



Comprehensive Annual Financial Report

For the Fiscal Years Ended September 30, 2018 and 2017

SAN ANTONIO, TEXAS



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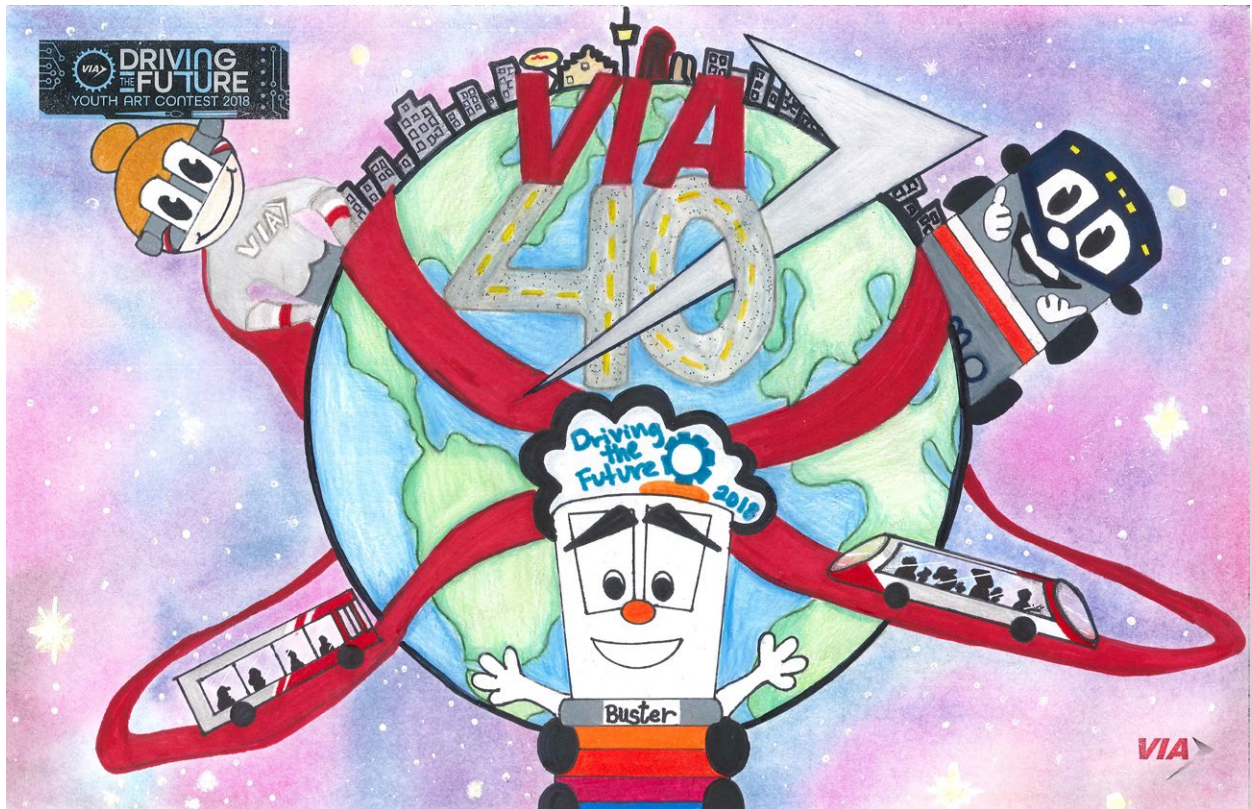
Comprehensive Annual Financial Report

**For the Fiscal Years
Ended September 30, 2018 and 2017**

Prepared by the Fiscal Management Division

Steven J. Lange
Vice President Fiscal Management/CFO

VIA Metropolitan Transit
San Antonio, Texas



Highlight: 2018 Youth Art Contest Best of Show winning poster by Angelina Gallegos, 12th grade, Roosevelt High School

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INTRODUCTORY

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ADVANCED TRANSPORTATION DISTRICT

March 27, 2019

Citizens of the VIA Metropolitan Transit Service Area:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of VIA Metropolitan Transit for the fiscal year ended September 30, 2018. 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 2017 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, 2018. The

independent auditor's report is presented as the first item in the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Service

The service area is comprised of approximately 1,210 square miles, almost all of which are in Bexar County. This represents 97% of Bexar County. In FY18, VIA transported 36.3 million passengers and provided 2.5 million hours of service over 37.2 million miles. VIA carried an average of 112,738 passengers on weekdays in FY18.

Service is currently available seven days a week, from 4:00 a.m. until 1:00 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 24, 2019 *San Antonio Economic Indicators* publication, noted that the San Antonio Business-Cycle Index decelerated to an annualized rate of 1.9 percent in December, about 1 percent below its long-term average of 3 percent. The unemployment rate increased but remained near historical lows. 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.

In the January 24th publication cited above, the Fed also noted that the San Antonio unemployment rate ticked up to 3.4 percent in December but still came in below the state at 3.7 percent and nation at 3.9 percent.

In January 2019, Moody's Analytics reported that the San Antonio-New Braunfels economy will grow at a relatively slow pace over the coming year. They also stated that longer term, the metro area's above-average population gains, low costs of doing business, and relatively high housing affordability could contribute to above-average overall performance.

Long-Term Financial Planning

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

Relevant Financial Policies

Basis of Accounting

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

Cash and Investments

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

Risk Management

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

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

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 FY19 budget focuses on improving the customer experience, with a 4.7% increase in line service resulting in record-high service levels, and funding for a wide variety of significant strategic investments. Service improvements include:

- Primo and Related Improvements
 - Zarzamora Primo and related adjustments (Feb '19)
 - Military Primo and related adjustments (Aug '19)
 - Brooks Transit Center (Aug '19)
- COSA Partnership – Phase III
 - Service improvements on Culebra, Bandera, S. Flores and Pleasanton (Jan '19)
- Pilot Mobility on Demand
 - Northeast area (May '19)

Construction progress will be made on passenger facilities projects including the Zarzamora Primo Route, SW Military Primo Route, and Brooks Transit Center – all opening in FY19. Design phase work will take place for the Fredericksburg Road Operating Facility (new paratransit facility), Randolph Park & Ride, and Naco Transfer Center. Partnerships will be pursued for the Robert Thompson Transit Center and Scobey Complex. Additionally, VIA will continue to 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 Vision 2040 (VIA's Long Range Comprehensive Transportation Plan) – will also be pursued.

The service increase is largely attributable to the City of San Antonio Partnership Plan. Service frequencies will continue to be increased on high-demand corridors, which will serve to reduce the number of routes with 60-minute service. The plan is supported by a \$10M/year contribution from the City of San Antonio. 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 introduced Primo 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 Primo service on

Zarzamora and Military Drive. Centro Plaza became fully operational in FY16, the Stone Oak Park & Ride became operational in FY17, and VIA has a very robust capital program that will serve to bring about many other significant transit infrastructure improvements.

VIA updated their Vision 2040 plan and worked with the City of San Antonio as they developed a transportation plan for the community. In FY14, VIA's Board approved the creation of a new transit advisory committee to provide feedback on regional transportation issues. VIA will continue collaborating in multimodal transportation planning.

VIA's key budget objectives for FY19 can be summarized as a year of continued progress at improving the customer experience, utilizing the following strategies:

- Enhance the bus system
 - Increase service frequency
 - Add new services and routes
- Create a multimodal network
 - Build new and rehab existing facilities
 - Continue shelter installations including solar lighting
 - Design future facilities
 - Develop partnership projects
 - Conduct studies and assessments
- Embrace innovative solutions
 - Continue goMobile growth and introduce goCard fare technology
 - Implement Enterprise Resource Planning and Enterprise Asset Management systems
 - Pilot Mobility-on-Demand services

Progress on Key Projects Underway

New Facilities. VIA will make significant progress on new facilities in FY19. Key projects underway are noted in the section below, and all the transit technologies included in VIA's Long Range Comprehensive Transportation Plan will continue to be explored.

- Brooks Transit Center – A new transit center that will serve the growing area of Brooks City Base and will provide connectivity and transfer opportunities to VIA patrons. The proposed project is located near the intersection of Sidney Brooks Road and South New Braunfels Avenue. Eight routes are planned to converge at this hub on the southeast side, including a new South/West Corridor Primo line. Construction is underway and the center is scheduled to open in August 2019.
- Zarzamora Corridor – 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 & Ride. Passenger enhancements include 26 Primo shelters and concrete slab foundations for 20 new NexGen shelters. Service started in February 2019.

- Military Corridor – 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 20 Primo shelters and concrete slab foundations for 19 new NexGen shelters. Service scheduled to start in August 2019.
- Stone Oak Park and Ride Bridge – This bridge will connect the Stone Oak Park and Ride facility to US 281. It is scheduled to be completed in FY20/21.
- Robert Thompson Transit Center – The existing Robert Thompson Transit Station (RTTS), located 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 the 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.

Concurrently, a Vision Plan has been developed, with the assistance of a VIA consultant team, for the larger Robert Thompson Transit Station 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 station, 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 evaluate working with COSA's publicly owned parcels in the RTTC development.

- 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 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 by 2040, Bexar County is projected to add over 1.1 million people and 500,000 jobs. 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.

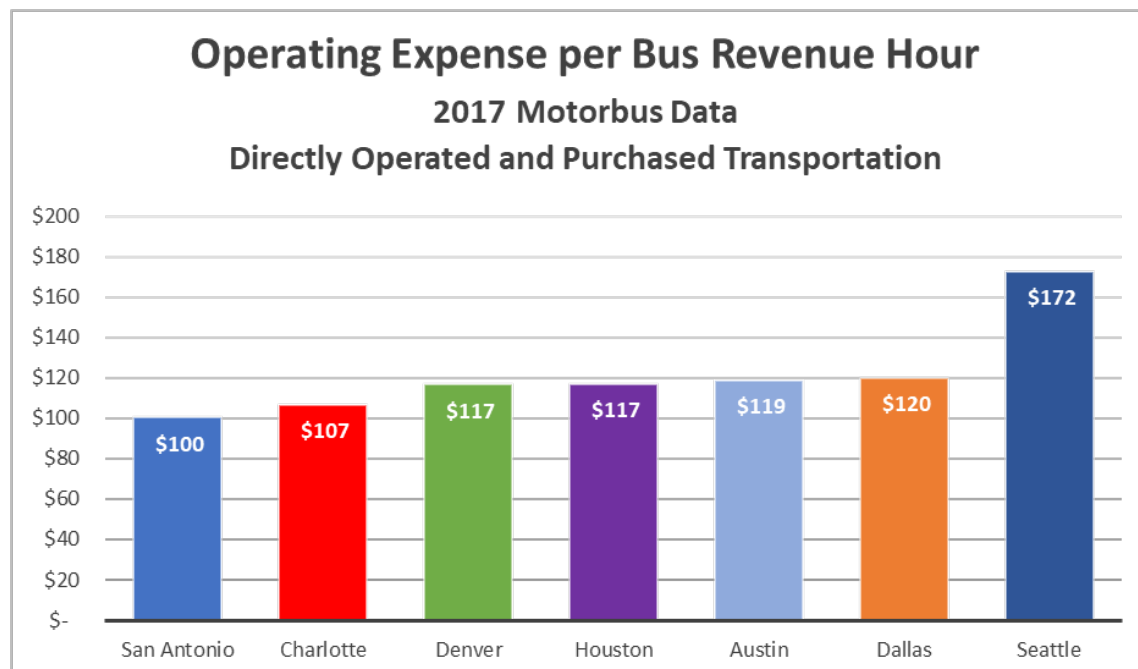
Updated Bus Stop Shelter and Amenities. VIA recently achieved the milestone of installing 1,000 new bus shelters (over a three-year period) and will partner with TxDOT and the City of San Antonio to improve approximately 200 new bus stops in the next five years. Site analysis, design, and coordination are all underway, and construction and site work are progressing.

State-of-the-Art Fare Collection System. VIA will be implementing smart card technology in FY19, 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, FY19 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. Additionally, VIA will be able to expand bus service 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 14.2-16.4 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 FY19, VIA will continue to explore ways to improve financial sustainability. Key fiscal sustainability efforts for FY19 are as follows:

Comprehensive Operations Analysis. VIA contracted to have a Comprehensive Operations Analysis (COA) performed. The COA includes a detailed review of how the public transportation system functions in and around the San Antonio region. The COA includes a route-by-route study of existing VIA services to explore opportunities to increase ridership while enhancing service efficiency and cost effectiveness. The COA also examines the role of other mobility options and the feasibility of integrating them into the greater service network. The analysis provides an opportunity to determine how limited public resources are used and helps ensure VIA is delivering the best service possible, given available resources. Various elements of COA are incorporated into VIA's five-year service plan.

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.

Federal Grant Awards. In addition to building new facilities and introducing new transit services, VIA has pursued federal grants to help modernize the system and expand current services. VIA's current capital program is being funded in part by discretionary grant awards that VIA has successfully secured. Examples of these awards include a \$6 million Section 5339B program grant for VIA's paratransit facility, a \$5 million TCEQ grant for the purchase of CNG buses, an EPA grant of over \$1 million for the purchase of CNG buses, two FTA no/low emissions grants totaling \$3.7M for the purchase of electric buses, and a \$1.6 million grant for transit amenities. In recent years, VIA has spent other discretionary grant funds for facilities – an \$8 million grant for VIA's CNG facility and a \$12 million grant for Stone Oak Park & Ride. VIA will continue to aggressively pursue grant opportunities for transit use.

Revenue Fleet Vehicles – Over the past two years, VIA has purchased 332 new CNG buses. Replacing diesel-powered buses with CNG vehicles has resulted in significant fuel savings. VIA will continue to seek grant funding opportunities that can be used to replace additional diesel-powered buses with CNG buses.

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, pension and workers' compensation. 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. Workers' compensation expense has been significantly reduced as a result of VIA's contracting with a third-party administrator (TPA) and network beginning in January 2018. The TPA and network have been successful at reducing claims through close monitoring of utilization and getting employees back to work as soon as it is medically safe to do so.

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, 2017. This was the twenty-eighth 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 Fiscal Management Division prepares that report in conformity with the Certificate of Achievement Program requirements and submits it to the GFOA on an annual basis, no later than March 31st of each year.

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:

Innovation Award – American Public Transportation Association (for GoCodeSA Codeathon)

Corporate Sponsor of the Year - Hispanic Contractors Association (for long-time support of the HCA)

Historic Preservation Award – San Antonio Conservation Society (for Centro Plaza / Washington Hotel Rehabilitation project)

Spotlight Award, Public Transportation Marketing Excellence - South West Transit Association (for “VIVA Passport to Adventure” marketing campaign)

Hit the Spot Award, Print Media - South West Transit Association (for VIAWorks Corporate Rideshare brochure and inserts)

Smart 50 Award - Smart Cities Connect Foundation (for Transformative Smart Project: VIA goMobile app)

Best of the City: Public Art Display - San Antonio Magazine (for Museum Month Celebration, Mobile Concert: Opera on the Bus)

AdWheel: First Place Marketing and Communications Educational Effort 2-D - American Public Transportation Association (for VIA Moves Me video series)

Outstanding Metropolitan Transit Agency for 2017 - Texas Transit Association (for being the best transit system in Texas)

Transit Innovation Award - Texas Transit Association (for new and innovative projects in the field of technology)

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

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

El Bronze 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 Roadeo – 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,



Jeffrey C. Arndt
President/CEO



Steven J. Lange
Vice President Fiscal Management/CFO



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**VIA Metropolitan Transit
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

VIA Metropolitan Transit Board of Trustees FY2018

October 2017 – September 2018

Appointed by:

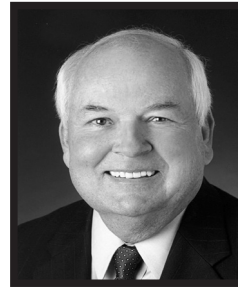
Hope Andrade Chair (eff. 1/27/15)	Elected by VIA Board of Trustees
Stephen P. Allison (appt'd 1/1/10) Secretary (2014) Vice Chair (2015/2016)	Suburban Mayors
A. David Marne (appt'd 1/15/14) Secretary (Jun-Dec 2018)	Suburban Mayors
Louis Cooper (appt'd 11/15/17)	Suburban Mayors
Carl "Tex" Morgan (appt'd 9/18/14)	San Antonio City Council
Lester Bryant (appt'd 9/18/14) Secretary (2016 - 2017) Vice Chair (Jan-Apr 2018)	San Antonio City Council
Patricia Y. Rodriguez (appt'd 4/7/16) Secretary (Jan-Jun 2018) Vice Chair (Jun-Dec 2018). . .	San Antonio City Council
Steven Hussain (appt'd 4/7/16)	San Antonio City Council
Robert "Bob" Comeaux (appt'd 6/30/16) Asst. Secretary (Jun-Dec 2018).	San Antonio City Council
Brian C. Dillard (appt'd 4/12/18)	San Antonio City Council
Amanda Merck (appt'd 4/12/18)	San Antonio City Council
Ezra Johnson (appt'd 4/12/18).	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
Marina Alderete Gavito (appt'd 2/27/18)	Bexar County Commissioners Court
Jordana DeCamps Mathews (appt'd 4/10/18).	Bexar County Commissioners Court
Akeem Brown (appt'd 5/8/18)	Bexar County Commissioners Court

