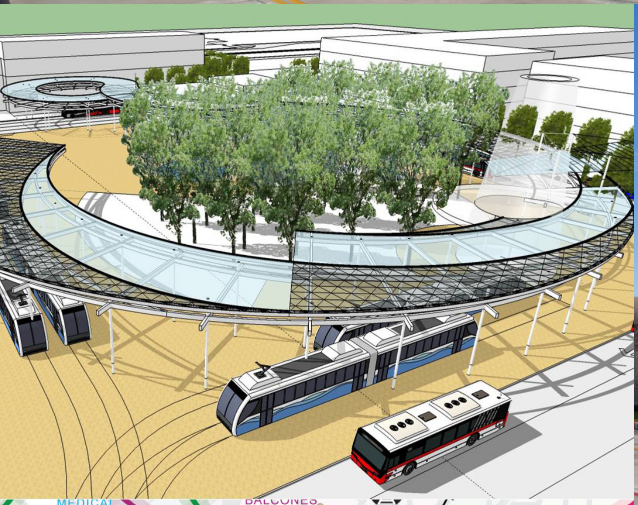
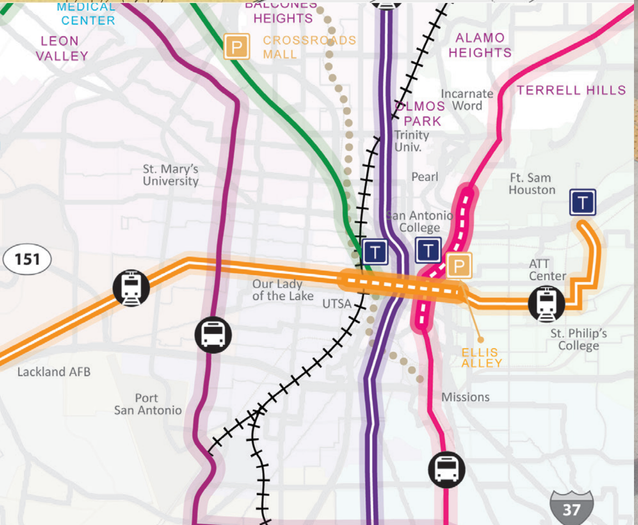
Metropolitan Transit
San Antonio, Texas

2012 Comprehensive Annual Financial Report

Year Ended September 30, 2012





2012 Comprehensive Annual Financial Report

Year Ended September 30, 2012

Prepared by the Fiscal Management Division

Steven J. Lange
Vice President Fiscal Management/CFO

VIA Metropolitan Transit
San Antonio, Texas

2012 Youth Art Contest Best of Show winning poster by
Azael Preciado, 10th grade, Lanier High School

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Introductory

Metropolitan Transit

ADVANCED TRANSPORTATION DISTRICT

March 1, 2013

Citizens of VIA Metropolitan Transit Service Area:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of VIA Metropolitan Transit for the fiscal year ended September 30, 2012. 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 2011 Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a listing of the Board of Trustees.

2. The **Financial Section** presents the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), and the basic financial statements with accompanying notes.

3. The **Statistical Section** provides unaudited financial, economic and other miscellaneous information that is useful for indicating trends for comparative fiscal periods.

VIA's independent auditor, Padgett, Stratemann & Co., LLP has rendered an unqualified opinion on VIA's financial statements for the year ended September 30, 2012. 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 Texas Department of Transportation and 25% to the City of San Antonio. The funds are used for "advanced transportation" and "mobility enhancement", which includes items such as transportation services, operations, transportation amenities, equipment, construction, improvements to streets and sidewalks, and, the local share for state and federal grants for ATD-related capital projects, such as improving highways and transportation infrastructure.

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

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

Service

The service area is comprised of roughly 1,227 square miles in Bexar County. This is just over 98% of Bexar County. VIA operates on a street network of approximately 1009 miles and in FY2012 carried an average of 142,773 passengers on weekdays. In FY2012, VIA transported 46.7 million passengers and provided more than 2.2 million hours of service over 33.9 million miles.

Service is currently available seven days a week, from 4:00 a.m. until 1:00 a.m., with a fleet of 457 buses and 104 Paratransit vans maintained by an around-the-clock maintenance department.

Budget

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

Economic Condition and Outlook

Overview
2012 was an exciting year for San Antonio, and even more impressive are the number of times the Alamo City appeared in national headlines, leading the country in areas such as clean energy, job growth, hospitality, manufacturing, information technology and security and small business.

