391,934	1,190,073
Other Service Vehicles	357,641	357,641	357,641	357,641	455,229
Total Service Vehicles	3,285,783	3,628,072	3,608,390	3,819,060	4,064,999
Buildings and Structures					
Transit Way Facilities	33,532,669	33,680,565	38,475,179	38,991,798	38,991,798
Passenger Stations	35,824,534	42,677,004	47,273,563	48,625,854	49,206,787
Passenger Parking Stations	2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
Operating Yards and Stations	14,531,233	14,563,987	15,148,156	15,277,206	17,270,455
Vehicle Maintenance Shops and Garages	11,138,288	16,679,760	17,228,927	17,570,026	18,557,910
Other General Administration Facilities	12,399,143	12,647,099	12,845,785	17,677,094	17,851,130
Stadium/Depot Complex	6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
Total Buildings and Structures	116,481,668	129,304,216	140,027,411	147,197,779	150,933,881
Equipment					
Passenger Stations	1,338,262	3,254,607	3,266,389	3,266,389	2,445,424
Operating Yards and Stations	57,868	57,868	65,362	78,954	83,646
Vehicle Maintenance Shops and Garages	1,625,454	1,784,250	1,813,373	1,847,220	2,280,783
Other General Administration Facilities	1,498,987	1,482,498	1,476,252	1,486,143	578,057
Revenue Vehicle Movement Control	15,415,162	15,415,161	15,410,422	15,410,420	15,363,365
Revenue Collection and Processing	297,342	294,009	343,476	343,476	337,586
Data Processing	10,458,794	10,505,926	12,860,355	13,231,350	9,321,340
Communication	665,976	764,697	743,945	4,027,759	4,112,984
Office Equipment	173,465	110,630	103,608	121,776	150,401
Total Equipment	31,531,310	33,669,646	36,083,182	39,813,487	34,673,586
Total Capital Assets Before Depreciation	310,950,957	326,903,464	356,386,616	365,539,146	364,480,925
Accumulated Depreciation					
Revenue Vehicles	(66,562,072)	(77,915,736)	(84,564,130)	(93,746,131)	(103,077,815)
Service Vehicles	(2,785,742)	(2,976,301)	(2,882,462)	(3,221,642)	(3,284,327)
Buildings and Structures	(86,769,910)	(94,060,411)	(102,091,886)	(108,594,211)	(113,991,594)
Equipment	(29,155,888)	(29,769,422)	(29,604,437)	(31,298,434)	(27,882,391)
Total Accumulated Depreciation	(185,273,612)	(204,721,870)	(219,142,915)	(236,860,419)	(248,236,127)
Allowance for Capital Projects					
Allowance for Capital Projects	-	-	-	-	-
Total Allowance for Capital Projects	-	-	-	-	-
Work In Progress					
Revenue Vehicles	695	-	156,000	582,964	16,894,876
Service Vehicles	-	-	523	-	-
Buildings and Structures	9,203,875	5,162,105	3,332,888	8,663,926	19,028,659
Equipment	1,303,214	4,073,941	3,465,039	1,972,506	7,220,735
Total Work In Progress	10,507,784	9,236,046	6,954,450	11,219,396	43,144,270
Net Capital Assets	\$ 136,185,130	\$ 131,417,641	\$ 144,198,152	\$ 139,898,124	\$ 159,389,069