VIA

**Board of
Trustees**



Hope Andrade
Chair



Steven P. Allison
Vice Chair



A. David Marne
Secretary



Louis R. Cooper



Carl "Tex" Morgan



Lester Bryant



Patricia Y.
Rodriguez



Steven Hussain



Robert "Bob"
Comeaux



Amanda Merck



Ezra Johnson



Dr. Richard
Gambitta



Rebecca
Cedillo



Bobby Perez



Marina Alderete
Gavito



Jordana Mathews



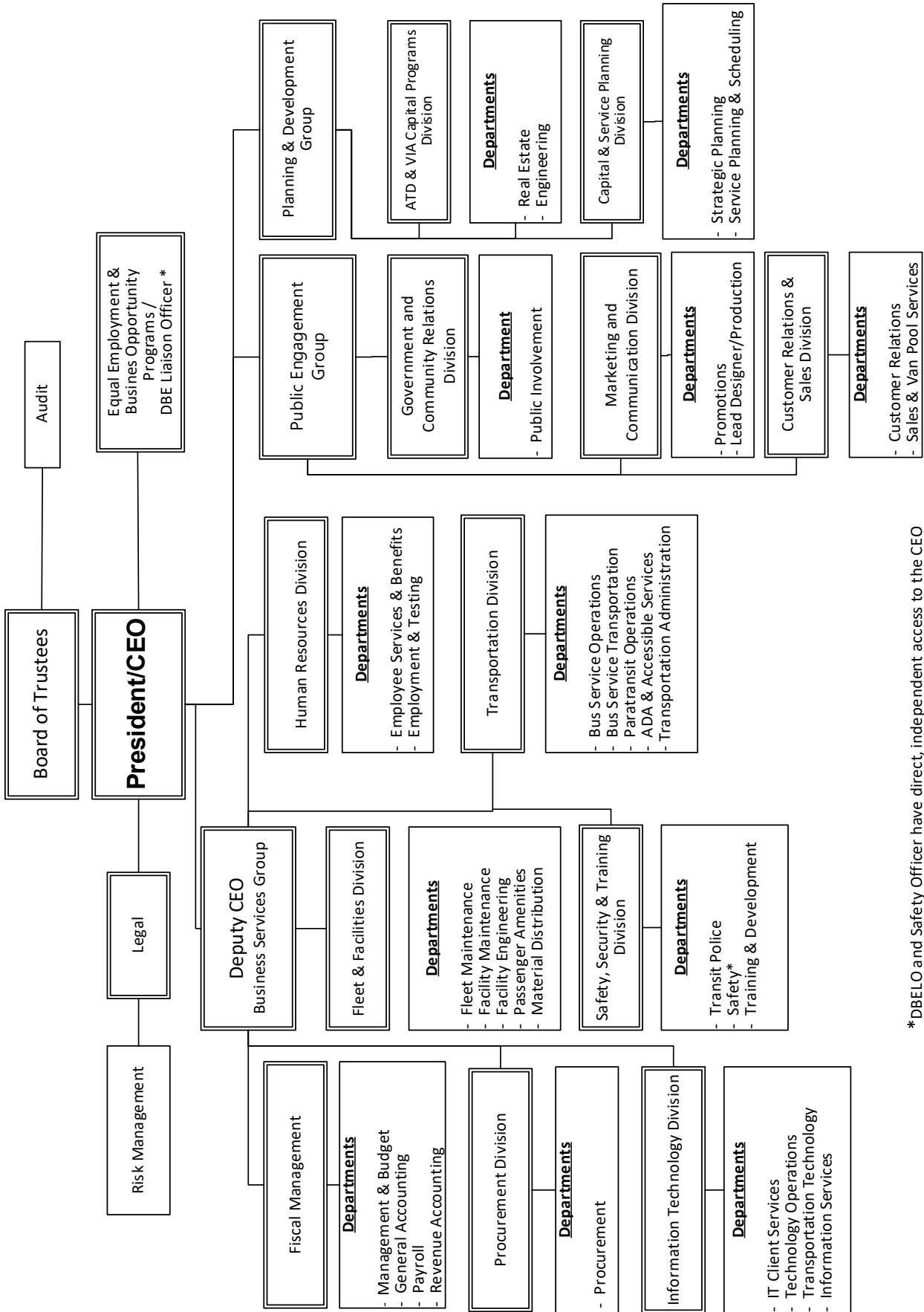
Akeem Brown



Brian Dillard

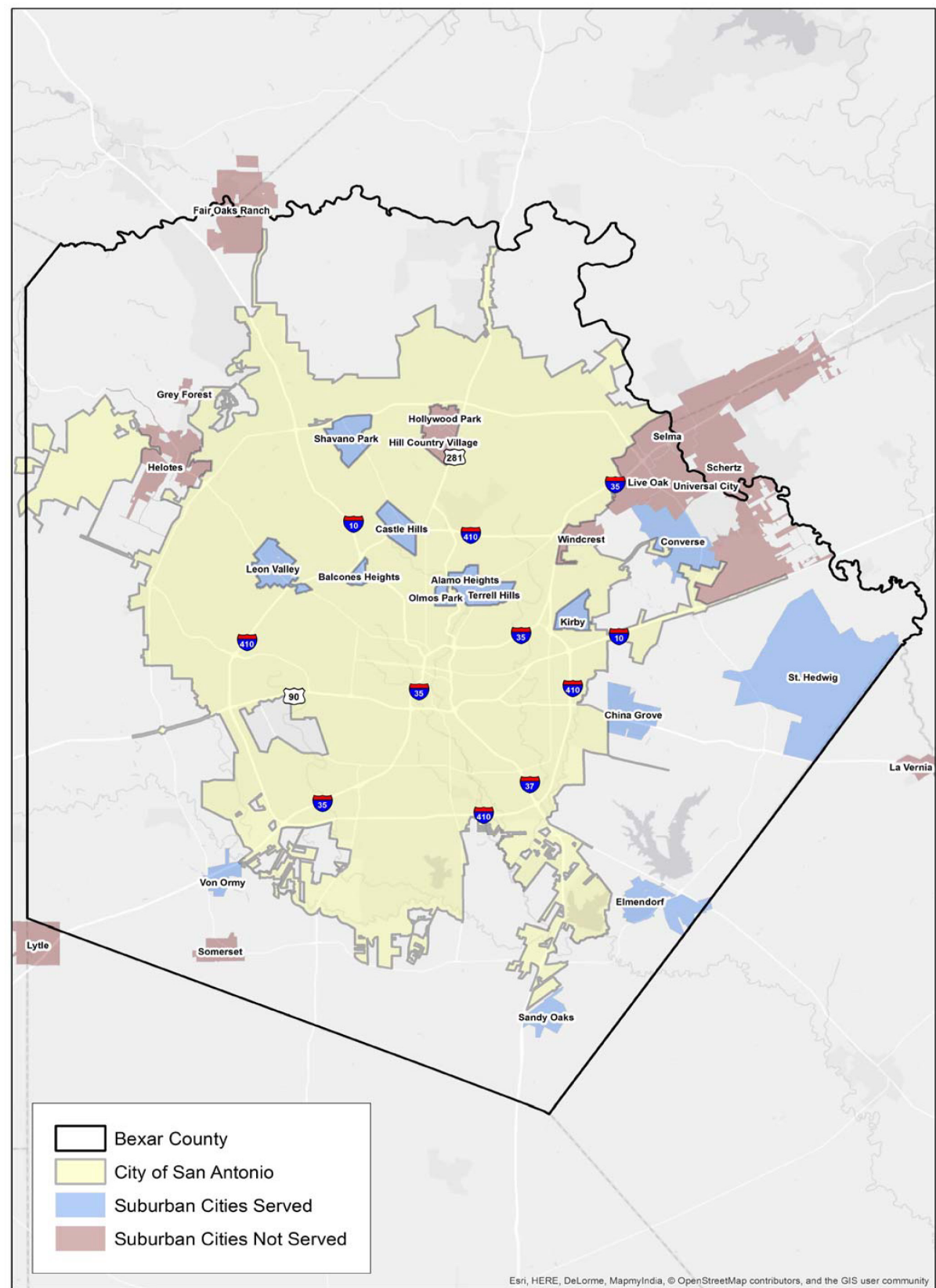
VIA METROPOLITAN TRANSIT ORGANIZATIONAL CHART

October 1, 2017 – September 30, 2018



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

VIA Service Area



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Basic Financial Statements

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Independent Auditors' 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 years ended September 30, 2018 and 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, VIA Metropolitan Transit adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective October 1, 2017. The cumulative effect of the change is shown in the current year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 audits were 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 is 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 audits were 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 audits 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 5, 2019, 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.

Baker Tilly Virchow Krause, LLP

Austin, Texas
March 5, 2019

Required Supplementary Information - Unaudited

Management's Discussion and Analysis

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VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017 - *unaudited*

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 ending September 30, 2018 and 2017. 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, 2018 and 2017, VIA's total assets and deferred outflows of resources of VIA exceeded total liabilities and deferred inflows of resources by \$276.2M and \$290.1M respectively. VIA's net investment in capital assets is the largest component of these net position balances, accounting for \$245.9M of the current year balance and \$211.5M of the prior year balance.
- The net position of VIA decreased by \$13.9M in Fiscal Year 18 compared to the prior year-end balance and increased by \$13.0M in the prior year. The \$13.9M decrease in Fiscal Year 18 is comprised of a \$28.2M decrease from implementing GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and an \$14.3M increase from all other items. The \$28.2M decrease is reflected as a Fiscal Year 18 beginning balance adjustment to unrestricted net position. Excluding the impact of the beginning net position adjustment from implementing the GASB Statement No. 75, the net position increase in both years is accounted for by revenue and capital contributions exceeding expenses.
- VIA was required to adopt GASB Statement No. 75 effective October 1, 2017. Therefore, the beginning net position balance for Fiscal Year 18 is \$28.2M lower than the ending net position balance for Fiscal Year 17. VIA has elected to use a measurement date for the OPEB liability that is based on the end of the previous year.
- Operating revenues are \$22.6M in Fiscal Year 18, down \$0.5M from the prior year, and in the prior year, operating revenues decreased by \$0.9M. 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 \$217.0M in Fiscal Year 18, up \$14.0M from the prior year, with the prior year up \$6.2M. These changes were driven by higher sales taxes, up \$10.5M and \$5.5M in Fiscal Year 18 and Fiscal Year 17, respectively (net after adjusting for amounts paid to the City of San Antonio and Bexar County) due to a growing economy.

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- VIA's net sales tax revenue, which is the largest component of nonoperating revenue, is \$186.0M in 2018 and \$175.5M in Fiscal Year 17. In the current year, total sales taxes were \$220.3M, of which \$34.3M was for ATD entities other than VIA, and in the prior year, total sales taxes were \$207.9M, of which \$32.4M 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 \$250.3M in Fiscal Year 18, an increase of \$11.4M (4.8%) in the current year, compared to a decrease of \$9.2M (3.7%) in the prior year. In the current year, the increase is primarily attributable to depreciation expense, up \$10.4M. Depreciation expense is up due to VIA's purchasing and receiving 332 new CNG buses between April 2017 and the end of Fiscal Year 18. The remaining \$1.0M increase was driven mainly by the net of the following: higher wages/FICA, up \$7.4M; higher OPEB expense, up \$1.4M; lower fuel & lubricants expense, down \$4.8M; and lower pension expense, down \$3.3M. Wages are up due mainly to a 3.0% wage increase and 3.3% higher line bus service levels. OPEB is up due mainly to higher premiums and claims, along with new assumptions and methods. The new assumption and method changes include a change to the actuarial cost method, new demographic assumptions, a lower assumed rate of return, and new OPEB specific assumptions. Fuel & lubricants expense is down due mainly to VIA's replacing of diesel-powered buses with compressed natural gas (CNG) vehicles. Pension expense is down due mainly to the impact of higher investment returns.
- Total capital/cash reserves and working capital (which equals cash, cash equivalents, and investments) decreased by \$73.7M in the current year and \$29.5M in the prior year. As of September 30, 2018 and 2017, the balances were \$155.1M and \$228.8M, respectively. The current year decrease was driven by a \$41.8M decrease in the bond construction fund, a \$13.3M decrease in the TxDOT grant funds reserve and a \$13.5M decrease in VIA's working capital reserve. Bond construction funds were spent on CNG buses, using up all remaining dollars in the fund. The TxDOT reserve funds were spent on capital projects against which those funds were programmed. The working capital reserve decrease resulted in part from some timing differences relating to grant fund receipts.
- As of September 30, 2018, VIA's Stabilization Fund is funded at Board policy level, which is to have a balance adequate to cover 60 days of operating expenses. The working capital reserve has a target balance of the same level as the Stabilization Fund but was at 37 days at the end of Fiscal Year 18. As of the end of Fiscal Year 17, VIA's Stabilization Fund and working capital were each funded at 60 days. As of the end of Fiscal Year 18, the Stabilization Fund and working capital reserve balances are \$39.3M and \$24.1M, respectively. In the prior year, the year-end balances were \$36.6M in both of these funds.
- VIA spent \$77.2M on capital projects in Fiscal Year 18 and \$183.2M in Fiscal Year 17. New buses accounted for \$41.7M of the Fiscal Year 18 total, as VIA replaced diesel-powered buses with CNG buses.

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Overview of the Financial Statements

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

Required Financial Statements

VIA adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* – effective October 1, 2017. Therefore, the beginning net position balance for Fiscal Year 18 is \$28.2M lower than the ending net position balance for Fiscal Year 17. VIA has elected to use a measurement date for the OPEB liability that is based on the end of the previous year.

VIA's Statement of Net Position reflects GASB Statement No. 63, which deals with deferred inflows and outflows of resources, and net position; for VIA, this Statement was adopted effective in Fiscal Year 13. The requirements of the statement improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The Statement of Net Position includes all of the assets and liabilities of VIA, and the deferred inflows and outflows of resources. The residual measure has been renamed net position, rather than net assets, consistent with GASB Statement No. 63. The Statement of Net Position provides information about the nature of the resources (assets), obligations to creditors (liabilities), and deferred outflows and inflows. The assets and liabilities are presented in a format that distinguishes between current and long-term categories. Over time, changes in net position may be a useful indicator of whether the financial position of VIA is improving or deteriorating.

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

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

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

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Financial Analysis

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

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

Condensed Statements of Net Position Information

(In Millions of Dollars)

	2018	2017	2016
Current assets	\$ 157.6	\$ 187.4	\$ 175.0
Capital assets	404.7	362.0	203.8
Other noncurrent assets	71.2	106.6	137.9
Total assets	633.5	656.0	516.7
Deferred outflows of resources	28.7	24.6	26.2
Total assets and deferred outflows of resources	662.2	680.6	542.9
Current liabilities	53.2	75.2	37.8
Long-term liabilities	315.6	308.2	223.6
Total liabilities	368.8	383.4	261.4
Deferred inflows of resources	17.2	7.2	4.4
Total liabilities and deferred inflows of resources	386.0	390.6	265.8
Net position			
Net investment in capital assets	245.9	211.5	181.4
Restricted	78.6	91.9	102.2
Unrestricted	(48.3)	(13.3)	(6.5)
Total net position	\$ 276.2	\$ 290.1	\$ 277.1

Total net position may serve, over time, as a useful indicator of an entity's financial position. At the close of Fiscal Year 18, VIA's net position is \$276.2M. A significant portion of VIA's net assets in all years reported is represented by capital assets (revenue vehicles, passenger stations and shelters, service vehicles, land and equipment). These capital assets are used by VIA to provide public transportation services.

Net position decreased by \$13.9M in Fiscal Year 18, going from \$290.1M to \$276.2M. Net investment in capital assets is up \$34.4M, restricted net position is down \$13.3M, and unrestricted net position is down \$35.0M. The increased investment in capital assets and the decrease in restricted funds were driven by the purchase of new

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CNG buses. Unrestricted net position is down mainly due to a \$33.2M OPEB liability that VIA booked to implement GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

Net position increased by \$13.0M in Fiscal Year 17, going from \$277.1M to \$290.1M. Net investment in capital assets was up \$30.1M, restricted funds were down \$10.3M, and unrestricted funds were 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.

Net capital assets increased by \$42.7M in Fiscal Year 18, going from \$362.0M to \$404.7M. This resulted from asset acquisitions of \$77.2M (including work-in-progress), net deletions of \$0.1M, and depreciation of \$34.4M (excluding accumulated depreciation impact included in net deletions). The \$77.2M increase in asset acquisitions is comprised of: revenue and service vehicles, \$44.6M; buildings and shelters, \$28.9M; and equipment \$3.7M.

There was a \$158.2M increase in net capital assets during Fiscal Year 17, 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 \$24.0M (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.

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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Revenues, Expenses, and Changes in Net Position

(In Millions of Dollars)

	2018	2017	2016
Operating revenues:			
Passenger revenues	\$ 20.6	\$ 21.2	\$ 22.3
Bus advertising and other	2.0	1.9	1.7
Total operating revenues	22.6	23.1	24.0
Operating expenses:			
Line service	165.5	165.7	167.4
Line disaster relief	-	0.2	-
Robert Thompson Terminal	0.5	0.5	0.6
Other special events	0.7	0.5	0.6
VIAtrans	42.1	40.1	40.9
VIAtrans disaster relief	-	-	-
Vanpool	0.6	0.6	0.6
Charter	-	-	-
Promotional service	0.1	0.1	0.1
Business development and planning	6.4	6.7	6.5
Real estate development	-	-	-
Transit technology	-	0.5	0.6
Depreciation and loss on asset impairment	34.4	24.0	30.8
Total operating expenses	250.3	238.9	248.1
Operating loss	(227.7)	(215.8)	(224.1)
Nonoperating revenues (expenses):			
Sales taxes	220.3	207.9	201.4
Grants reimbursement - VIA	30.5	29.0	28.8
Grants reimbursement - pass-through	0.8	1.6	1.4
Investment income/(loss)	1.9	1.4	1.8
CoSA intergovernmental revenue	4.3	-	-
Bond interest and issuance costs	(5.8)	(5.6)	(3.2)
Gain/(loss) on sale of assets	0.2	2.6	(0.1)
Less amounts remitted to CoSA and Bexar County	(34.3)	(32.4)	(31.4)
Less pass-through funds remitted to subrecipients	(0.9)	(1.5)	(1.4)
Less local assistance program	-	-	(0.5)
Total nonoperating revenues/(expenses)	217.0	203.0	196.8
Loss before capital contributions	(10.7)	(12.8)	(27.3)
Capital contributions	25.0	25.8	23.9
Change in net position	14.3	13.0	(3.4)
Net position at beginning of year, as restated (*)	261.9	277.1	280.5
Net position at end of year	\$ 276.2	\$ 290.1	\$ 277.1

(*) Due to VIA's adoption of GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions) in 2018, the beginning net position balance for Fiscal Year 18 is \$28.2M lower than the ending net position balance in Fiscal Year 17.

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As shown on the statement of Revenues, Expenses, and Changes in net position, VIA's net position decreased by \$13.9M in Fiscal Year 18. Capital contributions were \$25.0M. In Fiscal Year 18, all of the capital contributions are grant funds received from the Federal Transit Administration that VIA used for capital projects.

In Fiscal Year 17, VIA's net position increased by \$13.0M. Capital contributions were \$25.8M. In Fiscal Year 17, all except \$0.1M of the capital contributions were grant funds received from the Federal Transit Administration that VIA used for capital projects.

Operating Revenues

In Fiscal Year 18, operating revenues were \$22.6M, down \$0.5M (2.2%) from the prior year. This result is due to lower line revenue, down \$0.6M (2.8%) due to lower ridership. Lower bus ridership has been a national trend in recent years.

In Fiscal Year 17, operating revenues were \$23.1M, down \$0.9M (3.7%) from the prior year. This result is due to lower line revenue, down \$1.1M (5.3%) due to lower ridership.

Net Nonoperating Revenues/(Expenses)

In Fiscal Year 18, VIA's net nonoperating revenues/(expenses) increased by \$14.0M (6.9%). Sales taxes are up \$10.5M (6.0%), as the San Antonio economy improved, with the growth rate higher than in the previous year (this \$10.5M 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 Fiscal Year 17, VIA's net nonoperating revenues/(expenses) increased by \$6.2M (3.1%). Sales taxes were up \$5.5M (3.2%), due to a growing San Antonio economy (this \$5.5M variance is based on total sales taxes, net of amounts distributed to ATD entities other than VIA). VIA's grant revenue was up slightly from the prior year.

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September 30, 2018 and 2017 - *unaudited*

VIA's total revenues were \$245.1M in Fiscal Year 18 (and \$231.7M in Fiscal Year 17), as detailed in the chart below:

2018 Total Revenues by Major Category

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 14,981,632	\$ 3,387,902	\$ 18,369,534
Robert Thompson Terminal	77,468	-	77,468
Other special events	178,001	-	178,001
VIATrans	1,999,596	-	1,999,596
Charter	-	-	-
Real estate development	577,989	-	577,989
Ellis Alley Park and Ride	7,752	-	7,752
Bus advertising	950,635	-	950,635
Miscellaneous	416,518	-	416,518
Total operating revenues	19,189,591	3,387,902	22,577,493
Nonoperating revenues:			
Sales taxes	151,671,185	68,623,406	220,294,591
Grants reimbursement - VIA	30,500,898	-	30,500,898
Grants reimbursement - pass-through	815,948	-	815,948
Investment income (loss)	1,584,311	277,655	1,861,966
Less amounts remitted to CoSA and Bexar County	-	(34,311,703)	(34,311,703)
Less pass-through funds remitted to subrecipients	(897,060)	-	(897,060)
CoSA intergovernmental revenue	4,300,000	-	4,300,000
Total nonoperating revenues	187,975,282	34,589,358	222,564,640
Total revenues	\$ 207,164,873	\$ 37,977,260	\$ 245,142,133

Expenses

In Fiscal Year 18, operating expenses are \$250.3M, an increase of \$11.4M (4.8%). The increase is mainly attributable to depreciation expense, up \$10.4M, due to VIA's purchase of new CNG buses. The remaining \$1.0M increase is mainly attributable to higher wages and OPEB expense, partially offset by lower fuel & lubricants and pension expense, as discussed under Financial Highlights.

In Fiscal Year 17, operating expenses were \$238.9M, a decrease of \$9.2M (3.7%). The decrease was mainly attributable to a loss on asset impairment of \$8.6M that was booked in Fiscal Year 16 (zero in Fiscal Year 17), 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 employee/employee cost split), adding a new plan, and increasing out-of-network penalties. Partially offsetting these decreases was higher wages, up \$5.8M. Wages were up primarily due to a 3% wage increase and an increase in bus service.

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September 30, 2018 and 2017 - *unaudited*

Long-term Debt

In Fiscal Year 18, VIA did not issue any debt. In Fiscal Year 17, 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 were used to help finance the purchase of 270 new CNG buses. VIA has been converting its fleet of diesel-powered buses to CNG. At the end of both Fiscal Year 18 and Fiscal Year 17, VIA had four bond issues outstanding – three were issued between Fiscal Year 12 and Fiscal Year 14, and the fourth was issued in Fiscal Year 17.