San Antonio is the seventh largest city in the United States and the second largest in Texas. With a population of more than 1.3 million, San Antonio thrives as one of the fastest growing cities in the U.S. The Brookings Institution named San Antonio one of the strongest-performing economies among the 100 largest metropolitan areas in the nation and #1 in overall performance based on employment and unemployment levels. San Antonio Metropolitan Statistical Area (MSA) workforce in May 2012 was 1,024,892, an increase of over 12,000 compared to May 2011. Manufacturing, education and health services, as well as leisure and hospitality industries, led the employment sectors. In this 12-month period, total nonfarm employment increased 3,356 and the greatest increased industry was education and health services by 7,400. The Eagle Ford shale, a large domestic crude oil and natural gas discovery, is also creating numerous jobs to the San Antonio area. San Antonio's unemployment rate of 7.3% is below the national average.

In the longer term, the San Antonio area should have superior economic performance due to the high concentration of military medical activity, growing motor-vehicle-related manufacturing, a growing oil and gas industry, relatively low costs of doing business, and above-average population gains.

VIA's financial results are significantly impacted by sales tax collections, which account for 74% of VIA's budgeted revenues in 2013, and are driven by the local economy. In 2012, VIA's sales taxes were up 13.2% from the prior year. VIA's budgeted sales taxes for 2013 reflect a 4% increase over forecasted 2012 sales taxes and a 1.5% increase over actual 2012 results. This difference between growth rates is attributable to sales taxes for the last few months of 2012 being very strong, and the 2013 budget having already been set by that time. The 2013 projected increase is attributable to projections for a relatively strong local economy.

San Antonio's Economy

San Antonio has a diverse economy that has a healthy mix of business services, with an emerging new energy economy, a rapidly growing biomedical and biotechnology sector, and a diversified manufacturing sector, producing everything from aircraft and semiconductors to Toyota trucks. San Antonio also has a strong tourism industry and military presence. Retail trade, construction, manufacturing, information technology, and education are other key industries that play significant roles in the San Antonio economy.

The Eagle Ford Shale is playing a major role in San Antonio's economic growth. Historically, the San Antonio MSA did not have as large an energy industry as other Texas areas such as Houston, Midland, or more recently, Fort Worth. However, this is changing as the development of the Eagle Ford shale accelerates. The Eagle Ford shale is rapidly becoming one of the largest domestic crude oil and natural gas discoveries in more than 40 years. Roughly 50 miles wide and 400 miles long, the Eagle Ford shale spreads across Texas from the Mexican border, and covers 24 Texas counties. The oil reserves are estimated at 3 billion barrels with potential output of 420,000 barrels per day. The Eagle Ford Shale is quite possibly the largest single economic development in the history of the state of Texas and ranks as the single largest oil & gas development in the world. Almost $30 billion will be spent developing the shale in 2013.

Oil-field-services giant Halliburton Co. is nearing completion of a $50 million operations center in San Antonio and plans to hire 1,400 workers to support its operations in the Eagle Ford shale. Also, Baker Hughes has just completed a $30 million operations center and administrative headquarters in the southeastern San Antonio MSA to support drilling in the shale and will look to employ 400 people. Weatherford International Inc. and Schlumberger Ltd. are two other oil-field-services companies that plan to build facilities in the southeastern San Antonio MSA, which will create an estimated total of 200-300 jobs. Canadian energy services company Sanjel chose San Antonio as the site of a major oil field office because of its proximity to the shale and because the city has the required infrastructure and professional workforce – about 500 jobs are involved. Other companies that established sites in the San Antonio MSA and contribute to the Eagle Ford shale growth include Chesapeake Energy, Cudd Energy, EOG Resources, Inc., Marathon Oil, and Platinum Energy.

San Antonio's recent economic growth has also been led by the hospitality industry and construction. Historically, San Antonio has benefitted from such attractions as the Alamo, Sea World, River Walk, and Six Flags. Over the past year, payrolls in hospitality have increased by 10%. A major reason is the quadrupling of air traffic to and from Mexico over the past year following the decisions by Interjet, VivaAerobus and AirtTran to establish direct flights. According to a Trinity University research report, the San Antonio area hosted 2.2 million leisure travelers in 2011. In the construction industry, construction of new homes has started to pick up a bit. The housing market should further strengthen in 2013 as credit availability improves.

San Antonio's bioscience and healthcare industry is a dominant force in the city's economy, with a diverse mix of educational institutions, nationally-recognized healthcare systems, cutting-edge biotech companies and successful national corporations. Growth in recent years has been fueled by activity including: Medtronic's new Diabetes Therapy Management & Education Center; Becton Dickinson and Company's opening of their North American Professional Services Center; and, the opening of InCube Labs, a local branch of a life science incubator located in the silicon valley of California. Expect InCube to bring up to five biomedical startup companies and a locally-focused venture capital fund to San Antonio. The first three companies were announced in the fall of 2010.