Source: VIA's Annual Audited Financial Statements

2013				
Restated	2014	2015	2016	2017
\$ 31,729,733	\$ 31,812,673	\$ 32,841,276	\$ 33,891,182	\$ 33,094,493
156,393,853	161,102,879	163,792,050	165,240,017	282,101,388
16,177,015	13,062,931	12,390,028	12,531,053	12,560,208
172,570,868	174,165,810	176,182,078	177,771,070	294,661,596
2,397,254	2,500,468	3,007,261	3,073,640	3,073,640
939,038	897,848	990,916	1,033,832	1,033,832
592,318	701,175	714,009	730,539	730,537
3,928,610	4,099,491	4,712,186	4,838,011	4,838,009
38,962,046	38,948,550	39,422,162	39,487,969	44,458,346
69,465,333	71,174,228	80,689,459	82,536,760	113,333,160
2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
17,783,579	18,010,568	18,131,642	18,226,057	18,410,821
18,562,713	18,623,635	18,805,095	19,024,906	20,018,060
18,536,882	18,953,212	21,551,971	21,714,105	23,704,819
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
172,366,354	174,765,995	187,656,130	190,045,598	228,981,007
3,249,984	3,249,984	3,258,088	3,258,088	3,290,084
199,938	323,809	436,506	462,309	510,985
2,704,444	3,088,946	3,342,263	3,499,320	3,508,734
594,149	611,740	651,360	652,535	607,566
15,363,365	15,493,408	15,244,418	15,206,752	15,206,752
341,679	340,268	9,244,995	9,330,962	9,415,460
16,437,124	17,455,993	17,996,076	17,965,381	18,654,577
4,124,438	4,152,708	4,188,880	4,748,407	5,229,837
190,677	396,880	495,958	578,918	576,352
43,205,798	45,113,736	54,858,544	55,702,672	57,000,347
423,801,363	429,957,705	456,250,214	462,248,533	618,575,452
(110,594,492)	(116,038,273)	(125,114,295)	(134,259,461)	(146,152,107)
(3,087,851)	(3,393,392)	(3,735,614)	(4,079,811)	(4,427,497)
(121,292,354)	(129,193,302)	(136,386,968)	(144,210,994)	(151,740,938)
(31,326,126)	(35,130,813)	(38,909,956)	(42,886,132)	(46,638,339)
(266,300,823)	(283,755,779)	(304,146,833)	(325,436,398)	(348,958,881)
-	(4,882,000)	(9,800,000)	-	-
-	(4,882,000)	(9,800,000)	-	-
1,965,827	2,279,032	108,277	8,983,042	16,479,450
-	-	116,670	-	-
20,766,453	42,838,973	55,874,682	53,233,428	63,447,824
7,765,256	9,687,289	2,721,347	4,740,012	12,499,858
30,497,535	54,805,294	58,820,976	66,956,482	92,427,132
\$ 187,998,076	\$ 196,125,221	\$ 201,124,357	\$ 203,768,617	\$ 362,043,703

VIA Metropolitan Transit Retirement Plan

San Antonio, Texas

Changes in Retirement Plan Net Position

Last Ten Fiscal Years (dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Additions										
Member Contributions	\$ 2,469	\$ 2,390	\$ 2,584	\$ 3,224	\$ 3,441	\$ 3,703	\$ 4,227	\$ 4,236	\$ 4,122	\$ 4,122
Employer Contributions	4,918	5,039	6,252	7,321	8,259	10,639	9,799	12,144	12,908	12,908
Investment Income (net of expenses)	(25,136)	(5,999)	15,342	1,646	29,942	25,017	22,741	2,675	21,771	21,771
Total additions to plan net position	(17,749)	1,430	24,178	12,191	41,642	39,359	36,767	19,055	38,801	38,801
Deductions										
Benefit Payments	9,479	10,866	12,032	13,502	14,525	16,093	17,168	18,877	19,424	19,424
Refunds	255	214	207	252	186	461	218	346	366	366
Administrative Expenses	155	166	188	238	218	241	215	236	167	167
Total Deductions from plan net position	9,889	11,246	12,427	13,992	14,929	16,795	17,601	19,459	19,957	19,957
Change in net assets	\$ (27,638)	\$ (9,816)	\$ 11,751	\$ (1,801)	\$ 26,713	\$ 22,564	\$ 19,166	\$ (404)	\$ 18,844	\$ 18,844

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Type of Benefit										
Age and service benefits	\$ 7,708	\$ 8,896	\$ 9,966	\$ 11,403	\$ 12,216	\$ 13,572	\$ 14,630	\$ 16,049	\$ 16,330	\$ 16,330
Disability benefits	744	802	851	836	929	996	1,076	1,233	1,346	1,346
Beneficiaries	1,027	1,168	1,215	1,263	1,380	1,525	1,462	1,595	1,748	1,748
Total benefits	9,479	10,866	12,032	13,502	14,525	16,093	17,168	18,877	19,424	19,424
Type of Refund										
Separation	255	214	207	252	186	461	218	346	366	366
Death										
Total refunds	\$ 255	\$ 214	\$ 207	\$ 252	\$ 186	\$ 461	\$ 218	\$ 346	\$ 366	\$ 366

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

VIA Metropolitan Transit Retirement Plan

San Antonio, Texas

Retired Members by Type of Benefit As of September 30, 2017

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement ¹							Option Selected ²					
		1	2	3	4	5	6	7	1	2	3	4	5	6
Deferred	62													
\$1 - \$500	172	1	52	24	14	10	68	3	51	6	7	29	19	51
501 - 1,000	213	3	98	26	24	5	53	4	47	17	10	18	48	70
1,001 - 1,500	159	11	73	8	26	3	34	4	40	9	5	13	34	56
1,501 - 2,000	99	27	40	7	12	3	7	3	18	8	6	7	26	34
2,001 - 2,500	120	60	31	12	7	0	10	0	21	7	7	11	39	35
2,501 - 3,000	95	63	20	6	4	0	1	1	17	4	5	7	31	31
Over 3,000	144	107	10	7	17	0	3	0	26	7	7	12	44	48
Total	1,064	272	324	90	104	21	176	15	220	58	47	97	241	325