Capital Assets

At the end of Fiscal Year 18, VIA had \$404.7M in net capital assets, an increase of \$42.7M over the prior fiscal year-end balance of \$362.0M. The \$42.7M net change resulted from the following: fixed assets before depreciation and construction in progress (“CIP”) increased by \$54.2M (to a balance of \$672.8M); accumulated depreciation decreased by \$27.9M (to a balance of \$321.1M); and construction in progress decreased by \$39.4M (to a balance of \$53.0M). 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 \$54.2M increase in fixed assets value before depreciation and construction in progress reflects the net of \$40.7M in asset additions, \$62.2M in asset disposals, and \$75.7M in transfers from CIP. The asset category accounting for the largest balance change is revenue vehicles, up \$40.7M, due to the purchase of new CNG buses (other categories each round to zero).

CIP decreased by \$39.4M, with \$36.5M in CIP additions, \$0.2M in deletions, and \$75.7M in transfers out (to fixed assets). Buildings and shelters are down \$21.8M, revenue and service vehicles are down \$14.5M, and equipment is down \$3.1M, as CIP was transferred to fixed assets.

At the end of Fiscal Year 17, 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 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).

Readers of this document that desire a more detailed overview of capital asset activity should refer to the notes to the financial statements section of this report. Note 1.G defines the accounting policies related to capital assets and note 6 gives details of the components of capital asset categories.

VIA Metropolitan Transit

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September 30, 2018 and 2017 - *unaudited*

Capital Assets

(In Millions of Dollars)

	2018	2017	2016
Land	\$ 33.3	\$ 33.1	\$ 33.9
Buildings and shelters	274.9	229.0	190.0
Revenue vehicles	292.6	294.7	177.8
Service vehicles	5.9	4.8	4.8
Equipment	66.1	57.0	55.7
Subtotal	672.8	618.6	462.2
Less accumulated depreciation and allowance for capital projects	321.1	349.0	325.4
Net capital assets before construction in progress	351.7	269.6	136.8
Construction in progress:			
Buildings and improvements	41.6	63.4	53.2
Revenue and service vehicles	2.0	16.5	9.0
Equipment	9.4	12.5	4.8
Total construction in progress	53.0	92.4	67.0
Net capital assets	\$ 404.7	\$ 362.0	\$ 203.8

Economic Factors and Outlook for Fiscal Year 2019

Economic factors and the outlook for Fiscal Year 19 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 Fiscal Year 19 sales tax revenue reflects a 3.5% increase over the forecasted Fiscal Year 18 total, and a 3.3% increase over actual Fiscal Year 18 sales taxes. Actual results for 2018 came in just slightly higher than forecast. Actual sales tax receipts for 2018 were up 6.0% from 2017, reflecting a strong economy.

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San Antonio's economy will advance at a pace moderately above the national average in the coming year, led by defense-related activity, residential construction, and personal services, according to Moody's Analytics. Longer term, San Antonio's above-average population gains, low costs of doing business, and relatively high housing affordability should contribute to above-average overall performance.

Fiscal Year 19 Initiatives

The overall focus of VIA's Fiscal Year 19 budget is to improve the customer experience. Fiscal Year 19 will be a year of continued progress:

- Increase in service frequency throughout the service area
- Opening new facilities and building others
- Introducing new technologies to improve customer convenience
- Pushing ahead on Vision 2040

VIA's approved Fiscal Year 19 budget includes a 4.7% increase in service. The service increase is largely attributable to the City of San Antonio Partnership Plan. Service frequencies will continue to be increased on high-demand corridors, which will serve to reduce the number of routes with 60-minute service. The plan is supported by a \$10M/year contribution from the City of San Antonio. VIA will also be implementing an innovative service pilot program, which will be mobility-on-demand service in the northeast corridor.

Construction progress will be made on passenger facilities projects including the Zarzamora Primo Route, SW Military Primo Route, and Brooks Transit Center – all opening in Fiscal Year 19. Design phase work will take place for the Fredericksburg Road Operating Facility (new paratransit facility), Randolph Park & Ride, and Naco Transfer Center. Partnerships will be pursued for the Robert Thompson Transit Center and Scobey Complex. Additionally, VIA will continue to 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 Vision 2040 (VIA's Long Range Comprehensive Transportation Plan) – will also be pursued.

VIA continually works to help ensure that it utilizes new and modern technologies, and has several key projects that represent significant progress in this area. Smart cards will be introduced in Fiscal Year 19. Smart cards will allow customers to tap their cards to pay fares when boarding buses, enabling quicker and more convenient boarding. VIA will continue to promote use of goMobile, a mobile phone app implemented in Fiscal Year 17 that customers can use to purchase fare products. Sales from the new app have been solid. VIA also plans to "go live" with a new Enterprise Resource Planning (ERP) system in Fiscal Year 19. The system will cover financial/accounting, payroll, human resources, and some maintenance functions, and should result in significantly improved automation of processes and procedures.

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 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 by 2040, Bexar County is projected to add over 1.1 million people and 500,000 jobs. The Rapid Transit Corridor Studies will focus on four critical

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corridors: the Northwest Corridor, the North-Central Corridor, the East-West Corridor, and the Southeast Crosstown Corridor.

Fiscal Year 19 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 Fiscal Year 18, with the Stabilization Fund ("Rainy Day" Fund) at the Board policy level of 60 days. Working capital has the same target balance and is at 37 days at the end of Fiscal Year 18, as some temporary timing impacted the year-end position. Projections over the five-year planning horizon show that VIA will continue to be in sound financial position and will be able to deliver significant transportation system improvements to San Antonio.

Requests for Information

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

Basic Financial Statements

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Statements of Net Position

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 44,139,488	\$ 63,536,044
Investments	31,081,470	30,209,302
Fuel hedging asset	-	416,845
Accounts receivable:		
Federal government	28,851,377	17,015,774
State of Texas - sales taxes	31,168,857	30,030,931
Interest	55,601	323,247
Other, net	3,521,866	2,815,794
Inventory	4,205,220	3,967,956
Prepaid expenses and other current assets	43,182	143,349
Restricted assets:		
Restricted cash - sales tax payable	-	386,904
Restricted cash - debt service	3,011,256	3,261,954
Restricted cash - construction account	-	24,587,144
Restricted investments - sales tax payable	5,735,040	5,158,289
State of Texas Receivable - sales taxes	5,738,415	5,548,659
Total current assets	157,551,772	187,402,192
Noncurrent assets:		
Prepaid expenses	28,720	809
Restricted cash - TxDOT grant	19,308,423	14,624,014
Restricted cash - bond reserve fund	2,896,843	2,851,776
Restricted cash - construction account	-	17,211,138
Restricted investments - TxDOT grant	48,955,248	67,010,283
Capital assets:		
Land	33,334,256	33,094,493
Buildings and shelters	274,929,969	228,981,007
Revenue vehicles	292,554,191	294,661,596
Service vehicles	5,922,368	4,838,009
Equipment	66,041,310	57,000,347
Total capital assets	672,782,094	618,575,452
Less accumulated depreciation	321,091,169	348,958,881
Construction in progress	53,036,535	92,427,132
Net capital assets	404,727,460	362,043,703
Other assets:		
Other postemployment benefits (OPEB) asset	-	4,925,202
Total other assets	-	4,925,202
Total noncurrent assets	475,916,694	468,666,925
Total assets	633,468,466	656,069,117
Deferred outflows of resources		
Pension	20,342,182	24,663,381
Postemployment benefits other than pension	8,407,325	-
Total deferred outflows of resources	28,749,507	24,663,381
Total assets and deferred outflows of resources	\$ 662,217,973	\$ 680,732,498

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	2018	2017
Liabilities		
Current liabilities:		
Accounts payable	\$ 17,123,089	\$ 17,570,596
Retainage payable	2,925,232	1,959,055
Accrued liabilities	7,379,929	6,950,966
Unearned revenue	2,056,684	1,738,140
Claims payable	8,042,214	7,971,754
Current liabilities payable from unrestricted assets	37,527,148	36,190,511
Current liabilities payable from restricted assets:		
Payable from construction fund assets	-	24,587,144
Payable to CoSA and Bexar County	5,735,040	5,545,193
Interest payable	1,324,644	1,372,894
Bonds payable	8,565,000	7,525,000
Total current liabilities	53,151,832	75,220,742
Noncurrent liabilities:		
Net pension liability	129,447,516	144,850,545
Net other postemployment benefits (OPEB) liability	33,240,334	-
Long-term liabilities	152,952,221	163,338,688
Total noncurrent liabilities	315,640,071	308,189,233
Total liabilities	368,791,903	383,409,975
Deferred inflows of resources		
Pension	17,148,134	6,793,508
Postemployment benefits other than pension	101,120	-
Fuel hedging	-	416,845
Total deferred outflows of resources	17,249,254	7,210,353
Total liabilities and deferred inflows of resources	386,041,157	390,620,328
Net position		
Net investment in capital assets	245,849,541	211,516,797
Restricted sales tax	5,738,415	5,548,659
Restricted debt service	1,686,611	1,889,061
Restricted TXDOT grant	68,263,671	81,634,297
Restricted bond reserve fund	2,896,843	2,851,776
Unrestricted	(48,258,266)	(13,328,420)
Total net position	276,176,816	290,112,170
Total liabilities, deferred inflows and net position	\$ 662,217,973	\$ 680,732,498

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Statements of Revenues, Expenses, and Changes in Net Position

	For Fiscal Year Ended	
	2018	2017
Operating revenues:		
Line service	\$ 18,369,534	\$ 18,980,613
Robert Thompson Terminal	77,468	82,050
Other special events	178,001	140,491
VIAtrans	1,999,596	2,033,653
Real estate development	577,989	446,352
Ellis Alley Park and Ride	7,752	10,201
Bus advertising	950,635	939,642
Miscellaneous	416,518	473,160
Total operating revenues	22,577,493	23,106,162
Operating expenses:		
Line service	165,548,929	165,746,945
Disaster relief	-	165,953
Robert Thompson Terminal	499,524	465,271
Other special events	670,088	534,207
VIAtrans	42,097,730	40,055,752
Vanpool	597,442	611,149
Promotional service	65,106	89,541
Real estate development	801	539
Business development and planning	6,468,225	6,685,076
Transit technology	-	492,167
Total operating expenses before depreciation	215,947,845	214,846,600
Depreciation on capital assets:		
Acquired with VIA equity	18,166,762	7,461,756
Acquired with grants	16,195,762	16,550,846
Total operating expenses after depreciation	250,310,369	238,859,202
Operating loss	(227,732,876)	(215,753,040)
Nonoperating revenues (expenses):		
Sales taxes	220,294,591	207,873,339
City of San Antonio intergovernmental agreement	4,300,000	-
Grants revenue - VIA	30,500,898	29,032,637
Grants revenue - pass-through	815,948	1,553,833
Investment income	1,861,966	1,357,966
Bond interest and issuance costs	(5,774,084)	(5,619,099)
Gain (loss) on sale of assets	218,743	2,633,990
Less pass-through funds remitted to subrecipients	(897,060)	(1,452,788)
Less local assistance program	-	(40,000)
Less amounts remitted to CoSA and Bexar County	(34,311,703)	(32,413,170)
Total nonoperating revenues (expenses) - net	217,009,299	202,926,708
Loss before capital contributions	(10,723,577)	(12,826,332)
Capital contributions	24,967,580	25,819,959
Change in net position	14,244,003	12,993,627
Net position at beginning of year, as restated (*)	261,932,813	277,118,543
Net position at end of year	\$ 276,176,816	\$ 290,112,170

* Due to VIA's adoption of GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) in 2018, the beginning net position balance for FY2018 is \$28.2M lower than the ending net position balance in FY2017. See footnote 14.

The accompanying notes are an integral part of these statements.

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Statements of Cash Flows

	For Fiscal Year Ended	
	2018	2017
Cash flows from operating activities		
Cash received from customers	\$ 23,143,989	\$ 23,272,287
Cash payments to vendors for goods and services	(58,085,238)	(61,069,783)
Cash payments for employee services, including salaried fringe benefits	(165,756,523)	(151,260,793)
Net cash provided by (used in) operating activities	(200,697,772)	(189,058,289)
Cash flows from noncapital financing activities		
Sales taxes	218,957,197	207,693,718
Grants revenue received	30,087,557	27,041,045
Payments to TxDOT, CoSA and Bexar County	(34,126,771)	(32,390,305)
CoSA interlocal agreement	4,300,000	-
Net cash provided by (used in) noncapital financing activities	219,217,983	202,344,458
Cash flows from capital and related financing activities		
Proceeds from capital grants	13,464,219	16,252,229
Proceeds from bond issuance	-	81,273,505
Principal payments on bonds	(7,525,000)	(3,219,339)
Premium, interest and financing fees	(7,249,162)	9,268,058
Proceeds from sale of assets	218,743	2,811,328
Purchase of capital assets	(101,001,702)	(150,624,669)
Net cash provided by (used in) capital and related financing activities	(102,092,902)	(44,238,888)
Cash flows from investing activities		
Sale of investment securities	164,867,071	202,666,130
Purchase of investment securities	(141,239,387)	(121,493,580)
Interest earnings	2,842,043	1,926,499
Net cash provided by (used in) investing activities	26,469,727	83,099,049
Net increase (decrease) in cash and cash equivalents	(57,102,964)	52,146,330
Cash and cash equivalents at beginning of year	126,458,974	74,312,644
Cash and cash equivalents at end of year	\$ 69,356,010	\$ 126,458,974
Reconciliation of operating loss to net cash provided (used in) operating activities		
Operating loss	\$ (227,732,875)	\$ (215,753,035)
Adjustments to reconcile operating loss to net cash provided (used in) operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	18,166,762	7,461,756
Acquired with grants	16,195,762	16,550,846
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	415,360	1,246,719
Decrease (increase) in inventory	155,913	(1,261,906)
Decrease (increase) in prepaid expenses and other current assets	(210,110)	(170,796)
Decrease (increase) in prepaid pension	4,321,199	888,232
Decrease (increase) in prepaid other postemployment benefits	(6,267,529)	-
(Decrease) increase in accounts payable	(567,549)	(137,742)
(Decrease) increase in accrued liabilities	(5,174,705)	2,117,637
Net cash provided by (used in) operating activities	\$ (200,697,772)	\$ (189,058,289)
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	\$ 44,139,488	\$ 63,536,044
Restricted - mandated purpose	25,216,522	62,922,930
Total cash and cash equivalents	\$ 69,356,010	\$ 126,458,974
Noncash investing and financing activities		
Change in fair value of investments reported as cash equivalents	\$ (712,430)	\$ (865,748)

The accompanying notes are an integral part of these statements.

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Notes to the Financial Statements

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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. All ATD bus routes are either limited stop or express routes. Bus operator time for those 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.

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The following are condensed financial statements for ATD:

Condensed Statements of Net Position

	2018	2017
Current assets	\$ 28,814,775	\$ 27,535,519
Other noncurrent assets	-	-
Total assets	28,814,775	27,535,519
Liabilities		
Payable to MTA	2,881,010	2,182,812
Other current liabilities	6,892,765	6,665,168
Total current liabilities	9,773,775	8,847,980
Total long-term liabilities	32,790,643	33,911,382
Total liabilities	42,564,418	42,759,362
Net position:		
Net deficit investment in capital assets	(33,705,643)	(34,781,383)
Restricted	5,891,214	5,693,684
Unrestricted	14,064,786	13,863,856
Total net position	\$ (13,749,643)	\$ (15,223,843)

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

	2018	2017
Operating revenues - line service	\$ 3,387,902	\$ 3,559,201
Operating expenses before depreciation	35,216,001	37,223,770
Depreciation on capital assets	-	-
Operating loss	(31,828,099)	(33,664,569)
Nonoperating revenues (expenses):		
Sales taxes	68,623,406	64,826,341
Less amounts remitted to CoSA and Bexar County	(34,311,703)	(32,413,170)
Other nonoperating revenues (expenses)	(917,700)	(1,099,456)
Total nonoperating revenues (expenses) - net	33,394,003	31,313,715
Transfer out	(91,704)	(24,914,814)
Change in net position	1,474,200	(27,265,668)
Net position at beginning of year	(15,223,843)	12,041,825
Net position at end of year	\$ (13,749,643)	\$ (15,223,843)

Condensed Statements of Cash Flows

	2018	2017
Net cash provided by (used in) operating activities	\$ (31,130,636)	\$ (34,733,359)
Net cash provided by (used in) financing activities	34,126,770	32,350,305
Net cash provided by (used in) capital and related financing activities	(2,370,050)	(27,281,419)
Net cash provided by (used in) investing activities	(1,941,554)	22,248,143
Net increase (decrease) in cash and cash equivalents	(1,315,470)	(7,416,330)
Cash and cash equivalents at beginning of year	4,892,843	12,309,173
Cash and cash equivalents at end of year	\$ 3,577,373	\$ 4,892,843

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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.

Current Year Implementation

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 beginning October 1, 2017.

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 fiscal year beginning October 1, 2017.

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. 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 beginning October 1, 2018.

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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 requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities, and by clarifying whether and how business-type activities should report their fiduciary activities. The new standard is effective for periods beginning after December 15, 2018 and thus for VIA's fiscal year beginning October 1, 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 will be effective for VIA's fiscal year beginning October 1, 2020.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement will be effective for VIA's fiscal year beginning October 1, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This GASB Statement establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. Under current governmental accounting standards, universities, colleges, hospitals, and governments with a business-type activity or enterprise fund are required to capitalize interest costs incurred before the end of a construction period as part of the cost of the related asset. With the application of GASB Statement No. 89, organizations and funds will now expense this type of interest cost as incurred. This Statement will be effective for VIA's reporting period beginning October 1, 2020.

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GASB Statement No. 90, *Major Equity Interests*, improves consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement will be effective for VIA's fiscal year beginning October 1, 2019.

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, 2018 is \$21,620 compared with the allowance at September 30, 2017 of \$10,525.

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.

F. Inventory

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

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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 11.

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.
- VIA no longer carries fixed-rate swaps for fuel but held swaps in Fiscal Year 2017. The prior year figures are 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.

VIA is working with the City of San Antonio under an interlocal agreement to increase services along select corridors within the City of San Antonio. The City of San Antonio is funding this through advance payments. VIA takes revenue as those services occurred. In Fiscal Year 2018, the agreed upon services were provided by the end of the fiscal year, such that no unearned revenue existed under this agreement at year end.

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.

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- 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.
- 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.

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- Business Development and Planning includes expenses related to planning, designing, constructing, opening, and implementing new capital projects related to new modes of service or new operating facilities.
- Transit Technology includes expenses related to the operation and maintenance of information technology that services transit operations.

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 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, and Texas Local Government Investment Pools TexPool and TexSTAR.

A. Deposits

As of September 30, 2018, the carrying amount of VIA's cash and cash equivalents on the statement of net position was \$69,356,010 (\$126,458,974 in 2017). 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. VIA's deposits also include funds with TexPool and TexSTAR.

VIA's 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 contacts 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 observable inputs.

United States Treasury and agency securities in the amount of \$85,771,758 (\$102,377,874 in 2017). Securities in the amount of \$68,673,897 (\$84,562,684 in 2017) with an original maturity of less than one year are carried at amortized cost. Securities in the amount of \$17,097,860 (\$17,815,190 in 2017) 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 79, *Certain External Investment Pools and Pool Participants*, to be valued at amortized cost. VIA's investment in TexPool is reported under the "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,

2018 Investment Maturities						
Investments	Less Than 90 Days	From 91 to 180 Days	From 181 to 364 Days	From 1 Year to 5 Years	From 5 Years to 10 Years	Carrying Amount
United States Treasury notes	\$ -	\$ -	\$ -	\$ 6,738,060	\$10,359,800	\$ 17,097,860
Federal Home Loan Mortgage Bank agency securities	25,202,361	5,959,670	23,752,888	-	-	54,914,919
Freddie Mac agency securities	2,351,023	7,400,992	4,006,964	-	-	13,758,979
Total United States Treasury and agency securities	27,553,384	13,360,662	27,759,852	6,738,060	10,359,800	85,771,758
TexStar	50,286,542					50,286,542
TexPool	1,077,301					1,077,301
Total Investments	\$ 78,917,227	\$ 13,360,662	\$ 27,759,852	\$ 6,738,060	\$10,359,800	\$ 137,135,601

2017 Investment Maturities						
Investments	Less Than 90 Days	From 91 to 180 Days	From 181 to 364 Days	From 1 Year to 5 Years	From 5 Years to 10 Years	Carrying Amount
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

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At September 30, 2018 and 2017, VIA had the following deposits and investments:

	Carrying Amount 2018	Carrying Amount 2017
Deposits:		
Cash on hand	\$ 1,007,424	\$ 476,304
Cash in bank	16,984,743	35,250,748
CDs	-	7,608,632
Total deposits	17,992,167	43,335,684
Investments:		
Texpool	50,286,542	42,263,619
TexSTAR	1,077,301	40,859,671
United States agency securities	85,771,758	102,377,874
Total cash, cash equivalents and investments	<u>\$ 155,127,768</u>	<u>\$ 228,836,848</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 changes to 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, 88% of VIA's investment portfolio limits is invested in maturities less than one year (91% in 2017). Investment maturities are as follows:

	Percentage of Portfolio September 30,	
<u>Maturity</u>	<u>2018</u>	<u>2017</u>
Less than 90 days	58%	61%
From 91 days to 180 days	10%	8%
From 181 days to 364 days	20%	21%
From 365 days to 5 years	5%	4%
Equal to or greater than 5 years and less than 10 years	7%	6%

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, investment issued or explicitly guaranteed by the United States government are excluded from this requirement.