The bioscience and healthcare industry includes both direct and indirect healthcare services. Direct healthcare services include care provided in hospitals, physicians' offices, nursing homes, offices and clinics of a variety of other healthcare providers, and various other outpatient and ambulatory care settings. Indirect related industries complement and support the provision of medical and healthcare services. These industry sectors include health insurance carriers, pharmaceutical companies, medical equipment producers and manufacturers, civilian and military medical education, biomedical research organizations, residential care and social services providers, and a variety of related endeavors.

The manufacturing industry in San Antonio is large and diverse. The industry has a representation of every major sector of U.S. manufacturing present in the community, including materials and electricity, equipment and metal, transportation, and diversified products. According to the 2011 Texas Manufacturers Register, San Antonio ranked as the fourth-largest manufacturing market in Texas, with 51,777 jobs.

The military/defense industry continues to have a strong presence in San Antonio, with San Antonio known as "Military City U.S.A.", home to Fort Sam Houston, Lackland Air Force Base, Randolph Air Force Base, Brooks City-Base, Camp Bullis, and Camp Stanley, as well as leading government contractors such as Boeing, Lockheed Martin, Pratt & Whitney, General Electric, and Sin-Swearingen. In recent years, the Base Realignment and Closure process, which is now complete, has added an estimated $5.7 billion to the economy (through 2011), and created an estimated 12,000+ jobs.

The information technology (IT) industry plays a major role in San Antonio, and is expected to have strong growth in coming years (2010 economic impact in the San Antonio MSA was $10 billion, and conservative estimates are for the impact to grow to $15 billion by 2015). San Antonio is particularly strong in information security.

In fact, San Antonio has come to be recognized as a national leader in this vital field, with the U.S. Air Force's Air Intelligence Agency, a large and growing National Security Agency presence, and the Center for Infrastructure Assurance and Security at the University of Texas San Antonio. The IT products sector includes manufacturers of computer and electronic equipment and components, wholesale trade (including business-to-business electronic market), retail trade, and Internet and software publishing. The IT product sector employs approximately 5,240 people in San Antonio. The IT services sector, which includes digital reproduction services, Internet service providers, computer services, computer training, and computer repair services, employs approximately 10,400 people in San Antonio.

Education is an important sector of the local economy, with the San Antonio MSA having 14 colleges and universities offering degrees in all major fields of study and educating more than 100,000 students. Through a community-wide initiative known as SA2020, Mayor Julian Castro intends to orchestrate one of the greatest turnarounds in education in the United States by providing the community with access to quality education and career opportunities.

Employment by industry for the San Antonio MSA, Texas and the United States is summarized in the following table:

Employment Percentages by Industry	San Antonio MSA	Texas	United States
Mining	0.4%	2.2%	0.6%
Construction	4.9%	5.3%	4.2%
Manufacturing	5.4%	7.9%	8.9%
Transportation/Utilities	2.4%	4.1%	3.7%
Wholesale Trade	3.4%	4.9%	4.2%
Retail Trade	11.2%	11.0%	11.1%
Information	2.2%	1.8%	2.0%
Financial Activities	8.2%	6.0%	5.8%
Prof. and Bus. Services	11.8%	12.7%	13.2%
Educ. and Health Services	15.4%	13.5%	15.1%
Leisure and Hosp. Services	12.2%	9.9%	10.3%
Other Services	3.7%	3.5%	4.1%
Government	18.8%	17.2%	16.8%

Source: Moody's Analytics Nov 2012

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

Summary

San Antonio has a diverse economy that is relatively strong and is improving, with solid growth expected in the future. Many businesses continue to relocate existing operations to San Antonio, or start new initiatives here. The strength of San Antonio's economy is reflected in the Manpower Group's recently naming San Antonio as the country's best city for job seekers, while Forbes ranked it eighth among "best places for business and careers" and fourth among the "next boom towns in the U.S."

Long-Term Financial Planning

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

Relevant Financial Policies

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

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

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

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

Major Initiatives

VIA's major initiatives are to implement multimodal choice for San Antonio and to focus on fiscal sustainability. VIA's becoming a truly multimodal agency involves implementing VIA Primo service, downtown streetcars, the Westside Multimodal Transit Center, three new Park & Ride lots/transit centers, rehabilitation of Ellis Alley buildings, updated amenities, and state-of-the-art fareboxes. These projects are briefly summarized below, and are discussed in more detail in the Management's Discussion and Analysis section of the audit report that appears later in this CAFR document. The focus on sustainability involves continuing to focus on doing more with fewer resources than those available to the peer group of other large Texas transit agency systems. Transit agencies in Austin, Dallas, and Houston all receive a full one-cent sales tax for transit, compared to 5/8ths of one-cent in San Antonio. Specific initiatives that will be addressed in FY13 include VIAtrans restructuring, pension restructuring, fixed route service refinements, and business process reviews.