¹ Type of retirement:

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

² Option Selected:

- Option 1 - Life only
- Option 2 - 5 year certain and life
- Option 3 - 10 year certain and life
- Option 4 - 15 year certain and life
- Option 5 - Joint and 50% survivor
- Option 6 - Joint and 100% survivor
(Excludes 8 death in service options)

Source: VIA's Retirement Plan Comprehensive Financial Report.

VIA Metropolitan Transit Retirement Plan

SAN ANTONIO, TEXAS

Schedule of Average Benefit Payout Amounts Last Ten Years

	Years Credited Service							
Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40+
2007 - 2008								
Average Monthly Benefit	\$ 132	\$ 364	\$ 611	\$ 1,075	\$ 1,088	\$ 2,176	\$ 2,603	\$ 3,099
Average Final Average Salary	\$ 31,842	\$ 40,676	\$ 33,659	\$ 43,771	\$ 36,305	\$ 51,456	\$ 51,384	\$ 61,601
Number of Active Retirants	3	3	3	8	3	14	12	1
2008 - 2009								
Average Monthly Benefit	\$ 97	\$ 428	\$ 574	\$ 964	\$ 1,005	\$ 3,084	\$ 3,057	\$ 3,005
Average Final Average Salary	\$ 26,161	\$ 37,148	\$ 34,423	\$ 45,308	\$ 65,837	\$ 66,282	\$ 62,942	\$ 57,485
Number of Active Retirants	2	5	5	10	1	12	13	4
2009 - 2010								
Average Monthly Benefit	\$ 182	\$ 350	\$ 634	\$ 1,015	\$ 1,551	\$ 2,834	\$ 2,850	\$ 3,569
Average Final Average Salary	\$ 34,295	\$ 36,840	\$ 38,505	\$ 42,966	\$ 51,892	\$ 67,197	\$ 57,867	\$ 64,416
Number of Active Retirants	6	5	4	16	6	4	17	9
2010 - 2011								
Average Monthly Benefit	\$ 500	\$ 582	\$ 837	\$ 1,056	\$ 1,430	\$ 2,573	\$ 2,673	\$ 3,231
Average Final Average Salary	\$ 28,145	\$ 46,639	\$ 44,838	\$ 45,109	\$ 48,907	\$ 52,684	\$ 54,675	\$ 58,231
Number of Active Retirants	1	1	7	7	6	9	14	6
2011 - 2012								
Average Monthly Benefit	\$ 285	\$ 439	\$ 782	\$ 1,062	\$ 1,491	\$ 2,471	\$ 2,861	\$ 3,662
Average Final Average Salary	\$ 38,117	\$ 39,502	\$ 48,801	\$ 47,504	\$ 47,914	\$ 59,327	\$ 55,681	\$ 65,396
Number of Active Retirants	1	1	9	5	3	9	10	8
2012 - 2013								
Average Monthly Benefit	\$ -	\$ 430	\$ 718	\$ 982	\$ 1,156	\$ 2,516	\$ 2,731	\$ 4,226
Average Final Average Salary	\$ -	\$ 40,461	\$ 39,314	\$ 38,714	\$ 43,209	\$ 58,176	\$ 56,142	\$ 72,406
Number of Active Retirants	-	10	6	7	6	6	17	14
2013 - 2014								
Average Monthly Benefit	\$ -	\$ 425	\$ 562	\$ 1,040	\$ 1,657	\$ 2,865	\$ 3,246	\$ 3,771
Average Final Average Salary	\$ -	\$ 35,020	\$ 29,016	\$ 40,021	\$ 48,571	\$ 62,333	\$ 60,134	\$ 61,360
Number of Active Retirants	-	5	4	5	7	12	15	10
2014 - 2015								
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
2015 - 2016								
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
2016 - 2017								
Average Monthly Benefit	\$ -	\$ 529	\$ 862	\$ 1,300	\$ 1,880	\$ 2,734	\$ 3,472	\$ 3,621
Average Final Average Salary	\$ -	\$ 47,126	\$ 50,559	\$ 64,050	\$ 56,463	\$ 68,405	\$ 70,017	\$ 65,143
Number of Active Retirants	-	6	12	5	8	9	12	11

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