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

Credit Risk Ratings as of September 30, 2018			
Investments	Minimum Legal Rating	Investment Rating	Rating Organization
United States Treasury Notes	N/A	N/A	N/A
Federal Home Loan Bank agency securities	A-1	Aaa	Moody's
Freddie Mac agency securities	A-1	Aaa	Moody's
TexSTAR	AAA	AAAm	Standard & Poor's
TexPOOL	AAA	AAAm	Standard & Poor's

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 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
TexSTAR	AAA	AAAm	Standard & Poor's
TexPOOL	AAA	AAAm	Standard & Poor's

Concentration of Credit Risk – As a means of limiting its exposure to concentration of credit risk, VIA's investment policy limits the maximum percentage allowed in each type of investment. Direct obligations such as United States Treasury Notes are limited to 95% of VIA's investment portfolio. Indirect obligations, such as Federal Home Loan Mortgage Bank Agency Securities, Freddie Mac Agency Securities, and Fannie Mae Agency Securities, are limited to 85% of VIA's investment portfolio. As of September 30, 2018, VIA's investment portfolio consists of 12% (10% in 2017) in direct obligations and 50% (46% in 2017) 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	
	September 30, 2018	2017
United States Treasury Notes	12%	10%
Federal Home Loan Bank agency securities	40%	38%
Freddie Mac agency securities	10%	4%

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C. Financial Hedges for Fuel

VIA had 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 volatility.

All of VIA's open hedges were settled in Fiscal Year 18. No new hedges were entered into in Fiscal Year 18 since most of VIA's buses are now powered by CNG and VIA is not able to hedge that fuel due to how it is supplied and priced.

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). VIA has only used swaps for hedging, and no up-front cash was received or paid by VIA when entering into these swaps. 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 liability.

The fair value of VIA's open hedges as of September 30, 2018 and 2017 was \$0 and \$416,845, respectively. A summary of fuel derivative transactions as of September 30, 2017 is shown below:

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 USGC 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	<u>\$ 416,845</u>	<u>\$ 307,287</u>

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.

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.

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- 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 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 was 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 was settled monthly against Platts US Gulf Coast UNL 87 gasoline.
- In addition, in May 2016, VIA entered into a fixed rate swap with BP to cover 499,968 gallons of propane at \$0.5500/gallon. The propane swap was settled against Platts OPIS Mont Belvieu.

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, 2018, VIA has no outstanding swaps. As of September 30, 2017, VIA had 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 "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, 2018 was \$0, since VIA has no open hedges as of that date. As of September 30, 2017, the maximum amount of loss due to VIA due to credit risk was \$416,845. On September 30, 2017, the outstanding diesel fuel swap had a value of \$254,806, the outstanding gasoline 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.

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 that 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 Mont Belvieu Propane.

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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.

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.

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

	Cash & Cash Equivalents	Investments	2018 Total	2017 Total
Restricted deposits and investments				
Bond construction fund	\$ -	\$ -	\$ -	\$ 41,798,282
Bond fund -- principal and interest due	3,011,256	-	3,011,256	3,261,954
Bond reserve fund	2,896,843	-	2,896,843	2,851,776
TxDOT grant	19,308,423	48,955,248	68,263,671	81,634,297
Sales tax payable	-	5,735,040	5,735,040	5,545,193
Total restricted deposits and investments	25,216,522	54,690,288	79,906,810	135,091,502
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	20,274,404	19,005,596	39,280,000	37,580,000
VIA capital fund	-	-	-	6,067,016
Working capital:				
MTA	18,342,492		18,342,492	33,469,061
ATD	3,181,849	2,573,940	5,755,789	4,110,939
Retainage	2,340,743		2,340,743	5,986,925
Capital grants local share		8,186,553	8,186,553	5,216,024
Total unrestricted deposits and investments	44,139,488	31,081,470	75,220,958	93,745,346
Total deposits and investment balances	\$ 69,356,010	\$ 85,771,758	\$ 155,127,768	\$ 228,836,848

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 2017 to September 2018. The comparative period schedules follow:

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	Balance at September 30, 2017	Additions	Deletions	Transfers**	Balance at September 30, 2018
Land*	\$ 33,094,493	\$ -	\$ -	\$ 239,763	\$ 33,334,256
Buildings and shelters	228,981,007	-	(1,557,892)	47,506,854	274,929,969
Revenue & service vehicles	299,499,605	40,691,908	(60,190,125)	18,475,171	298,476,559
Equipment	57,000,347	11,452	(491,310)	9,520,821	66,041,310
	618,575,452	40,703,360	(62,239,327)	75,742,609	672,782,094
Accumulated depreciation:					
Buildings and shelters	157,125,176	9,376,157	(1,557,892)	(5,384,238)	159,559,203
Revenue & service vehicles	150,579,604	20,834,866	(60,190,125)	-	111,224,345
Equipment	41,254,101	4,160,592	(491,310)	5,384,238	50,307,621
	348,958,881	34,371,615	(62,239,327)	-	321,091,169
Net capital assets before construction in progress	269,616,571	6,331,745	-	75,742,609	351,690,925
Buildings and shelters	63,447,823	28,952,003	(142,824)	(50,638,208)	41,618,794
Revenue and service vehicles	16,479,450	3,873,791	-	(18,385,679)	1,967,562
Equipment	12,499,859	3,669,042	-	(6,718,722)	9,450,179
Construction in progress	92,427,132	36,494,836	(142,824)	(75,742,609)	53,036,535
Net capital assets	\$ 362,043,703	\$ 42,826,581	\$ (142,824)	\$ -	\$ 404,727,460

* Capital assets not being depreciated.

** \$5,384,238 of accumulated depreciation on equipment was reclassified (from buildings and shelters to equipment category).

	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	-	38,890,546	228,981,007
Revenue & service vehicles	182,609,081	109,311,888	(502,351)	8,080,987	299,499,605
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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The following is a summary of depreciation expense:

Description	Years Ended	
	September 30,	
	2018	2017
Capital assets acquired with VIA equity	\$ 18,166,762	\$ 7,461,756
Capital assets acquired with grants	16,195,763	16,550,846
	<u>\$ 34,362,525</u>	<u>\$ 24,012,602</u>

Note 7 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 51% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2018 (60% in 2017). 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:

Sales Tax Revenues

Description	Years Ended	
	September 30,	
	2018	2017
MTA	\$ 151,671,185	\$ 143,046,998
ATD	68,623,406	64,826,341
	<u>\$ 220,294,591</u>	<u>\$ 207,873,339</u>

Sales taxes for VIA increased by \$8,624,187 in 2018 and by \$4,434,932 in 2017. ATD sales taxes increased \$3,797,064 in 2018 and increased by \$1,971,209 in 2017. 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,	
	2018	2017
MTA	\$ 25,435,357	\$ 24,482,273
ATD-VIA	5,733,500	5,548,658
ATD-Other (CoSA and Bexar County)	5,738,415	5,548,659
	<u>\$ 36,907,272</u>	<u>\$ 35,579,590</u>

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

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Note 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.

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.

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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.

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.

<u>Service at Retirement</u>	<u>Supplement (One-Time)</u>
<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):

<u>Service at Retirement</u>	<u>Benefit Payable Before Age 65</u>	<u>Benefit Payable After Age 65</u>
<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

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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, 2016 and 2015, the dates used to develop the pension accounting information that is reported for the fiscal years ending September 30, 2018 and 2017, respectively.

	FY2018	FY2017
Inactive Plan members or beneficiaries currently receiving benefits	946	901
Inactive Plan members entitled to, but not yet receiving, benefits	126	124
Active Plan members	1,197	1,272
Total Plan members	2,269	2,297

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, 2018 was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016 and rolled forward to the September 30, 2017 measurement date. 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.

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K. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2016 and rolled forward to September 30, 2017, 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, 2017 was determined by an actuarial valuation as of October 1, 2015 and rolled forward to a measurement date of September 30, 2016 using the same actuarial assumptions as shown above. The actuarial assumptions used in the October 1, 2016 and October 1, 2015 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.

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, 2018 are summarized in the table below:

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	6.07%	22%	1.34%
International Equity - Small Cap	7.59%	13%	0.99%
Global Equity	13.63%	20%	2.73%
Long/Short Equity	1.72%	5%	0.09%
Fixed Income	1.55%	30%	0.47%
Real Estate	8.16%	10%	0.82%
Total Expected Arithmetic Real Return:			6.42%
Inflation Assumption for Actuarial Valuation:			3.00%
Total Expected Arithmetic Nominal Return:			9.42%

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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 are the following:

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, 2017 and September 30, 2016 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, 2018

Current Single Discount Rate		
1.0% Decrease	Assumption	1.0% Increase
6.5%	7.5%	8.5%
\$ 172,271,339	\$ 129,447,516	\$ 92,737,442

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

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Changes in Net Pension Liability

	2018	2017
Total Pension Liability		
Service cost	\$ 7,611,616	\$ 7,905,267
Interest	28,782,751	27,529,518
Benefit changes	-	-
Difference between expected and actual experience	(687,692)	2,205,382
Assumption changes	-	-
Benefit payments	(21,397,791)	(19,443,391)
Refunds	(379,738)	(346,216)
Net change in total pension liability	13,929,146	17,850,560
Total pension liability - beginning	390,852,971	373,002,411
Total pension liability - ending	<u>\$ 404,782,117</u>	<u>\$ 390,852,971</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 13,308,001	\$ 12,907,774
Contributions - employee	4,486,984	4,121,628
Pension plan net investment income	33,570,332	21,792,138
Benefits payments	(21,397,791)	(19,443,391)
Refunds	(379,738)	(346,216)
Pension plan administrative expense	(255,612)	(143,808)
Net change in Plan fiduciary net position	29,332,176	18,888,125
Plan fiduciary net position - beginning	246,002,425	227,114,300
Plan fiduciary net position - ending	<u>\$ 275,334,601</u>	<u>\$ 246,002,425</u>
VIA's net pension liability - ending	<u>\$ 129,447,516</u>	<u>\$ 144,850,546</u>

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

Pension Expense

For the year ended September 30, 2018, VIA recognized pension expense of \$11,753,237. For the year ended September 30, 2017, VIA recognized pension expense of \$15,602,672.

Schedule of Pension Expense

Schedule of Pension Expense

	2018	2017
Total service cost	\$ 7,611,616	\$ 7,905,267
Interest on the total pension liability	28,782,751	27,529,518
Current period benefit changes	-	-
Employee contributions (reduction of expense)	(4,486,984)	(4,121,628)
Projected savings on plan investments (reduction of expense)	(18,291,251)	(16,924,672)
Administrative expense	255,612	143,808
Other changes in fiduciary net position	-	-
Recognition of outflow (inflow) of resources due to liabilities	505,937	639,007
Recognition of outflow (inflow) of resources due to assets	(2,624,444)	431,372
Total pension expense	<u>\$ 11,753,237</u>	<u>\$ 15,602,672</u>

At September 30, 2018, VIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fiscal Year Ended September 30, 2018

1. Differences between expected and actual experience
2. Net differences between projected and actual earnings on Plan investments
3. Contributions paid subsequent to the measurement date

	Outflows of Resources	Inflows of Resources
\$	2,152,676	\$ 554,622
	5,709,266	16,593,512
	12,480,240	-
<u>\$</u>	<u>20,342,182</u>	<u>\$ 17,148,134</u>

Fiscal Year Ended September 30, 2017

1. Differences between expected and actual experience
2. Net differences between projected and actual earnings on Plan investments
3. Contributions paid subsequent to the measurement date

	Outflows of Resources	Inflows of Resources
\$	2,791,682	\$ -
	8,563,898	6,793,508
	13,307,801	-
<u>\$</u>	<u>24,663,381</u>	<u>\$ 6,793,508</u>

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Contributions subsequent to the measurement date are recognized in the following period. September 30, 2018 amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Net Deferred Outflows/ Inflows of Resources
2018	\$ (2,118,507)
2019	(668,738)
2020	(3,523,373)
2021	(2,953,233)
2022	(22,342)
Thereafter	-
Total	<u>\$ (9,286,193)</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, 2018 totaled \$2,553,000 (\$1,862,020 in 2017).

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Note 10 – Postemployment Benefits Other Than Pensions

Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the VIA OPEB Plan and additions to/deductions from VIA's OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by VIA. For this purpose, VIA's OPEB Plan recognizes benefits payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In Fiscal Year 18, VIA implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Beginning net position was restated but prior years were not restated, as permitted by GASB 75. Since VIA presents comparative financial information, at the end of this note there are disclosures of the funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress, and actuarial methods and assumptions reported for Fiscal Year 17, prior to implementation of GASB 75.

General Information about the OPEB Plan

A. Plan Description and Benefits Provided

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. As of October 1, 2017, the most recent valuation date, there are 311 retirees and dependents receiving VIA healthcare benefits and 746 participating in the VIA life insurance program. VIA provides, at no cost, base coverage for life insurance of \$10,000 or \$20,000, based on age, for retirees at a premium rate paid to a life insurance company. Any additional premium to provide coverage in excess of the base amount is shared by VIA and the retirees.

Employees covered by benefit terms. The following table provides a summary of the number of participants in the plan as of September 30, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	777
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	1,957
Total Plan Members	2,734

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B. Funding Policy

VIA's funding policy is to fund 100% of the actuarially determined contribution by the end of each fiscal year. OPEB funding is handled through a Section 115 trust. The actuarially determined contribution is based on a closed amortization period. As a result, the OPEB Plan's fiduciary net position is expected to be available to make all future projected benefit payments of current plan members.

Net OPEB Liability

VIA's net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was based on actuarial assumptions in an actuarial valuation report as of October 1, 2017.

Actuarial 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.

For the fiscal year ended September 30, 2018 (and the measurement date September 30, 2017), the actuarial valuation date was October 1, 2017. The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	7.25%
Inflation	2.75%
Salary Increases	Increases range from 3.75% to 5.25% for Hourly Employees and 3.75% to 5.75% for Salaried Employees, including inflation and are based on years of service.
Demographic Assumptions	Based on VIA's experience study for the Retirement Plan for the six-year period ending September 30, 2016.
Mortality	Gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment are used, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation Rates	Rates of 40% pre-65 and 20% post-65, with half assumed to discontinue at age 65.
Healthcare Cost Trend Rates	
Health	Initial rates of 7.50% for pre-65 and 6.40% for post-65, declining to ultimate rates of 4.25% for both pre-65 and post-65 after 14 years.

Projected benefit payments are required to be discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB Plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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The long-term rate expected rate of return by asset class is shown below:

Asset Class	Target Allocation	Benchmark	Long-Term Mean Nominal Return	Long-Term Mean Real Rate of Return
Domestic equity	50%	S&P 1500	8.5%	5.5%
International equity	15%	MSCI ACWI Ex-US	7.2%	4.2%
Fixed income	35%	Aggregate Index	5.2%	2.2%
Total	100%			

Note: For illustrative purposes, historical long-term average returns have been used as a reasonable expectation of nominal returns and reduced by 3% to adjust to real terms. The expected rate of inflation is 3%.

The long-term expected rate of return on OPEB plan investments is 7.25%; the municipal bond rate is 3.50% (based on the daily rate closest to but not later than the measurement date of Fidelity “20-Year Municipal GO Index”); and the resulting Single Discount Rate is 7.25%. The discount rate was 7.50% as of the beginning of the measurement period. The change to the discount rate was due to a reduction in the assumed long-term rate of return.

Changes in the Net OPEB Liability

Changes in the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at 9/30/17	\$ 32,735,778	\$ 7,341,827	\$ 25,393,951
Service cost	832,570	-	832,570
Interest on the total OPEB liability	2,412,291	-	2,412,291
Changes of benefit terms	-	-	-
Difference between expected and actual experience	5,788,320	-	5,788,320
Changes of assumptions	1,633,830	-	1,633,830
Employer contributions	-	2,139,796	(2,139,796)
Net investment income	-	683,082	(683,082)
Benefit payments	(1,976,355)	(1,976,355)	-
Administrative expense	-	(3,210)	3,210
Other	-	960	(960)
Net changes	8,690,656	844,273	7,846,383
Balances at 9/30/18	\$ 41,426,434	\$ 8,186,100	\$ 33,240,334

The liability resulting from “Changes of assumptions” is a result of new demographic and OPEB-specific assumptions that were adopted as a result of the experience study for the Retirement Plan for the six-year period ended September 30, 2016. Included in the changes was a reduction to the discount rate from 7.50% to 7.25%.

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Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of VIA calculated with a Single Discount Rate of 7.25%, as well as what VIA's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease 6.25%	Current Single Discount Rate Assumption	1% Increase 8.25%
Net OPEB liability (asset)	\$ 38,553,783	\$ 33,240,334	\$ 28,837,283

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of VIA calculated using the assumed trend rates, as well as what VIA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability (asset)	\$ 30,576,634	\$ 33,240,334	\$ 36,459,041

The current healthcare cost trend rates assumption is initial rates of 7.50% for pre-65, declining to ultimate rates of 4.25% for both pre-65 and post-65, after 14 years.

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued VIA Metropolitan Transit Other Postemployment Benefits Trust Financial Statements and Independent Auditors' Report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended year ended September 30, 2018, VIA recognized OPEB expense of \$3,557,073. At September 30, 2018, VIA reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience, liability	\$ 5,092,734	\$ -
Change in assumptions	1,437,492	-
Difference between expected and actual experience, assets	-	101,120
Contributions subsequent to the measurement date	1,877,099	-
Total	\$ 8,407,325	\$ 101,120

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Amounts reported as deferred outflows of resources and deferred inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows (Inflows)
2019	\$ 866,644
2020	866,644
2021	866,644
2022	866,644
2023	891,924
Thereafter	2,070,606
Total	\$ 6,429,106

As of September 30, 2018, VIA had a payable of zero for the outstanding amount of contributions to the OPEB Plan required for the year ended September 30, 2018. VIA made the required contribution prior to year-end.

Disclosures for Fiscal Year 17

A. Funding Policy

Prior to VIA's implementation of GASB 75 in Fiscal Year 18, VIA's funding policy was to fund 100% of the annual required contribution (ARC) by the end of each year. Subsequent to implementation of GASB 75 in Fiscal Year 18, the policy is to contribute 100% of the actuarially determined contribution (ADC). Terminology has changed under GASB 75. Other postemployment benefits (OPEB) funding is handled through a Section 115 trust.

B. Annual OPEB Cost and Net OPEB Obligation

In Fiscal Year 17, VIA's ARC was 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
Annual required contribution	\$ 2,224,380
Interest on net OPEB obligation	(369,390)
Adjustment to annual required contribution	284,806
Annual OPEB cost	2,139,796
Contributions made	(2,139,796)
Increase in net OPEB obligation (asset)	-
Net OPEB obligation (asset) at beginning of year	(4,925,202)
Net OPEB obligation (asset) at end of year	\$ (4,925,202)

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			
Fiscal Year Ended	Annual OPEB Cost ("AOC")	Percentage of 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

C. 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 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.

D. 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-

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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, closed period” 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% 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.

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.