Implementing Multimodal Choice for San Antonio
For the last few years, VIA has engaged the community in developing a plan to provide the San Antonio region into a truly multimodal transit system. FY13 is the year the vision of a multimodal transit system for the San Antonio region begins to materialize. VIA moves full gear into the development and delivery of the transportation infrastructure that supports a fully multimodal transit system.

VIA Primo – The region's first Bus Rapid Transit (BRT) line opened in December 2012. VIA Primo operates between the South Texas Medical Center and downtown San Antonio. Two major transit centers – the South Texas Medical Center Transit Center and the first phase of the Westside Multimodal Transit Center – will also open in association with the new BRT project.

Downtown Streetcar – A downtown streetcar system will introduce yet another mode to the VIA system, with three major decisions being made in FY13 that will essentially set the course for the project. These decisions are: the selection of a "locally preferred alternative" (LPA) – essentially the routing of the streetcar lines; the method of project delivery; and, the selection of the streetcar for purposes of developing the vehicle specification for procurement.

Westside Multimodal Transit Center (WSMMTC) – Phase II – VIA will break ground on the second phase of the WSMMTC in October 2013. Phase II is located in a block northeast of the Phase I development and will offer covered passenger waiting areas, an attractive and functional public plaza and transfer capability among 11 VIA transit routes (including VIA Primo). It will also serve as the terminus for one future streetcar line.

Three New Park & Ride Lots/Transit Centers – VIA will complete site selection and advance into design for three new facilities. The Stone Oak Park & Ride will be located along U.S. 281 north of Loop 1604. The second facility, the Brooks Transit Center, will provide transfer opportunity among five area routes including a new express route.

The third facility is the Robert Thompson Transit Center located on the near eastside of downtown.

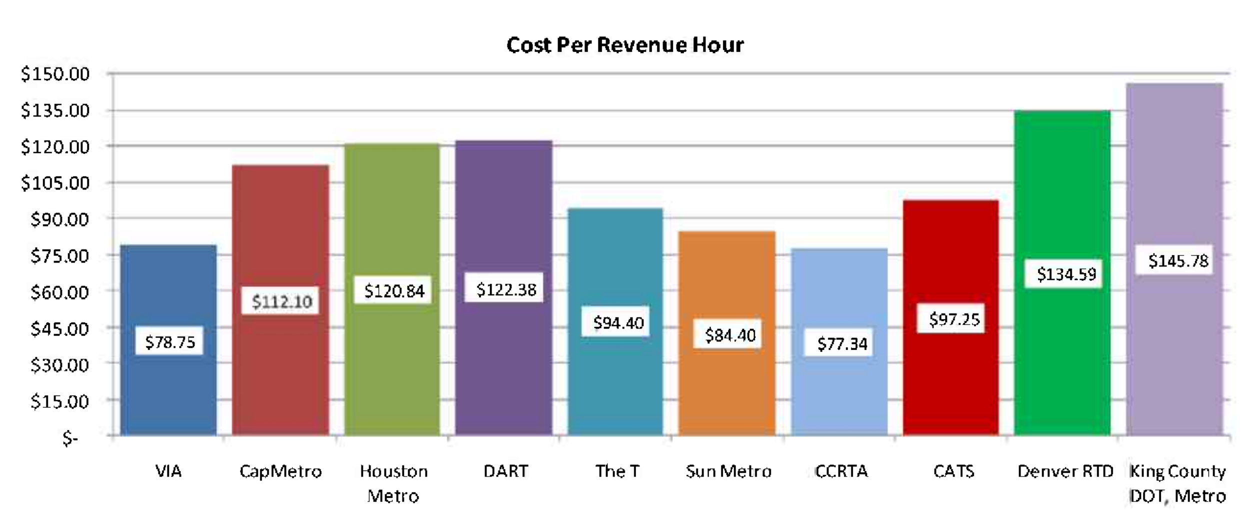
Ellis Alley – VIA is investing in rehabilitation of the three unimproved structures located in the historic Ellis Alley Enclave – the Beacon Light Lodge and two smaller residential structures. Ellis Alley is a historically significant area immediately east of downtown.

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

State-of-the-Art Fareboxes – VIA will be purchasing a new farebox system in FY13 and will complete installation of the new boxes system-wide by the spring of 2014. The new fareboxes will support new fare technology and will afford the agency the opportunity to introduce new fare media. New technologies will also decrease boarding time and give riders greater flexibility.