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

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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, 2018, VIA recorded claims payable of \$8,042,214 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* (\$7,971,754 in 2017). 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, 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
Current period claims and charges in estimates	1,968,799	1,973,063	17,842,297	21,784,159
Claim payments	(1,228,824)	(2,453,583)	(18,031,292)	(21,713,699)
Claims payable at September 30, 2018	\$ 4,440,100	\$ 2,052,682	\$ 1,549,432	\$ 8,042,214

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 ½ of 1%, the purpose of which is to support VIA's ownership, operation, and maintenance of the Transit Authority System, as provided and in accordance with Chapter 451, as

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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 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.

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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 ½ of 1%, the purpose of which is to support VIA's ownership, operation, and maintenance of the Transit Authority System, as provided and in accordance with Chapter 451, as amended, Texas Transportation Code. "Transit Authority System" means any and all VIA real and personal property that is owned, rented, leased, controlled, operated, or held for mass transit purposes pursuant to Chapter 451, together with all future extensions, improvements, replacements and additions thereto.

Changes in long-term obligations for the year ended September 30, 2018 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	\$ 960,000	\$ -	\$ (475,000)	\$ 485,000	\$ 485,000
Series 2013 MTA Farebox Revenue and Refunding Bonds	1.00%- 5.25%	39,965,000	36,030,000	-	(1,020,000)	35,010,000	1,060,000
Series 2014 ATD Sales Tax Revenue and Refunding Bonds	2.00%- 5.00%	32,925,000	30,495,000	-	(870,000)	29,625,000	915,000
Series 2017 MTA Sales Tax Revenue and Refunding Bonds	3.00%- 5.00%	81,995,000	81,995,000	-	(5,160,000)	76,835,000	6,105,000
Total bonds		158,085,000	149,480,000	-	(7,525,000)	141,955,000	8,565,000
Bond premium		N/A	18,258,044	-	(1,335,124)	16,922,920	-
Compensated absences		N/A	6,938,527	2,525,489	(2,938,809)	6,525,207	3,912,311
Other		N/A	25,495	910	-	26,405	-
Total long-term liabilities		\$ 158,085,000	\$ 174,702,066	\$ 2,526,399	\$ (11,798,933)	\$ 165,429,532	\$ 12,477,311

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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

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

Year Ending September 30,	Principal	Interest	Total Requirements
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	7,165,000	5,583,450	12,748,450
2024-2028	54,510,000	21,192,525	75,702,525
2029-2033	27,475,000	8,874,713	36,349,713
2034-2038	22,455,000	3,477,750	25,932,750
	<u>\$ 141,955,000</u>	<u>\$ 65,000,093</u>	<u>\$ 206,955,093</u>

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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. See Note 11 D. for amounts reserved.

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

VIA discloses significant outstanding construction commitments greater than \$5,000,000 separately. All other construction commitments are grouped together. There are no individually significant outstanding construction commitments as of September 30, 2018. The total of the remaining outstanding commitments at September 30, 2018 is \$13,909,574.

E. Lease Commitments

During the course of operations, VIA enters into various lease arrangements as both a lessor and a lessee.

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Note 14 – Cumulative Effect of Accounting Change

During fiscal year 2018, VIA adopted GASB Statement No.75. Net position at October 1, 2017 was restated as follows:

	MTA	ATD	Total
Net position at October 1, 2017, as previously reported	\$ 305,336,013	\$ (15,223,843)	\$ 290,112,170
Adoption of GASB Statement No. 75:			
Remove GASB Statement No. 45 net OPEB asset from prior year	(4,925,202)	-	(4,925,202)
Add net OPEB liability as of 9/30/16 (*)	(25,393,951)	-	(25,393,951)
Add deferred outflow for contributions made between measurement date for beginning net OPEB liability and beginning of VIA's fiscal year	2,139,796	-	2,139,796
Net position at October 1, 2017, as restated	\$ 277,156,656	\$ (15,223,843)	\$ 261,932,813

(*) Reflects the balance of the net OPEB liability as of the beginning of the initial period of implementation (determined as of the measurement date that would have been applied in the prior fiscal year if Statement No. 75, as amended, had been in effect).

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Required Supplementary Information - Unaudited

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Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 7,611,616	\$ 7,905,267	\$ 7,885,706	\$ 8,053,350
Interest on the total pension liability	28,782,751	27,529,518	26,126,424	25,024,697
Changes in benefit terms	-	-	2,722,757	-
Differences between expected and actual experience	(687,692)	2,205,382	1,469,523	-
Changes of assumptions	-	-	-	-
Benefit payments - including refunds of employee contributions	(21,397,791)	(19,789,607)	(19,222,937)	(17,386,120)
Refunds	(379,738)	-	-	-
Net change in total pension liability	13,929,146	17,850,560	18,981,473	15,691,927
Total pension liability - beginning	390,852,971	373,002,411	354,020,938	338,329,011
Total pension liability - ending (a)	\$ 404,782,117	\$ 390,852,971	\$ 373,002,411	\$ 354,020,938
Plan Fiduciary Net Position				
Contributions - employer	\$ 13,308,001	\$ 12,907,774	\$ 12,143,694	\$ 9,798,508
Contributions - employee	4,486,984	4,121,628	4,236,620	4,227,570
Net investment income	33,570,332	21,792,138	2,675,221	22,741,162
Benefit payments - including refunds of employee contributions	(21,397,791)	(19,789,607)	(19,222,937)	(17,168,273)
Refunds	(379,738)	-	-	-
Administrative expense	(255,612)	(143,808)	(236,158)	(215,172)
Other	-	-	-	(217,847)
Net change in plan fiduciary net position	29,332,176	18,888,125	(403,560)	19,165,948
Plan fiduciary net position - beginning	246,002,425	227,114,300	227,517,860	208,351,912
Plan fiduciary net position - ending (b)	\$ 275,334,601	\$ 246,002,425	\$ 227,114,300	\$ 227,517,860
Net pension liability (a)-(b)	\$ 129,447,516	\$ 144,850,546	\$ 145,888,111	\$ 126,503,078
Plan fiduciary net position as a percentage of total pension liability	68.0%	62.9%	60.9%	64.3%
Covered payroll	67,512,908	69,482,896	70,477,214	71,690,366
Net pension liability as a percentage of covered employee payroll	191.7%	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 four years are presented. The full trend information will be accumulated over the next six 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	13,307,801	13,308,001	(200)	67,512,908	19.71%
2018	12,480,239	12,480,240	(1)	66,171,190	18.86%

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Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ended September 30, 2018

(Multi-year schedules may be built prospectively)

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 832,570
Interest on the total OPEB liability	2,412,291
Changes of benefit terms	-
Difference between expected and actual experience	5,788,320
Changes of assumptions	1,633,830
Benefit payments	(1,976,355)
Net change in total OPEB liability	<u>8,690,656</u>
Total OPEB liability - beginning	<u>32,735,778</u>
Total OPEB liability - ending (a)	<u><u>\$ 41,426,434</u></u>
 Plan fiduciary net position	
Employer contributions	\$ 2,139,796
Nonemployer contributing entities contributions	-
Employee contributions	-
OPEB plan net investment income	683,082
Benefit payments	(1,976,355)
OPEB plan administrative expense	(3,210)
Other	960
Net change in plan fiduciary net position	<u>844,273</u>
Plan fiduciary net position - beginning	<u>7,341,827</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,186,100</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 33,240,334</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	19.76%
Covered payroll	\$ 104,967,899
Net OPEB liability as a percentage of covered-employee payroll	31.67%

Notes to Schedule:

New demographic and OPEB-specific assumptions were adopted as a result of the recent experience study. Included in the changes was a reduction to the discount rate from 7.50% to 7.25%.

GASB Statement No. 75 requires this schedule to be presented for a ten-year period. VIA adopted GASB Statement No. 75 in Fiscal Year 2018, therefore, only one year is presented. The full trend information will be accumulated over the next nine years.

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Schedule of OPEB Contributions

Last 10 Fiscal Years

(Multi-year schedules may be built prospectively)

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 2,302,233	\$ 2,302,233	\$ -	\$ 112,718,602	2.0%

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September 30, 2018 and 2017 - Unaudited

Schedule of Funding Progress of Postretirement Benefits

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

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September 30, 2018 and 2017 - Unaudited

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.

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	25 years remaining as of September 30, 2017
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%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 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 3.50% 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.

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017 - Unaudited

Note 2 – Schedule of Other Postemployment Benefits Other than Pension

A. Valuation Date

The Actuarially determined contribution for VIA's fiscal year ending September 30, 2018 was developed in the October 1, 2015 valuation and contributed during the plan's fiscal year ending September 30, 2018.

B. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Discount Rate	7.50%
Inflation	3.00%
Salary Increases	4.25 to 6.75%, including inflation, plus an overtime adjustment varying from 1.25% of pay for office workers to 14.50% for operators.
Demographic Assumptions	Based on VIA's experience study for the five-year period ending September 30, 2010.
Mortality	Mortality rates were based on the RP-2000 Mortality Table for Healthy Annuitants projected to 2010 with Scale AA.
Participation Rates	Initial rates of 40% pre-65 and 20% post-65, declining each year to ultimate rates of 30% pre-65 and 15% post-65 beginning in 2020. Half are assumed to discontinue coverage at age 65.
Healthcare cost trend rates	Initial rates of 7.25%, declining to a rate of 4.50% after 14 years.

C. Other Information

VIA began complying with Governmental Accounting Standards Board Statement No. 75 (GASB No. 75) with the fiscal year ending September 30, 2018.

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

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

Combining Statements of Net Position – Fiscal Year 2018

	MTA	ATD	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 40,957,639	\$ 3,181,849	\$ -	\$ 44,139,488
Investments	23,057,530	8,023,940	-	31,081,470
Accounts receivable:				
Federal government	28,851,377	-	-	28,851,377
State of Texas - sales taxes	25,435,357	5,733,500	-	31,168,857
Interest	49,094	6,507	-	55,601
Receivable from ATD	2,881,010	-	(2,881,010)	-
Other	3,521,866	-	-	3,521,866
Inventory	4,205,220	-	-	4,205,220
Prepaid expenses and other current assets	43,182	-	-	43,182
Restricted assets:				
Restricted cash - sales tax payable	-	-	-	-
Restricted cash - debt service	2,615,732	395,524	-	3,011,256
Restricted cash - construction account	-	-	-	-
Restricted investments - sales tax payable	-	5,735,040	-	5,735,040
State of Texas Receivable - sales taxes	-	5,738,415	-	5,738,415
Total current assets	131,618,007	28,814,775	(2,881,010)	157,551,772
Noncurrent assets:				
Prepaid expenses	28,720	-	-	28,720
Restricted cash - TxDOT grant	19,308,423	-	-	19,308,423
Restricted cash - construction account	-	-	-	-
Restricted cash - bond reserve fund	2,896,843	-	-	2,896,843
Restricted investments - TxDOT grant	48,955,248	-	-	48,955,248
Capital assets:				
Land	33,334,256	-	-	33,334,256
Buildings and shelters	274,929,969	-	-	274,929,969
Revenue vehicles	292,554,191	-	-	292,554,191
Service vehicles	5,922,368	-	-	5,922,368
Equipment	66,041,310	-	-	66,041,310
Total capital assets	672,782,094	-	-	672,782,094
Less accumulated depreciation	321,091,169	-	-	321,091,169
Construction in progress	53,036,535	-	-	53,036,535
Net capital assets	404,727,460	-	-	404,727,460
Total noncurrent assets	475,916,694	-	-	475,916,694
Total assets	607,534,701	28,814,775	(2,881,010)	633,468,466
Deferred outflows of resources				
Pension	20,342,182	-	-	20,342,182
Other Pension Benefits	8,407,325	-	-	8,407,325
Total deferred outflows of resources	28,749,507	-	-	28,749,507
Total assets and deferred outflows of resources	\$ 636,284,208	\$ 28,814,775	\$ (2,881,010)	\$ 662,217,973

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

	MTA	ATD	Eliminations	Total
Liabilities				
Current liabilities:				
Accounts payable	\$ 17,123,089	\$ -	\$ -	\$ 17,123,089
Payable to MTA	-	2,881,010	(2,881,010)	-
Retainage payable	2,925,232	-	-	2,925,232
Accrued liabilities	7,379,929	-	-	7,379,929
Unearned revenue	2,056,684	-	-	2,056,684
Claims payable	8,042,214	-	-	8,042,214
Current liabilities payable from unrestricted assets	37,527,148	2,881,010	(2,881,010)	37,527,148
Current liabilities payable from restricted assets:				
Payable from construction fund	-	-	-	-
Payable to CoSA and Bexar County	-	5,735,040	-	5,735,040
Interest payable	1,081,919	242,725	-	1,324,644
Bonds payable	7,650,000	915,000	-	8,565,000
Total current liabilities	46,259,067	9,773,775	(2,881,010)	53,151,832
Noncurrent liabilities:				
Net pension liability	129,447,516	-	-	129,447,516
Net other pension benefits liability	33,240,334	-	-	33,240,334
Long-term liabilities	120,161,578	32,790,643	-	152,952,221
Total noncurrent liabilities	282,849,428	32,790,643	-	315,640,071
Total liabilities	329,108,495	42,564,418	(2,881,010)	368,791,903
Deferred inflows of resources				
Pension	17,148,134	-	-	17,148,134
Other pension benefits	101,120	-	-	101,120
Total deferred outflows of resources	17,249,254	-	-	17,249,254
Total liabilities and deferred inflows of resources	346,357,749	42,564,418	(2,881,010)	386,041,157
Net Position				
Net investment in capital assets	279,555,184	(33,705,643)	-	245,849,541
Restricted sales tax	-	5,738,415	-	5,738,415
Restricted debt service	1,533,812	152,799	-	1,686,611
Restricted TxDOT grant	68,263,671	-	-	68,263,671
Restricted bond reserve fund	2,896,843	-	-	2,896,843
Unrestricted	(62,323,051)	14,064,786	-	(48,258,265)
Total Net Position	289,926,459	(13,749,643)	-	276,176,816
Total liabilities, deferred inflows and net position	\$ 636,284,208	\$ 28,814,775	\$ (2,881,010)	\$ 662,217,973

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

Combining Schedule of Revenues, Expenses and Changes in Net Position Fiscal Year 2018

	MTA	ATD	Total
Operating revenues:			
Line service	\$ 14,981,632	\$ 3,387,902	\$ 18,369,534
Robert Thompson Terminal	77,468	-	77,468
Other special events	178,001	-	178,001
VIATrans	1,999,596	-	1,999,596
Real estate development	577,989	-	577,989
Ellis Alley Park and Ride	7,752	-	7,752
Bus advertising	950,635	-	950,635
Miscellaneous	416,518	-	416,518
Total operating revenues	19,189,591	3,387,902	22,577,493
Operating expenses:			
Line service	130,930,370	34,618,559	165,548,929
Disaster relief	-	-	-
Robert Thompson Terminal	499,524	-	499,524
Other special events	670,088	-	670,088
VIATrans	42,097,730	-	42,097,730
Vanpool	-	597,442	597,442
Promotional service	65,106	-	65,106
Real estate development	801	-	801
Business development and planning	6,468,225	-	6,468,225
Transit technology	-	-	-
Total operating expenses before depreciation	180,731,844	35,216,001	215,947,845
Depreciation on capital assets:			
Acquired with VIA equity	18,166,762	-	18,166,762
Acquired with grants	16,195,762	-	16,195,762
Total operating expenses after depreciation	215,094,368	35,216,001	250,310,369
Operating loss	(195,904,777)	(31,828,099)	(227,732,876)
Nonoperating revenues (expenses):			
Sales taxes	151,671,185	68,623,406	220,294,591
City of San Antonio interlocal agreement	4,300,000	-	4,300,000
Grants revenue - VIA	30,500,898	-	30,500,898
Grants revenue - pass-through	815,948	-	815,948
Investment income	1,584,311	277,655	1,861,966
Bond interest and issuance costs	(4,578,729)	(1,195,355)	(5,774,084)
Gain (loss) on sale of assets	218,743	-	218,743
Less pass-through funds remitted to subrecipients	(897,060)	-	(897,060)
Less local assistance program	-	-	-
Less amounts remitted to CoSA and Bexar County	-	(34,311,703)	(34,311,703)
Total nonoperating revenues (expenses) - net	183,615,296	33,394,003	217,009,299
Loss before capital contributions	(12,289,481)	1,565,904	(10,723,577)
Capital contributions	24,967,580	-	24,967,580
Transfer in (out)	91,704	(91,704)	-
Change in net position	12,769,803	1,474,200	14,244,003
Net position at beginning of year	277,156,656	(15,223,843)	261,932,813
Net position at end of year	\$ 289,926,459	\$ (13,749,643)	\$ 276,176,816

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

Combining Schedule of Cash Flows – Fiscal Year 2018

	MTA	ATD	Total
Cash flows from operating activities			
Cash received from customers	\$ 19,756,086	\$ 3,387,903	\$ 23,143,989
Cash payments to vendors for goods and services	(46,653,973)	(11,431,265)	(58,085,238)
Cash payments for employee services, including salaried fringe benefits	(142,669,249)	-	(142,669,249)
Cash payments for MTA employee services	-	(23,087,274)	(23,087,274)
Net cash provided by (used in) operating activities	(169,567,136)	(31,130,636)	(200,697,772)
Cash flows from noncapital financing activities			
Sales taxes	150,703,656	68,253,541	218,957,197
Grants revenue received	30,087,557	-	30,087,557
Payments to TxDOT, CoSA and Bexar County	-	(34,126,771)	(34,126,771)
CoSA interlocal agreement	4,300,000	-	4,300,000
Net cash provided by (used in) noncapital financing activities	185,091,213	34,126,770	219,217,983
Cash flows from capital and related financing activities			
Proceeds from capital grants	13,464,219	-	13,464,219
Principal payments on bonds	(6,655,000)	(870,000)	(7,525,000)
Premium, interest and financing fees	(5,749,112)	(1,500,050)	(7,249,162)
Proceeds from sale of assets	218,743	-	218,743
Purchase of capital assets	(101,001,702)	-	(101,001,702)
Net cash provided by (used in) capital and related financing activities	(99,722,852)	(2,370,050)	(102,092,902)
Cash flows from investing activities			
Sale of investment securities	130,163,628	34,703,443	164,867,071
Purchase of investment securities	(104,299,459)	(36,939,928)	(141,239,387)
Interest earnings	2,547,112	294,931	2,842,043
Net cash provided by (used in) investing activities	28,411,281	(1,941,554)	26,469,727
Net increase (decrease) in cash and cash equivalents	(55,787,494)	(1,315,470)	(57,102,964)
Cash and cash equivalents at beginning of year	121,566,131	4,892,843	126,458,974
Cash and cash equivalents at end of year	\$ 65,778,637	\$ 3,577,373	\$ 69,356,010
Reconciliation of operating loss to net cash provided (used in) operating activities			
Operating loss	\$ (195,904,776)	\$ (31,828,099)	\$ (227,732,875)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:			
Acquired with VIA equity	18,166,762	-	18,166,762
Acquired with grants	16,195,762	-	16,195,762
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	415,360	-	415,360
Decrease (increase) in inventory	155,913	-	155,913
(Decrease) increase in prepaid expenses and other current assets	(210,110)	-	(210,110)
Decrease (increase) in prepaid pension	4,321,199	-	4,321,199
Decrease (increase) in prepaid other postemployment benefits	(6,267,529)	-	(6,267,529)
(Decrease) increase in inter-fund receivable	(697,463)	697,463	-
(Decrease) increase in accounts payable	(567,549)	-	(567,549)
(Decrease) increase in accrued liabilities	(5,174,705)	-	(5,174,705)
Net cash provided by (used in) operating activities	\$ (169,567,136)	\$ (31,130,636)	\$ (200,697,772)
Reconciliation of cash and cash equivalents to the statements of net position			
Cash and cash equivalents at end of year:			
Unrestricted	\$ 40,957,639	\$ 3,181,849	\$ 44,139,488
Restricted - mandated purpose	24,820,998	395,524	25,216,522
Total cash and cash equivalents	\$ 65,778,637	\$ 3,577,373	\$ 69,356,010

Noncash Investing and Financing Activities

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual (GAAP Basis) – MTA 2018

	MTA		
	Budget	Actual	Variance
Operating revenues:			
Line service	\$ 15,911,419	\$ 14,981,632	\$ (929,787)
Robert Thompson Terminal	139,208	77,468	(61,740)
Other special events	180,838	178,001	(2,837)
VIAtrans	2,136,341	1,999,596	(136,745)
Real estate development	950,000	577,989	(372,011)
Ellis Alley Park and Ride	13,200	7,752	(5,448)
Bus advertising	456,993	950,635	493,642
Miscellaneous	480,000	416,518	(63,482)
Total operating revenues	20,267,999	19,189,591	(1,078,408)
Operating expenses (excluding depreciation):			
Line service	135,210,784	130,930,370	(4,280,414)
Disaster relief	622,836	-	(622,836)
Robert Thompson Terminal	673,869	499,524	(174,345)
Other special events	98,980	670,088	571,108
VIAtrans	44,826,493	42,097,730	(2,728,763)
Promotional service	-	65,106	65,106
Real estate development	2,784	801	(1,983)
Business development and planning	8,605,721	6,468,225	(2,137,496)
Total operating expenses before depreciation	190,041,467	180,731,844	(9,309,623)
Operating loss excluding depreciation	(169,773,468)	(161,542,253)	8,231,215
Non-operating revenues (expenses):			
Sales taxes	147,860,000	151,671,185	3,811,185
City of San Antonio interlocal agreement	4,299,755	4,300,000	245
Grants revenue - VIA	33,389,200	30,500,898	(2,888,302)
Grants revenue - pass-through	1,285,800	815,948	(469,852)
Investment income	945,390	1,584,311	638,921
Bond interest and issuance costs	(4,571,692)	(4,578,729)	(7,037)
Gain (loss) on sale of assets	-	218,743	218,743
Less pass-through funds remitted to subrecipients	(1,285,800)	(897,060)	388,740
Total non-operating revenues (expenses) - net	181,922,653	183,615,296	1,692,643
Income before depreciation	12,149,185	22,073,043	9,923,858
Less depreciation	34,362,524	34,362,524	-
Income (loss) after depreciation	\$ (22,213,339)	\$ (12,289,481)	\$ 9,923,858

VIA Metropolitan Transit

San Antonio, Texas

September 30, 2018 and 2017

Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual (GAAP Basis) – ATD 2018

	ATD		
	Budget	Actual	Variance
Operating revenues:			
Line service	\$ 3,721,383	\$ 3,387,902	\$ (333,481)
Robert Thompson Terminal	-	-	-
Other special events	-	-	-
VIATrans	-	-	-
Real estate development	-	-	-
Ellis Alley Park and Ride	-	-	-
Bus advertising	-	-	-
Total operating revenues	3,721,383	3,387,902	(333,481)
Operating expenses (excluding depreciation):			
Line service	37,471,334	34,618,559	(2,852,775)
Robert Thompson Terminal	-	-	-
Other special events	-	-	-
VIATrans	-	-	-
Vanpool	619,021	597,442	(21,579)
Promotional service	-	-	-
Real estate development	-	-	-
Business development and planning	-	-	-
Transit Technology	473,485	-	(473,485)
Total operating expenses before depreciation	38,563,840	35,216,001	(3,347,839)
Operating loss excluding depreciation	(34,842,457)	(31,828,099)	3,014,358
Non-operating revenues (expenses):			
Sales taxes	66,840,000	68,623,406	1,783,406
Grants revenue - VIA	-	-	-
Grants revenue - pass-through	-	-	-
Investment income	75,000	277,655	202,655
Bond interest and issuance costs	(1,286,854)	(1,195,355)	91,499
Less pass-through funds remitted to sub-recipients	-	-	-
Less local assistance program	-	-	-
Less amounts remitted to CoSA and Bexar County	(33,420,000)	(34,311,703)	(891,703)
Total non-operating revenues (expenses) - net	32,208,146	33,394,003	1,185,857
Income before depreciation	(2,634,311)	1,565,904	4,200,215
Less depreciation	-	-	-
Income (loss) after depreciation	\$ (2,634,311)	\$ 1,565,904	\$ 4,200,215

VIA Metropolitan Transit

San Antonio, Texas

For the Year Ended September 30, 2018

Schedule of Operating Expenses by Expense Category and Cost Center

	Metropolitan Transit Authority				
	Line Service	Robert Thompson Terminal	Other Special Event	VIAtrans	Purchased Transportation
Labor	\$ 56,894,564	\$ 185,432	\$ 284,668	\$ 9,686,881	\$ 1,274,528
Fringe benefits	-	-	-	-	-
Services	2,512,758	28,902	39,191	297,758	306,928
Materials & supplies	11,163,387	48,292	40,399	1,946,622	981,060
Utilities	1,355,391	25,303	3,288	258,823	111,951
Casualty & liability	1,051,855	8,447	1,185	499,683	549
Taxes	356,559	1,045	1,164	21,249	89,275
Purchased transportation	-	-	-	-	15,384,332
Miscellaneous expenses	280,761	1,586	1,188	33,827	21,827
Leases & rentals	103,692	193	11,042	-	-
Expense transfer to capital	-	-	-	-	-
Fringe dist. other	32,415,836	115,120	168,095	5,674,733	694,242
Expense transfers	24,795,568	85,203	119,869	4,265,181	548,283
Sub-Total	130,930,370	499,524	670,088	22,684,756	19,412,974
Depreciation on capital assets:					
Direct depreciation	24,114,538	48,106	55,571	2,009,505	-
Indirect depreciation	1,871,474	5,864	9,929	317,128	41,798
Fringe depreciation	10,428	30	55	1,767	233
Sub-Total Depreciation	25,996,440	54,000	65,555	2,328,400	42,031
Total Operating Expenses	\$ 156,926,810	\$ 553,524	\$ 735,644	\$ 25,013,156	\$ 19,455,005

VIA Metropolitan Transit

San Antonio, Texas

For the Year Ended September 30, 2018

Schedule of Operating Expenses by Expense Category and Cost Center

	Metropolitan Transit Authority		
	Promotional Service	Real Estate Development	Business Development and Planning
Labor	\$ 30,387	\$ -	\$ 1,398,098
Fringe benefits	-	-	-
Services	89	475	3,200,803
Materials & supplies	2,894	-	6,801
Utilities	209	-	-
Casualty & liability	368	326	-
Taxes	85	-	-
Purchased transportation	-	-	-
Miscellaneous expenses	13	-	424,112
Leases & rentals	26	-	910
Expense transfer to capital	-	-	-
Fringe dist. other	17,925	-	818,504
Expense transfers	13,110	-	618,996
Sub-Total	65,106	801	6,468,225
Depreciation on capital assets:			
Direct depreciation	4,071	33,630	-
Indirect depreciation	1,001	-	46,190
Fringe depreciation	6	-	257
Sub-Total Depreciation	5,078	33,630	46,447
Total Operating Expenses	\$ 70,184	\$ 34,431	\$ 6,514,672

VIA Metropolitan Transit

San Antonio, Texas

For the Year Ended September 30, 2018

Schedule of Operating Expenses by Expense Category and Cost Center

	Advanced Transportation District		
	Bus Rapid Transit (BRT)	Line Service	Vanpool
Labor	\$ 2,622,767	\$ 11,872,875	\$ 51,232
Fringe benefits	-	-	-
Services	19,231	336,770	-
Materials & supplies	682,300	3,212,933	-
Utilities	62,341	240,079	-
Casualty & liability	89,621	397,418	254,850
Taxes	20,801	93,973	-
Purchased transportation	-	-	237,840
Miscellaneous expenses	6,423	24,210	-
Leases & rentals	27,148	25,626	-
Expense transfer to capital	-	-	-
Fringe dist. other	1,546,187	6,769,056	30,115
Expense transfers	1,203,216	5,365,586	23,405
Sub-Total	6,280,034	28,338,525	597,442
Depreciation on capital assets:			
Direct depreciation	961,587	4,348,347	-
Indirect depreciation	87,892	388,784	1,670
Fringe depreciation	488	2,166	12
Sub-Total Depreciation	1,049,967	4,739,297	1,682
Total Operating Expenses	\$ 7,330,001	\$ 33,077,822	\$ 599,124

VIA Metropolitan Transit

San Antonio, Texas

For the Year Ended September 30, 2018

Schedule of Operating Expenses by Expense Category and Cost Center

	Combined				
	Sub-Total	MTA Indirect	ATD Indirect	Combined MTA & ATD Fringe	Total
Labor	\$ 84,301,432	\$ 16,724,451	\$ 123,827	\$ 471,940	\$ 101,621,650
Fringe benefits	-	-	-	56,307,038	56,307,038
Services	6,742,906	6,650,437	6,621	1,103,014	14,502,978
Materials & supplies	18,084,687	755,537	229	4,130	18,844,583
Utilities	2,057,385	1,247,798	-	-	3,305,183
Casualty & liability	2,304,301	83,906	-	-	2,388,207
Taxes	584,150	-	-	-	584,150
Purchased transportation	15,622,172	-	-	-	15,622,172
Miscellaneous expenses	793,946	1,824,416	27,251	39,265	2,684,878
Leases & rentals	168,638	123,025	350	32,000	324,013
Expense transfer to capital	-	-	-	-	-
Fringe dist. other	48,249,812	9,598,326	71,216	(58,156,360)	(237,006)
Expense transfers	37,038,417	(37,007,899)	(229,494)	198,976	-
Sub-Total	215,947,845	(1)	-	2	215,947,845
Depreciation on capital assets:					
Direct depreciation	31,575,355	2,787,168	-	-	34,362,524
Indirect depreciation	2,771,730	(2,787,184)	-	15,454	-
Fringe depreciation	15,442	14	-	(15,456)	-
Sub-Total Depreciation	34,362,527	(2)	-	(2)	34,362,524
Total Operating Expenses	\$ 250,310,372	\$ -	\$ -	\$ -	\$ 250,310,369

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STATISTICAL

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

Financial Trends

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

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Revenue Capacity

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

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Debt Capacity

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Demographic and Economic Information

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

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Operating Information

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

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VIA Metropolitan Transit

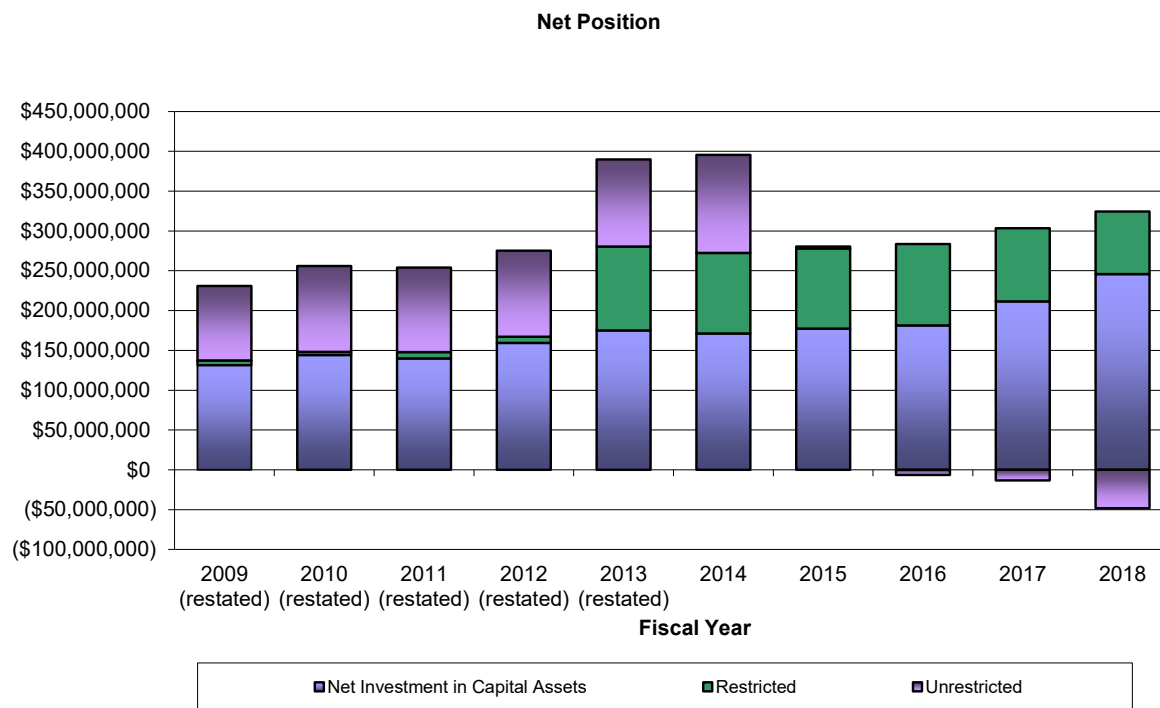
San Antonio, Texas

Net Position

Last Ten Fiscal Years

	2009	2010 (Restated)	2011 (Restated)	2012 (Restated)
Net Investment in Capital Assets	\$131,417,640	\$144,198,151	\$139,898,123	\$159,389,068
Restricted	5,948,362	3,950,272	7,983,145	7,752,249
Unrestricted	93,565,489	107,831,356	106,150,372	108,124,230
Total Net Position	\$230,931,491	\$255,979,779	\$254,031,640	\$275,265,547

Source: VIA's Annual Audited Financial Statements



2013 (Restated)	2014	2015	2016	2017	2018
\$175,033,075	\$171,241,292	\$177,325,265	\$181,356,296	\$211,516,797	\$245,849,541
105,420,435	101,174,318	100,721,318	102,233,683	91,923,793	78,585,541
109,393,508	123,167,778	2,428,152	(6,471,436)	(13,328,420)	(48,258,266)
\$389,847,018	\$395,583,388	\$280,474,735	\$277,118,543	\$290,112,170	\$276,176,816

VIA Metropolitan Transit

San Antonio, Texas

Changes in Net Position

Last Ten Fiscal Years

	2009	2010 (Restated)	2011 (Restated)	2012 (Restated)
Operating Revenues				
Line Service	\$ 20,862,060	\$ 20,571,968	\$ 21,625,077	\$ 22,315,482
Starlight Service	32,716	-	-	-
Robert Thompson Terminal	13,023	42,550	76,917	78,925
Other Special Events	179,279	180,666	174,383	177,119
VIATrans	1,661,674	1,713,729	1,705,738	1,681,635
Charter	114,616	145,500	107,523	113,915
Promotional	-	-	-	-
Real Estate Development	215,488	267,859	277,257	267,719
Ellis Alley Park and Ride	11,445	11,566	8,243	6,854
Bus Advertising	731,810	464,100	516,250	615,000
Miscellaneous	765,361	993,321	842,939	843,534
<i>Total Operating Revenues</i>	<u>24,587,472</u>	<u>24,391,259</u>	<u>25,334,327</u>	<u>26,100,183</u>
Operating Expenses				
Line Service	111,333,647	117,495,205	127,048,368	132,326,068
Bus Disaster Relief ¹	-	-	-	-
Robert Thompson Terminal	68,564	201,686	361,462	512,763
Other Special Events	421,502	470,726	490,118	541,478
VIATrans	27,092,432	29,078,861	31,038,547	32,677,623
Van Disaster Relief ¹	-	-	-	-
Vanpool	188,444	200,962	366,252	537,218
Bus Rapid Transit	740,086	494,849	361,888	391,558
Starlight Service	200,527	-	-	-
Charter	140,352	160,020	151,927	131,882
Promotional	-	-	-	-
Real Estate Development	582	6,239	794	3,192
Business Development and Planning	3,256,780	3,392,485	3,446,449	3,894,405
Transit Technology	597,196	601,376	690,381	719,319
<i>Total Operating Expenses</i>	<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	134,962,020	137,285,707	144,588,735	163,316,655
Grants Reimbursement	19,237,153	27,196,327	23,279,480	20,360,615
Grants Revenue - pass through	-	-	-	-
Investment Income	1,262,374	585,219	617,320	252,009
CoSA Intergovernmental Revenue	-	-	-	-
Bond Interest and Amortization	-	-	-	(546,141)
Net Gain(Loss) on Sale of Assets	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	(21,468,658)	(21,700,854)	(23,085,686)	(25,720,768)
Local Assistance Program and RMA ³	(2,312,343)	-	-	90,150
<i>Net Non-Operating Revenues (Expenses)</i>	<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>12,233,809</u>	<u>15,528,542</u>	<u>6,410,224</u>	<u>12,287,505</u>
Depreciation	(20,075,564)	(20,281,792)	(21,588,388)	(19,035,123)
Loss on Asset Impairment	-	-	-	-
Capital Contributions	11,719,076	29,801,538	13,230,025	27,981,525
Change in Net Position	<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

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

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

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

2013 (Restated)	2014	2015	2016	2017	2018
\$ 23,001,057	\$ 22,103,715	\$ 20,880,726	\$ 20,051,622	\$ 18,980,612	\$ 18,369,534
-	-	-	-	-	-
195,549	187,785	145,337	94,787	82,050	77,468
166,560	181,786	169,079	144,402	140,491	178,001
1,821,640	1,882,687	1,899,614	1,996,240	2,033,653	1,999,596
230,308	195,052	86,526	-	-	-
-	-	-	-	-	-
277,714	263,360	281,072	330,799	446,352	577,989
10,290	6,491	23,918	12,582	10,201	7,752
714,530	749,530	814,530	894,530	939,642	950,635
783,235	759,723	436,382	441,677	473,160	416,518
27,200,883	26,330,129	24,737,184	23,966,639	23,106,161	22,577,493
140,264,400	147,478,417	161,181,992	167,351,942	165,746,937	165,548,929
-	-	-	-	163,268	-
707,542	733,305	657,286	630,944	465,271	499,523
584,044	592,886	618,448	552,244	534,207	670,088
33,147,022	34,330,772	37,375,783	40,922,470	40,055,752	42,097,730
-	-	-	-	2,685	-
534,322	547,806	558,689	608,055	611,149	597,442
-	-	-	-	-	-
-	-	-	-	-	-
252,832	239,325	175,609	-	-	-
-	-	-	99,753	89,541	65,106
857	4,334	613	1,678	539	801
4,745,443	5,858,692	6,588,687	6,453,239	6,685,077	6,468,225
715,552	694,331	685,274	637,751	492,167	-
180,952,014	190,479,868	207,842,381	217,258,076	214,846,593	215,947,845
173,776,660	189,964,334	197,645,249	201,407,198	207,873,339	220,294,591
25,145,760	26,045,513	27,047,155	28,773,370	29,032,637	30,500,898
-	212,062	1,327,755	1,463,234	1,553,833	815,948
(18,870)	577,720	853,433	1,839,616	1,357,966	1,861,966
-	-	-	-	-	4,300,000
(63,884)	(3,542,815)	(3,000,034)	(3,237,107)	(5,619,099)	(5,774,084)
73,893	40,839	(1,252)	(117,056)	2,633,990	218,743
-	(212,062)	(1,327,755)	(1,400,626)	(1,452,788)	(897,060)
-	-	-	(461,513)	(40,000)	-
(27,138,822)	(29,541,042)	(30,637,238)	(31,427,566)	(32,413,170)	(34,311,703)
-	-	-	-	-	-
171,774,737	183,544,549	191,907,313	196,839,550	202,926,708	217,009,299
18,023,606	19,394,810	8,802,116	3,548,113	11,186,276	23,638,947
(20,933,451)	(22,804,973)	(22,275,368)	(22,200,678)	(24,012,602)	(34,362,524)
-	(4,882,000)	(4,918,000)	(8,579,632)	-	-
117,491,316	14,028,533	21,974,093	23,876,005	25,819,959	24,967,580
\$ 114,581,471	\$ 5,736,370	\$ 3,582,841	\$ (3,356,192)	\$ 12,993,633	\$ 14,244,003

VIA Metropolitan Transit

San Antonio, Texas

Direct and Overlapping Sales Tax Rates As of September 30, 2018

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%	1.500%		8.25%
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%	1.500%		8.25%
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

	2009	2010	2011	2012
Alamo Heights	\$ 389,993	\$ 369,810	\$ 382,503	\$ 418,716
Balcones Heights	574,183	573,949	609,594	670,081
Castle Hills	390,619	378,022	422,138	438,952
China Grove	39,141	39,759	42,669	54,047
Converse	712,810	762,992	744,263	841,257
Elmendorf	20,054	22,021	27,340	35,960
Kirby	83,631	90,744	91,851	95,966
Leon Valley	883,285	826,649	840,965	869,196
Olmos Park	189,249	179,401	189,850	238,399
Saint Hedwig	28,075	29,149	27,148	26,136
San Antonio (MTA)	88,566,698	90,350,846	94,720,036	104,895,568
San Antonio (ATD) ¹	21,429,342	21,700,855	23,085,685	25,720,768
Sandy Oaks	-	-	-	-
Shavano Park	80,010	93,876	145,632	371,253
Terrell Hills	80,350	100,277	103,667	119,890
Other ²	65,238	66,502	69,710	2,799,697
Total Sales Tax Receipts	<u>\$ 113,532,678</u>	<u>\$ 115,584,852</u>	<u>\$ 121,503,051</u>	<u>\$ 137,595,886</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.