Doing More with Less: Sustainability

VIA is known for operating an extremely cost-effective and efficient transit system. The cost per hour of service at VIA is 25-30 percent lower than the cost per hour of peer agencies in Austin, Houston and Dallas, and lower than the cost for all but one other agency in the peer comparison below. Since VIA's bus operator and mechanic wages are comparable to these other systems, a major contributor to the difference is likely significantly lower management and administrative costs at VIA.



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

During FY13, VIA will explore and implement a large variety of efforts to maintain a fiscally sustainable operation. Key fiscal sustainability efforts for FY13 are as follows:

VIAtrans Restructuring – VIAtrans is the complementary paratransit service mandated by the Americans with Disabilities (ADA) Act of 1990. The ADA is prescriptive regarding complementary paratransit services, defining the minimum areas to be served, hours of operation, parameters for scheduling and delivering service and maximum permitted fares. A key challenge for VIA moving forward is the sustainability of VIAtrans service given the substantial resources required to support the program. A major effort to restructure VIAtrans operations is expected in FY13 as a means to improve service while cutting costs. The restructuring will include the following major elements: introduction of a taxi program to expand capacity at lower per trip costs; replacing the entire fleet with new vans; utilizing cleaner and cheaper propane fuel for larger vans; providing hedged fuel opportunities for contractor operations; and better productivity through scheduling enhancements. The savings resulting from this restructuring program will allow VIA to absorb a substantial rate increase in its contract operation while introducing the new taxi service with a modest net increase to the VIAtrans budget.

Pension Restructuring – The VIA pension is a defined benefit (DB) plan that is currently underfunded. Major investment losses in 2008 and 2009, coupled with modified assumptions for future planning have resulted in the need to significantly increase contributions to the plan in order to support the plan's sustainability. Over the last ten years, VIA's contribution to the plan has grown 700%. The VIA share of contributions (excluding investment results) grew from 41% to 75% during that period.

In FY13, VIA will consider implementing a defined contribution (DC) plan for new employees. Typically, DC plans limit employer contributions to a specified match with a capped maximum match. Plan adjustments and the introduction of the DC plan may improve the long-term sustainability of the VIA pension 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. During FY13, VIA will again perform a detailed service analysis, using its route performance index, to identify opportunities match service levels with ridership. This effort is anticipated to result in a modest adjustment to service hours (less than 1% for the year) by focusing on areas that will have minimal impact to our customers' ability to complete their trip.

Business Process Reviews – During FY13, VIA will conduct several reviews of key cost drivers. First, health care premiums continue to rise at a faster rate than inflation. Over the past three years, VIAcare costs have risen roughly 35%. However, an external review indicated that VIAcare costs are well below industry averages. The implementation of the national healthcare law will likely impact the kinds of plans that we must offer as well as introduce additional options for employee and retiree health insurance. VIA will track these changes and conduct a full assessment of likely impacts in FY13. VIA will also test the market to buy health insurance.

A review of VIA compensation practices commenced in late FY12 and will be complete during the first quarter of FY13. Several elements of VIA's compensation program have not been reviewed since their original development in 1978; other elements have not been systematically updated. While the results may require some pay adjustments, the agency cannot be an employer of choice with an antiquated compensation system.

Additionally, VIA will procure services for a full-scale management review during FY13. The agency last conducted a comprehensive review in 2001 and the organization and its goals have changed dramatically. The management review will focus on re-balancing staff and efforts to maintain sustainable growth in operating cost, as well as identifying opportunities for revenue enhancement.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VIA Metropolitan Transit Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended September 20, 2011. This was the twenty-second consecutive year that VIA Metropolitan Transit has received this award. In order to be awarded a Certificate of Achievement, VIA is required to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

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

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

Outstanding General Manager for 2012 – Awarded by the Texas Transit Association to VIA President/CEO Keith T. Parker for being the best transit manager in Texas.

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

First Place, International Roadeo Competition, Maintenance – Second straight first-place effort at the American Public Transportation Association's International Bus/Maintenance Roadeo, won by a team of VIA Maintenance personnel.

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

Acknowledgements

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

Sincerely,

Jeff Arndt	Steven J. Lange
Interim President/CEO	Vice President Fiscal Management/CFO

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

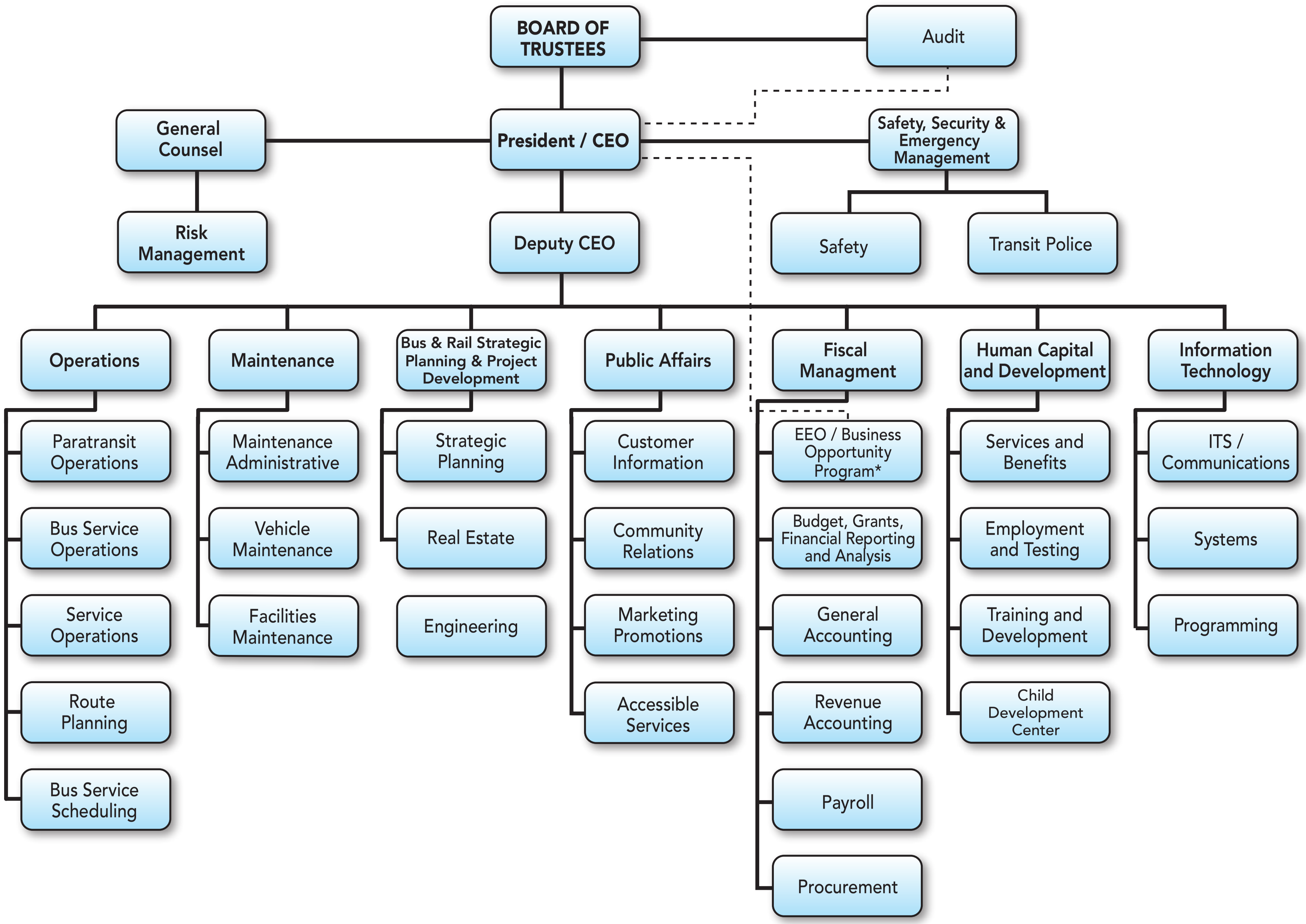
Jeffrey R. Emer
Executive Director

VIA Metropolitan Transit
Board of Trustees FY 2012

Board of Trustees

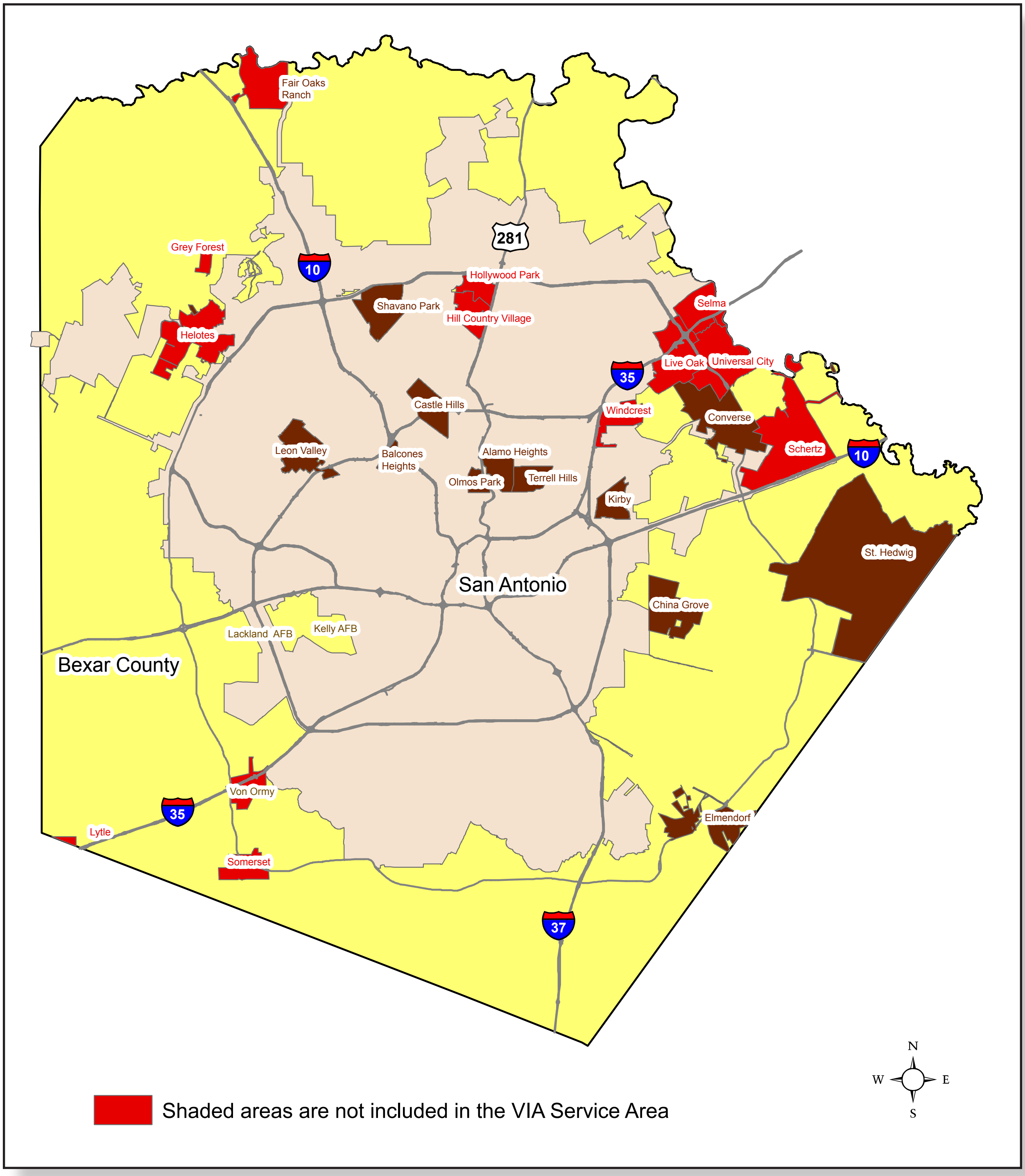
VIA Organizational Chart

October 1, 2011 – September 30, 2012



* EEO/Business Opportunity Program is currently assigned to Fiscal Management. There are specific functions identified in FTA Circular 4704.1 requiring direct access to the CEO.

VIA Service Area



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Financial

Independent Auditors' Report

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

We have audited the accompanying balance sheets of VIA Metropolitan Transit ("VIA") as of September 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for years then ended. These basic financial statements are the responsibility of the management of VIA. Our responsibility is to express opinions 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VIA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VIA as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2013, on our consideration of VIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise VIA's basic financial statements. The Other Supplementary Information, are 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 audits 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 Other Supplementary Information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise VIA's basic financial statements. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 do not express an opinion or provide any assurance on it.

Padgett, Stratemann & Co., L.L.P.

Certified Public Accountants
January 22, 2013

Management's Discussion & Analysis

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Management's Discussion and Analysis
September 30, 2012

The following Management's Discussion and Analysis of VIA Metropolitan Transit's ("VIA") activities and financial performance are provided as an introduction to the financial statements for the fiscal year ended September 30, 2012. Readers are encouraged to consider the information presented here in conjunction with information contained in the financial statements that follow this section.

Financial Highlights

- Operating revenues are $26.1M in 2012, up $0.8M from the prior year. This result was driven by higher line revenue, reflecting higher ridership. Bus line ridership was up 3.6% compared to the prior year.

- Nonoperating revenues are $158.5M in 2012, up $13.5M from the prior year. This result is primarily attributable to sales taxes, which were up $16.1M (excluding amounts paid to the City of San Antonio and Bexar County) due to a stronger economy. This increase was partially offset by a decrease in grant operating expense reimbursements, which were down $2.9M due to VIA using more formula grant funds for capital projects in fiscal year ("FY") 2012.