	2013	2014	2015	2016	2017	2018
\$	445,742	\$ 473,443	\$ 471,080	\$ 505,166	\$ 509,808	\$ 562,564
	702,293	701,787	732,556	716,374	703,907	750,609
	459,610	458,501	491,947	508,528	516,192	515,510
	57,159	77,598	83,033	74,519	69,503	68,974
	856,192	906,675	984,923	1,039,386	1,050,920	1,206,952
	40,532	54,865	87,361	196,823	260,351	428,878
	108,265	115,451	132,692	153,993	147,530	154,672
	933,280	1,084,454	1,102,355	1,139,132	1,132,195	1,190,943
	232,007	224,911	235,966	226,460	239,283	244,562
	30,063	36,134	33,307	35,461	40,060	24,393
	112,728,315	123,682,950	128,985,691	130,857,440	135,134,156	143,122,099
	27,138,822	29,541,044	30,637,237	31,427,566	32,413,171	34,311,703
	-	-	3,057	16,611	18,845	26,839
	407,841	334,104	189,886	194,475	218,223	206,614
	107,737	113,730	109,504	116,658	145,085	134,152
	2,389,980	2,617,645	2,727,415	2,771,040	2,860,940	3,033,424
\$	146,637,838	\$ 160,423,292	\$ 167,008,010	\$ 169,979,632	\$ 175,460,169	\$ 185,982,888

VIA Metropolitan Transit
San Antonio, Texas

Schedule of Outstanding Debt and Public Debt Coverage Ratios
Fiscal Years

	2009-2011	2012	2013	2014	2015	2016	2017	2018
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	485,000
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	35,010,000
ATD Sales Tax Revenue Bonds Series 2014	-	-	-	32,925,000	32,140,000	31,335,000	30,495,000	29,625,000
MTA Sales Tax Revenue Bonds Series 2017	-	-	-	-	-	-	81,995,000	76,835,000
Total Bonds	-	18,500,000	12,965,000	74,110,000	71,975,000	69,770,000	149,480,000	141,955,000
Bond Premium				6,358,751	6,051,227	5,832,883	18,258,044	16,922,920
Total Debt Outstanding		18,500,000	12,965,000	80,468,751	78,026,227	75,602,883	167,738,044	158,877,920
Gross Revenues (a)	N/A	184,479,002	199,039,504	213,417,493	219,645,783	224,621,865	231,691,969	241,060,876
Ratio of Total Debt to Gross Revenues	N/A	0.10	0.07	0.38	0.36	0.34	0.72	0.66
# of Riders (b)	N/A	46,893,169	45,894,417	44,346,565	42,218,985	39,635,173	37,807,626	36,276,136
Debt Per Rider	N/A	0.39	0.28	1.81	1.85	1.91	4.44	4.38
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	150,703,656
Less: Obligations Similarly Secured Debt Service (c)		-	(490,335)	(494,471)	(490,803)	(492,036)	(2,132,865)	(9,589,412)
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	141,114,244
Debt Service Coverage Ratio on Obligations Similarly Secured (d)		N/A	241.8x	259.7x	276.6x	276.7x	66.0x	14.7x
Maximum Annual Debt Service (MADS)		-	-	-	-	-	10,421,250	10,421,250
MADS Coverage Ratio		N/A	N/A	N/A	N/A	N/A	13.5x	13.5x
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)	(223,841,761)
Net Sales Tax Revenues (Per Above)		109,340,067	118,557,042	128,400,443	135,761,144	136,142,213	140,860,243	141,114,244
Available ATD Sales Tax (e)		25,309,927	26,923,159	29,108,126	28,249,607	28,593,844	29,976,854	31,756,920
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	30,087,556
Contributions Available to Pay Maintenance and Operating Expenses (g)		-	-	-	(461,513)	(40,000)	(40,000)	4,300,000
Net M&O Expenses Remaining Before Application of Operating Revenues		(6,328,958)	(6,964,667)	6,211,778	(22,456,198)	(15,748,425)	(14,492,434)	(16,583,041)
Operating Revenue		25,849,877	26,885,148	26,444,828	25,002,383	24,880,247	23,272,287	23,143,989
Less: Remaining Maintenance and Operating Expenses		(6,328,958)	(6,964,667)	6,211,778	(22,456,198)	(15,748,425)	(14,492,434)	(16,583,041)
Net Operating Revenue Available for Farebox Revenue Bonds		19,520,919	19,920,481	32,656,606	2,546,185	9,131,822	8,779,853	6,560,948
Debt Service on the 2013 Farebox Revenue Bonds		-	58,197	2,480,104	2,812,700	2,816,500	2,813,700	2,814,500
Farebox Revenue Bond Debt Service Coverage Ratio (d)		N/A	342.3x	13.2x	0.9x	3.2x	3.1x	2.3x
Maximum Annual Debt Service (MADS)		-	2,816,750	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	3.2x	3.1x	2.3x
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	34,311,703
Less District Debt Service	N/A	-	(55,958)	(63,750)	(2,370,743)	(2,370,650)	(2,373,450)	(2,369,850)
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	31,941,853
Debt Service Coverage Ratio (d)	N/A	N/A	485.0x	463.4x	12.9x	13.3x	13.7x	14.5x
Maximum Annual Debt Service (MADS)	N/A	-	-	2,374,750	2,374,750	2,374,750	2,374,750	2,374,750
MADS Coverage Ratio	N/A	N/A	N/A	12.4x	11.9x	12.2x	12.6x	13.5x

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.
(g) In FY2018, the City of San Antonio provided VIA funding for bus service improvements. Contributions out are for local assistance that VIA has provided (such as to TxDOT's Transportation Alternatives Program).

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
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%
2018	1,511,913	37,230,858	24,625	33.6	83.3	410,625	3.3%

* 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	75,972	1
H.E.B. Food Stores	22,000	2
USAA	17,163	3
Northside Independent School District	13,969	4
City of San Antonio	12,231	5
North East Independent School District	9,292	6
Methodist Health Care System	8,960	7
San Antonio Independent School District	7,374	8
Baptist Health Systems	6,432	9
Wells Fargo	5,010	10

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2017, and Department of Defense personnel statistics.
(Latest information published)

VIA Metropolitan Transit

San Antonio, Texas

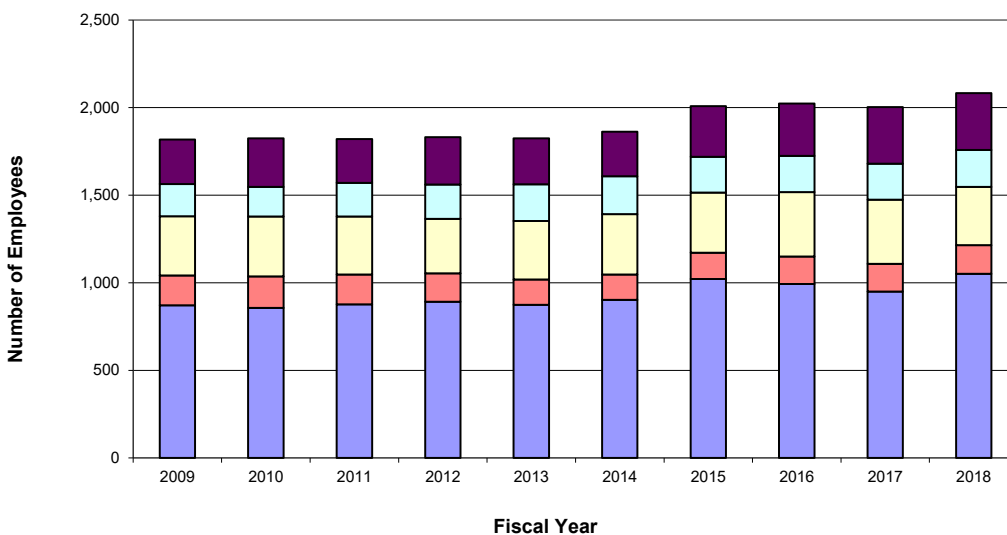
Full-Time Equivalents

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Full-Time Employees										
Bus Operator	728	716	746	733	742	795	943	882	876	954
Van Operator	168	176	167	161	143	140	150	156	158	164
Fleet & Facility Shops	338	343	331	311	334	345	344	368	366	332
Transportation/Fleet & Facility (Salaried)	168	151	178	178	195	201	191	195	197	202
Administration(Salaried)	244	265	239	257	249	244	278	286	309	320
Subtotal	1,646	1,651	1,661	1,640	1,663	1,725	1,906	1,887	1,906	1,972
Part-Time (Full-Time Equivalents)										
Bus Operator	143.5	141.2	131.3	158.6	131.6	107.6	77.9	111.7	74.0	97.4
Van Operator	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	17.8	14.8	17.0	15.0	15.0	12.9	11.0	9.0	9.0
Administration(Salaried)	11.0	12.8	11.3	13.5	12.0	11.3	11.3	13.5	14.3	4.5
Subtotal	172.1	174.2	160.0	190.9	161.0	138.1	102.7	136.8	97.2	110.9
Grand Total										
Bus Operator	871.5	857.2	877.3	891.6	873.6	902.6	1,020.9	993.7	950.0	1,051.4
Van Operator	170.8	178.5	169.6	162.8	145.4	144.2	150.6	156.6	158.0	164.0
Fleet & Facility Shops	338.0	343.0	331.0	311.0	334.0	345.0	344.0	368.0	366.0	332.0
Transportation/Fleet & Facility (Salaried)	182.8	168.8	192.8	195.0	210.0	216.0	203.9	206.0	206.0	211.0
Administration(Salaried)	255.0	277.8	250.3	270.5	261.0	255.3	289.3	299.5	323.3	324.5
Grand Total	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	2,082.9

Source: VIA's Monthly Personnel Report

Grand Total by Function



VIA Metropolitan Transit

San Antonio, Texas

Fare History

Last Ten Fiscal Years

Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bus Service										
Regular Bus Service	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.30	\$ 1.30	\$ 1.30
Regular Half Fare	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65	0.65	0.65
Express Bus Service	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.60	2.60	2.60
Express Half Fare	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	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	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.30	1.30	1.30
Streetcar Half Fare	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.65	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	1.75	1.75	1.75	1.75	1.95	1.95	1.95	2.00	2.00	2.00
VIATrans Taxi Subsidy	-	-	-	-	9.00	9.00	9.00	9.00	9.00	9.00
Special Event Service	5.00	5.00	5.00	5.00	5.00	2.50	2.50	2.50	2.50	2.50
Special Event Half Fare	2.50	2.50	2.50	2.50	2.50	1.25	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	-	-	-	-	-	-	-	-	-
Starlight Service Half Fare	2.75	-	-	-	-	-	-	-	-	-
Passes										
Monthly Big Pass	30.00	30.00	30.00	30.00	35.00	35.00	35.00	38.00	38.00	38.00
Big Pass Half Fare	15.00	15.00	15.00	15.00	17.50	17.50	17.50	19.00	19.00	19.00
Semester Pass	35.00	35.00	35.00	35.00	35.00	35.00	35.00	38.00	38.00	38.00
Weekly Pass	-	-	-	-	-	-	-	12.00	12.00	12.00
Weekly Pass Half Fare	-	-	-	-	-	-	-	6.00	6.00	6.00
Day Pass	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.75	2.75	2.75
Day Pass Half Fare	-	-	-	-	-	-	-	1.35	1.35	1.35

Source: VIA's Fiscal Management Division

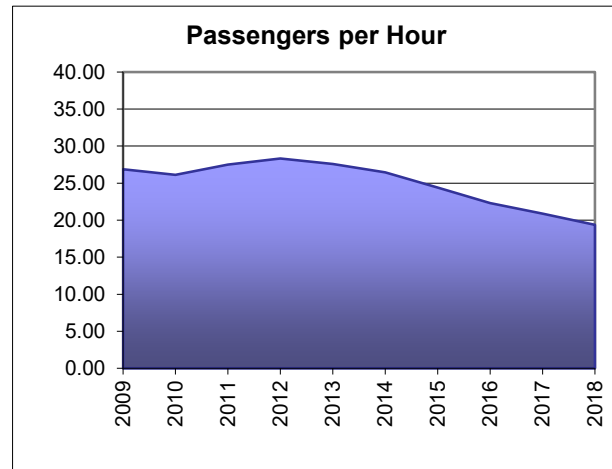
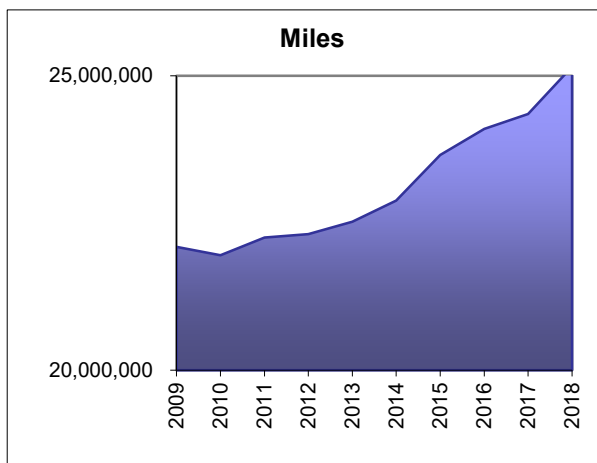
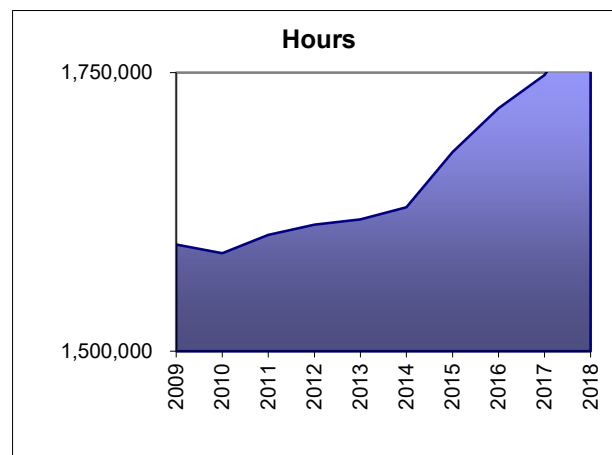
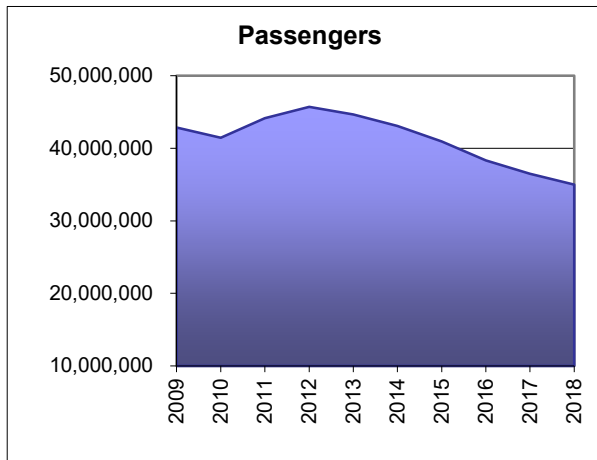
Note: Senior citizens, disabled persons, students and eligible Medicare recipients with a valid VIA identification card are eligible for half fare rates on regular, express, streetcar and special event service. Children ages 5-11 ride for half-fare and those under age five ride free. Active-duty military 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
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
2018	34,984,740	1,804,870	25,153,738	19.38

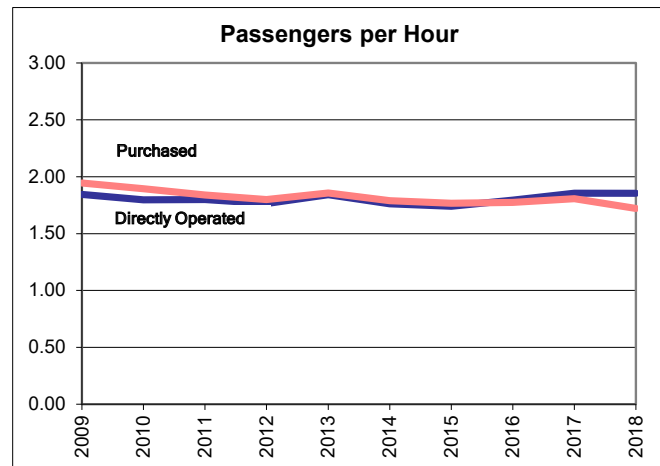
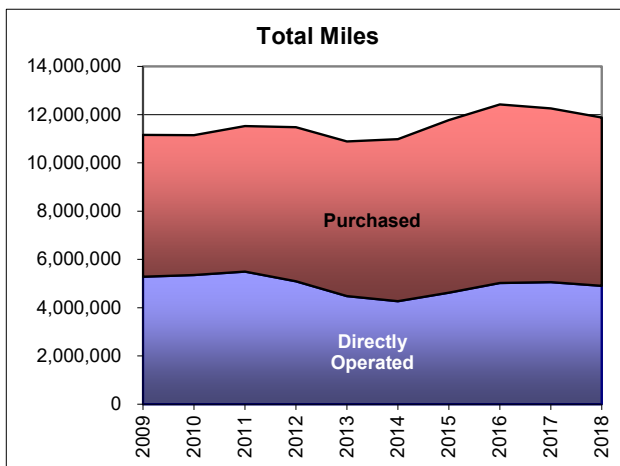
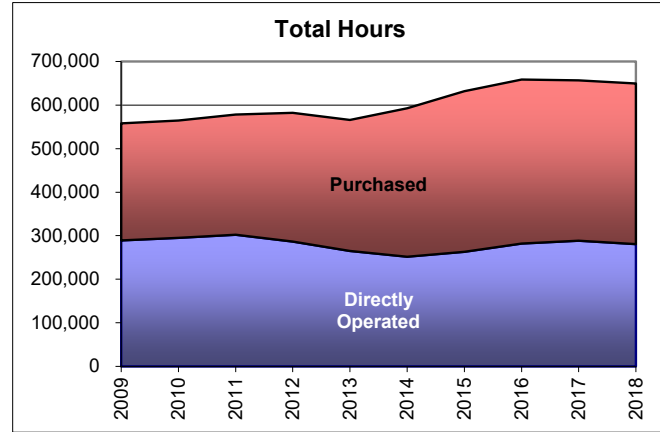
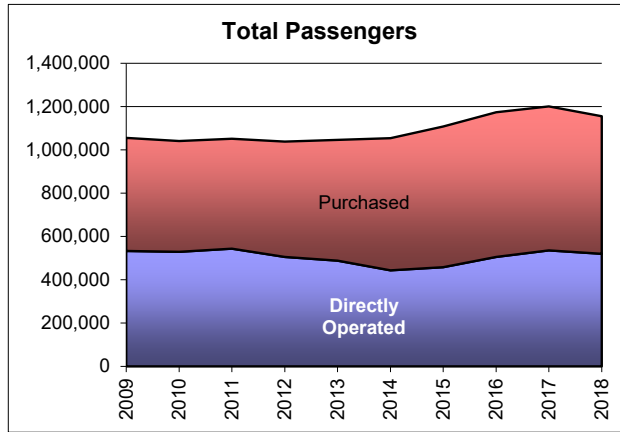
Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report

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
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
2018	520,167	634,589	280,663	368,708	4,900,387	6,983,577	1.85	1.72

Source: VIA's Revenue Accounting Statistical Records.

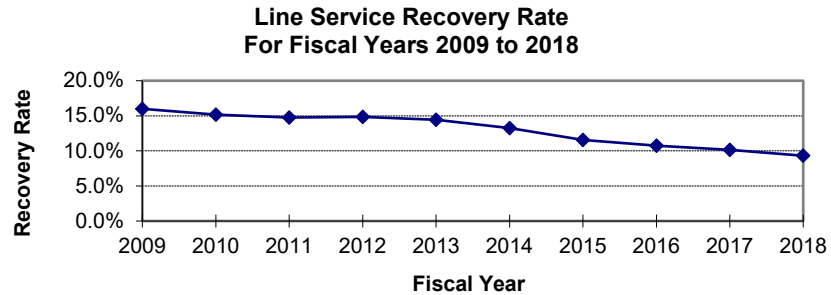
VIA's Miles and Hours Report and Procurement's Contract Administrator for purchased service contracts.

VIA Metropolitan Transit

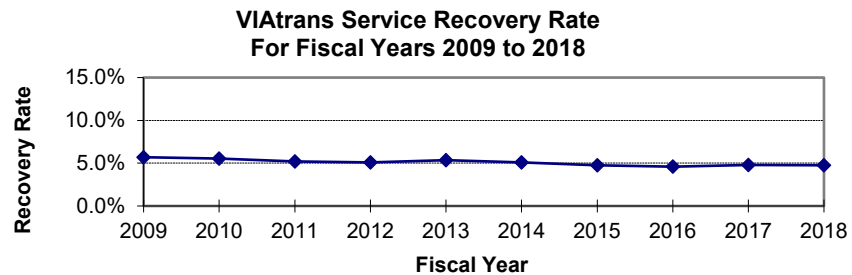
San Antonio, Texas

Line Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
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%
2018	9.3%



Fiscal Year	Recovery Rate
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%
2018	4.7%



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	Promotion	Contract	Bus Disaster Relief	VIAtrans		Van Disaster Relief	Starlight Service	Total
						Direct	Total Purchased			
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
2018	25,153,738	114,367	4,718	-	-	4,900,387	6,983,577	-	-	37,156,787

Service Hours by Cost Center

Last Ten Fiscal Years

Fiscal Year	Line Service	Special Event	Promotion	Contract	Bus Disaster Relief	VIAtrans		Van Disaster Relief	Starlight Service	Total
						Direct	Total Purchased			
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
2018	1,804,870	9,079	877	-	-	280,663	368,708	-	-	2,464,197

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

VIA Metropolitan Transit

San Antonio, Texas

Revenues by Source Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Sales Tax ¹	Grant Revenues	Investment Income	Misc Income	Total
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
2018	22,577,493	185,982,888	30,419,786	1,861,966	4,300,000	245,142,133

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

Fiscal Year	Line Service	Special Event	Promotional	Contract	VIAtrans	Starlight Service	Vanpool	Other Operating Expenses	Disaster Relief Van/Bus	Total Operating Expenses	Non-Operating Expenses	Total Expenses
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
2018	197,334,633	1,289,167	70,184	-	44,468,161	-	599,124	6,549,100	-	250,310,369	5,555,341	255,865,710

Source: VIA's Annual Audited Financial Statements.

Notes:

1. Sales tax is net of amounts remitted to CoSA, TxDOT, and Bexar County.
2. FY2012 Misc. Income (Expense) was restated to recognize bond issuance costs that were previously reported on an amortized basis.
3. Grants net of pass thru funds to subrecipients.
4. Non-operating expenses include: bond interest and issuance costs, MyLink and gain/loss on sale of assets or inventory.

VIA Metropolitan Transit

San Antonio, Texas

Operating Expenses by Object Class Last Ten Fiscal Years

	2009 Restated	2010 Restated	2011 Restated	2012 Restated	2013 Restated
Operator	\$ 37,519,147	\$ 39,163,412	\$ 41,016,213	\$ 40,562,190	\$ 41,573,464
Garage	11,345,672	12,022,721	12,417,401	12,729,474	12,741,074
Salaried	18,960,436	19,376,845	20,365,495	21,028,258	20,927,964
<i>Total Labor</i>	<i>67,825,255</i>	<i>70,562,978</i>	<i>73,799,109</i>	<i>74,319,922</i>	<i>75,242,502</i>
Fringe Benefits	32,985,424	34,640,866	37,618,626	41,928,210	44,339,708
<i>Total Labor and Fringe Benefits</i>	<i>100,810,679</i>	<i>105,203,844</i>	<i>111,417,735</i>	<i>116,248,132</i>	<i>119,582,210</i>
Advertising Fees	532,580	524,532	376,212	457,068	834,106
Prof. & Tech Fees	1,934,705	1,975,904	2,546,400	2,602,244	5,012,806
Temporary Help	-	-	-	-	-
Contract Maintenance	1,557,547	1,510,826	1,834,136	1,900,734	2,304,871
Custodial Services	-	-	-	-	-
Security Services	1,547,567	1,617,845	1,652,563	1,610,368	1,576,519
Other Services	470,475	509,582	522,596	550,437	571,305
<i>Total Services</i>	<i>6,042,874</i>	<i>6,138,688</i>	<i>6,931,907</i>	<i>7,120,851</i>	<i>10,299,607</i>
Fuel & Lubricants	13,844,663	16,470,705	19,866,016	20,155,666	23,177,525
Tires & Tubes	1,113,669	1,168,105	1,299,140	1,365,594	1,374,880
Other Materials & Supplies	8,069,919	8,060,535	8,739,916	9,355,225	9,725,894
<i>Total Materials & Supplies</i>	<i>23,028,251</i>	<i>25,699,345</i>	<i>29,905,072</i>	<i>30,876,485</i>	<i>34,278,299</i>
Utilities	1,378,117	1,617,829	1,647,480	1,572,250	2,006,016
Casualty & Liability	453,733	861,475	341,603	1,231,907	1,243,807
Taxes	1,501,359	1,510,880	1,526,586	1,536,285	1,573,900
Purchased Transportation	8,995,692	9,101,700	9,911,331	10,916,344	10,410,650
Dues & Subscriptions	316,700	350,446	532,092	416,275	379,151
Training & Meetings	236,561	337,885	353,681	407,148	487,004
Fines & Penalties	100	-	-	600	-
Bad Debt Expense	6,888	7,813	847	7,352	2,635
Advertising/Promotion Media	410,197	408,590	406,816	437,122	514,553
Miscellaneous Expense	565,572	586,888	724,770	678,063	783,941
<i>Total Miscellaneous Expense</i>	<i>1,536,018</i>	<i>1,691,622</i>	<i>2,018,206</i>	<i>1,946,561</i>	<i>2,167,284</i>
Interest Expense	-	-	-	-	-
Leases & Rentals	293,389	277,027	256,265	286,692	296,882
Expense transfer to Capital Program	-	-	-	-	(906,641)
<i>Total Operating Expense Before Depreciation & Capitalized Amounts</i>	<i>144,040,112</i>	<i>152,102,409</i>	<i>163,956,186</i>	<i>171,735,507</i>	<i>180,952,014</i>
Depreciation	20,075,564	20,281,792	21,588,388	19,035,123	20,933,451
Allowance	-	-	-	-	-
Indirect Expense (Capitalized)	-	-	-	-	-
Fringe Expense (Capitalized)	-	-	-	-	-
<i>Total Operating Expenses</i>	<i>\$ 164,115,676</i>	<i>\$ 172,384,201</i>	<i>\$ 185,544,574</i>	<i>\$ 190,770,629</i>	<i>\$ 201,885,465</i>

Source: VIA's Annual Audited Financial Statements

	2014	2015	2016	2017	2018
\$	42,947,778	\$ 47,142,668	\$ 48,017,399	\$ 51,056,596	\$ 55,778,595
	13,435,740	14,142,320	15,118,009	15,980,901	14,673,808
	22,054,983	24,471,522	27,133,439	28,123,599	31,169,342
	78,438,501	85,756,510	90,268,847	95,161,096	101,621,745
	49,087,760	55,068,428	61,828,682	59,108,164	56,583,203
	127,526,261	140,824,938	152,097,529	154,269,260	158,204,948
	868,797	590,285	202,540	344,035	559,264
	5,575,998	6,487,853	5,994,215	6,712,151	6,382,451
	-	-	52,107	166,871	150,390
	2,727,184	2,917,234	3,283,320	3,341,287	3,989,942
	-	-	-	-	-
	1,668,227	2,019,443	2,107,951	2,023,186	2,311,541
	545,909	722,178	770,920	1,022,581	1,109,390
	11,386,115	12,736,993	12,411,053	13,610,111	14,502,978
	22,148,972	21,327,903	18,039,638	12,151,290	7,302,290
	1,200,905	1,226,545	1,367,306	1,489,717	1,702,636
	9,478,859	10,679,662	11,425,533	10,299,360	9,839,658
	32,828,736	33,234,110	30,832,477	23,940,367	18,844,584
	2,223,969	2,432,041	2,792,929	3,019,717	3,305,183
	885,038	1,706,027	1,015,344	2,549,143	2,388,207
	1,480,347	1,497,985	1,389,149	1,225,911	584,150
	12,405,128	13,630,089	14,800,400	14,798,855	15,622,172
	405,648	382,293	473,051	405,119	511,733
	494,390	528,531	482,994	446,958	353,685
	294	-	33,342	-	-
	8,858	1,040	148,593	17,962	30,255
	929,762	477,899	329,205	233,129	721,060
	727,381	873,733	896,811	806,070	1,068,144
	2,566,333	2,263,496	2,363,996	1,909,238	2,684,878
	-	-	-	-	-
	247,471	445,654	258,837	334,583	324,013
	(1,069,530)	(928,952)	(703,638)	(810,585)	(513,269)
	190,479,868	207,842,381	217,258,076	214,846,600	215,947,845
	22,804,973	22,275,368	22,200,678	24,012,602	34,362,524
	4,882,000	4,918,000	8,579,632	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	218,166,841	\$ 235,035,749	\$ 248,038,386	\$ 238,859,202	\$ 250,310,369

VIA Metropolitan Transit

San Antonio, Texas

Capital Assets

Last Ten Fiscal Years

	2009	2010 Restated	2011 Restated	2012 Restated	2013 Restated
Land	\$ 26,447,326	\$ 26,804,057	\$ 27,209,314	\$ 27,209,314	\$ 31,729,733
Revenue Vehicles					
Bus	125,514,249	141,523,621	139,158,252	139,405,043	156,393,853
Van	8,339,955	8,339,955	8,341,255	8,194,102	16,177,015
Total Revenue Vehicles	133,854,204	149,863,576	147,499,506	147,599,144	172,570,868
Service Vehicles					
Trucks	1,909,471	1,951,568	2,069,486	2,419,698	2,397,254
Automobiles	1,360,960	1,299,180	1,391,934	1,190,073	939,038
Other Service Vehicles	357,641	357,641	357,641	455,229	592,318
Total Service Vehicles	3,628,072	3,608,390	3,819,060	4,064,999	3,928,610
Buildings and Structures					
Transit Way Facilities	33,680,565	38,475,179	38,991,798	38,991,798	38,962,046
Passenger Stations	42,677,004	47,273,563	48,625,854	49,206,787	69,465,333
Passenger Parking Stations	2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
Operating Yards and Stations	14,563,987	15,148,156	15,277,206	17,270,455	17,783,579
Vehicle Maintenance Shops and Garages	16,679,760	17,228,927	17,570,026	18,557,910	18,562,713
Other General Administration Facilities	12,647,099	12,845,785	17,677,094	17,851,130	18,536,882
Stadium/Depot Complex	6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
Total Buildings and Structures	129,304,216	140,027,411	147,197,779	150,933,881	172,366,354
Equipment					
Passenger Stations	3,254,607	3,266,389	3,266,389	2,445,424	3,249,984
Operating Yards and Stations	57,868	65,362	78,954	83,646	199,938
Vehicle Maintenance Shops and Garages	1,784,250	1,813,373	1,847,220	2,280,783	2,704,444
Other General Administration Facilities	1,482,498	1,476,252	1,486,143	578,057	594,149
Revenue Vehicle Movement Control	15,415,161	15,410,422	15,410,420	15,363,365	15,363,365
Revenue Collection and Processing	294,009	343,476	343,476	337,586	341,679
Data Processing	10,505,926	12,860,355	13,231,350	9,321,340	16,437,124
Communication	764,697	743,945	4,027,759	4,112,984	4,124,438
Office Equipment	110,630	103,608	121,776	150,401	190,677
Total Equipment	33,669,646	36,083,182	39,813,487	34,673,586	43,205,798
Total Capital Assets Before Depreciation	326,903,464	356,386,616	365,539,146	364,480,925	423,801,363
Accumulated Depreciation					
Revenue Vehicles	(77,915,736)	(84,564,130)	(93,746,131)	(103,077,815)	(110,594,492)
Service Vehicles	(2,976,301)	(2,882,462)	(3,221,642)	(3,284,327)	(3,087,851)
Buildings and Structures	(94,060,411)	(102,091,886)	(108,594,211)	(113,991,594)	(121,292,354)
Equipment	(29,769,422)	(29,604,437)	(31,298,434)	(27,882,391)	(31,326,126)
Total Accumulated Depreciation	(204,721,870)	(219,142,915)	(236,860,419)	(248,236,127)	(266,300,823)
Allowance for Capital Projects					
Allowance for Capital Projects	-	-	-	-	-
Total Allowance for Capital Projects	-	-	-	-	-
Work In Progress					
Revenue Vehicles	-	156,000	582,964	16,894,876	1,965,827
Service Vehicles	-	523	-	-	-
Buildings and Structures	5,162,105	3,332,888	8,663,926	19,028,659	20,766,453
Equipment	4,073,941	3,465,039	1,972,506	7,220,735	7,765,256
Total Work In Progress	9,236,046	6,954,450	11,219,396	43,144,270	30,497,535
Net Capital Assets	\$ 131,417,641	\$ 144,198,152	\$ 139,898,124	\$ 159,389,069	\$ 187,998,076

Source: VIA's Annual Audited Financial Statements

2014	2015	2016	2017	2018
\$ 31,812,673	\$ 32,841,276	\$ 33,891,182	\$ 33,094,493	\$ 33,334,256
161,102,879	163,792,050	165,240,017	282,101,388	278,303,551
13,062,931	12,390,028	12,531,053	12,560,208	14,250,641
174,165,810	176,182,078	177,771,070	294,661,596	292,554,191
2,500,468	3,007,261	3,073,640	3,073,640	4,181,082
897,848	990,916	1,033,832	1,033,832	1,005,447
701,175	714,009	730,539	730,537	735,839
4,099,491	4,712,186	4,838,011	4,838,009	5,922,368
38,948,550	39,422,162	39,487,969	44,458,346	45,543,988
71,174,228	80,689,459	82,536,760	113,333,160	123,384,288
2,618,686	2,618,686	2,618,686	2,618,686	22,237,701
18,010,568	18,131,642	18,226,057	18,410,821	31,558,093
18,623,635	18,805,095	19,024,906	20,018,060	20,602,770
18,953,212	21,551,971	21,714,105	23,704,819	25,166,015
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
174,765,995	187,656,130	190,045,598	228,981,007	274,929,969
3,249,984	3,258,088	3,258,088	3,290,084	3,290,084
323,809	436,506	462,309	510,985	1,940,144
3,088,946	3,342,263	3,499,320	3,508,734	3,623,239
611,740	651,360	652,535	607,566	660,345
15,493,408	15,244,418	15,206,752	15,206,752	15,202,277
340,268	9,244,995	9,330,962	9,415,460	10,826,024
17,455,993	17,996,076	17,965,381	18,654,577	21,858,449
4,152,708	4,188,880	4,748,407	5,229,837	6,920,625
396,880	495,958	578,918	576,352	1,720,123
45,113,736	54,858,544	55,702,672	57,000,347	66,041,310
429,957,705	456,250,214	462,248,533	618,575,452	672,782,095
(116,038,273)	(125,114,295)	(134,259,461)	(146,152,107)	(106,564,215)
(3,393,392)	(3,735,614)	(4,079,811)	(4,427,497)	(4,660,131)
(129,193,302)	(136,386,968)	(144,210,994)	(151,740,938)	(159,559,202)
(35,130,813)	(38,909,956)	(42,886,132)	(46,638,339)	(50,307,622)
(283,755,779)	(304,146,833)	(325,436,398)	(348,958,881)	(321,091,169)
(4,882,000)	(9,800,000)	-	-	-
(4,882,000)	(9,800,000)	-	-	-
2,279,032	108,277	8,983,042	16,479,450	1,847,937
-	116,670	-	-	119,625
42,838,973	55,874,682	53,233,428	63,447,824	47,364,886
9,687,289	2,721,347	4,740,012	12,499,858	3,704,088
54,805,294	58,820,976	66,956,482	92,427,132	53,036,535
\$ 196,125,221	\$ 201,124,358	\$ 203,768,618	\$ 362,043,704	\$ 404,727,462

VIA Metropolitan Transit Retirement Plan

San Antonio, Texas

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions										
Member Contributions	\$ 2,390	\$ 2,584	\$ 3,224	\$ 3,441	\$ 3,703	\$ 4,227	\$ 4,236	\$ 4,122	\$ 4,487	\$ 4,421
Employer Contributions	5,039	6,252	7,321	8,259	10,639	9,799	12,144	12,908	13,308	12,480
Investment Income (net of expenses)	(5,999)	15,342	1,646	29,942	25,017	22,741	2,675	21,771	33,716	29,240
Total additions to plan net position	1,430	24,178	12,191	41,642	39,359	36,767	19,055	38,801	51,511	46,141
Deductions										
Benefit Payments	10,866	12,032	13,502	14,525	16,093	17,168	18,877	19,424	21,398	22,706
Refunds	214	207	252	186	461	218	346	366	380	255
Administrative Expenses	166	188	238	218	241	215	236	167	255	121
Total Deductions from plan net position	11,246	12,427	13,992	14,929	16,795	17,601	19,459	19,957	22,033	23,082
Change in net assets	\$ (9,816)	\$ 11,751	\$ (1,801)	\$ 26,713	\$ 22,564	\$ 19,166	\$ (404)	\$ 18,844	\$ 29,478	\$ 23,059

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2,018
Type of Benefit										
Age and service benefits	\$ 8,896	\$ 9,966	\$ 11,403	\$ 12,216	\$ 13,572	\$ 14,630	\$ 16,049	\$ 16,330	\$ 18,060	\$ 19,254
Disability benefits	802	851	836	929	996	1,076	1,233	1,346	1,470	1,625
Beneficiaries	1,168	1,215	1,263	1,380	1,525	1,462	1,595	1,748	1,868	1,827
Total benefits	10,866	12,032	13,502	14,525	16,093	17,168	18,877	19,424	21,398	22,706
Type of Refund										
Separation	214	207	252	186	461	218	346	366	380	255
Death										
Total refunds	\$ 214	\$ 207	\$ 252	\$ 186	\$ 461	\$ 218	\$ 346	\$ 366	\$ 380	\$ 255

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

VIA Metropolitan Transit Retirement Plan
Retired Members by Type of Benefit
As of September 30, 2018

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement ¹						
		1	2	3	4	5	6	7
\$1 - \$500	178	3	49	25	14	12	72	3
501 - 1,000	227	8	103	29	24	6	52	5
1,001 - 1,500	163	16	68	7	30	3	33	6
1,501 - 2,000	103	28	36	8	13	5	9	4
2,001 - 2,500	128	66	31	12	8	0	10	1
2,501 - 3,000	100	67	19	7	5	0	0	2
Over 3,000	165	124	10	8	20	0	3	0
Total	1,064	312	316	96	114	26	179	21
Deferred	69							
Total w/Deferred	1,133							

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

Source: VIA's Retirement Plan Comprehensive Financial Report

Option Selected ²					
1	2	3	4	5	6
78	3	4	20	20	52
61	17	9	18	47	74
41	9	5	11	36	60
19	7	5	8	27	35
25	7	7	11	41	37
19	4	4	7	33	32
32	7	8	12	46	60
275	54	42	87	250	350
Add: 6 death in service term certain options					6
Total					1,064
Deferred					69
Total w/Deferred and Term Certain Options					1,133

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 6 death in service term certain options)

VIA Metropolitan Transit Retirement Plan

SAN ANTONIO, TEXAS

Schedule of Average Benefit Payout Amounts Last Ten Years

Retirement Effective Dates	Years Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40+
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
2017 - 2018								
Average Monthly Benefit	\$ -	\$ 635	\$ 889	\$ 1,065	\$ 1,923	\$ 2,943	\$ 4,025	\$ 5,049
Average Final Average Salary	\$ -	\$ 67,963	\$ 55,617	\$ 42,716	\$ 56,179	\$ 64,458	\$ 76,753	\$ 89,949
Number of Active Retirants	-	4	5	10	9	12	10	12

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

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