- VIA's sales tax revenue, which is the largest component of nonoperating revenue, came in at $137.6M in 2012, up $16.1M from the prior year (total sales taxes were $163.3M in 2012, of which $25.7M was for ATD entities other than VIA). Advanced Transportation District ("ATD") sales taxes returned to the community through the City of San Antonio ("CoSA"), the Texas Department of Transportation ("TxDOT"), and Bexar County are used for street improvements and to complete highway projects in the local area more quickly. As of September 2012, Bexar County has four approved projects that use ATD funds for financing; Bexar County has a "pass-through" financing arrangement with TxDOT.

- Operating expenses, including depreciation, are $190.5M in 2012, an increase of $5.1M (2.8%) compared to the prior year. Wages, which are the most significant costs associated with providing service, increased by $1.1M, due mainly to higher wage rates. A 1.5% wage increase was implemented on August 1, 2011 for hourly employees and on October 1, 2011 for salaried employees, and a 3.0% increase was implemented on August 1, 2012 for hourly employees and on October 1, 2012 (first day of FY 2013) for salaried employees. Fringes were up $3.7M due mainly to VIAcare costs being up $2.0M (VIAcare is VIA's self-administered and self-insured medical plan), and pension costs being up $0.9M. Medical costs are up due primarily to medical cost inflation and higher claims experience. Pension is up due mainly to the impact of weak investment returns.

- As of the end of 2012, VIA's Stabilization Fund and working capital are each funded at the Board of Trustees' (the "Board") policy level, which is to have a balance adequate to cover 60 days of operating expenses. The Stabilization Fund balance and working capital balance were each at $29.1M at the end of FY 2012, equal to 60 days of expenses.

- Total capital/cash reserves and working capital increased by at total of $27.0M in 2012, finishing FY 2012 with a balance of $113.8M compared to $86.8M at the end of the prior year. VIA's Bond Fund balance increased by $18.0M (from a beginning balance of zero), as VIA issued four private placement bonds in FY 2012 (par value was $18.5M, and costs of issuance were $0.5M). VIA's Capital Reserve increased by $20.2M, to a balance of $22.9M at the end of FY 2012. The Bus Rapid Transit decreased by $10.7M to zero, and the Revenue Vehicle Replacement/Expansion reserve decreased by $14.4M to zero, as remaining amounts were either used or transferred to VIA's Capital Reserve. Future bus purchases will be debt-financed. Working capital increased by $12.8M, as VIA was able to bring this reserve back up to Board policy level due to a $6.8M decrease in federal grant receivables and strong cash flow for the year, driven mainly by higher sales tax revenue.

- VIA issued four private placement bonds totaling $18.5M in par value in 2012, to help fund the agency's Short-Term Capital Program. This program consists of two modern streetcar starter lines, the Westside Multimodal Transit Center, Robert Thompson Terminal, Brooks Transit Center, U.S. 281 North Park and Ride, and Downtown Amenities projects.

- Of the $37.8M in America Recovery and Reinvestment Act ("ARRA") funds that VIA was awarded in 2009-2010, only $10.0M was remaining as of the end of FY 2012 (the other $27.8M was spent, encumbered, or obligated). All ARRA projects are complete except for the new automated fare collection system, and that project is expected to be complete in December 2013. The new fare collection system is expected to include Smart Fare media, speed up passenger entry, provide improved ridership data, and be more convenient to the riding public. In FY 2012, VIA took delivery of 3 electric buses – these are the last of a variety of new environmentally-friendly vehicles that VIA purchased with ARRA funds. New environmentally-friendly buses received and put into service in prior years included 30 diesel-hybrid buses and 4 compressed natural gas ("CNG") buses. Except for 4 diesel-hybrid buses and 1 CNG bus, all vehicles were purchased with ARRA funds. VIA has also used ARRA funds for an automatic notification system for VIAtrans customers, downtown amenities, additional park and ride capacity, supporting equipment for new buses, new engines, and operating assistance. The $37.8M in ARRA funds awarded to VIA consists of an appropriation of $31.2M and discretionary funds of $6.6M. The discretionary funds include $5.0M from the Federal Transit Administration's ("FTA") Transit Investment for Greenhouse Gas Emissions Reduction ("TIGGER") grant program, and $1.6M under an Environmental Protection Agency ("EPA") program. The only local match required for ARRA funds was a 20% match on EPA funds.

Overview of the Financial Statements

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

Required Financial Statements

The Balance Sheets include all of the assets and liabilities of VIA and provide information about the nature of the resources (assets) and obligations to creditors (liabilities). The assets and liabilities are presented in a format that distinguishes between current and long-term categories. Over time, increases or decreases in net assets 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 Assets analyze VIA's operations over the past year and provides comparative information for the previous fiscal year. These statements illustrate VIA's ability to cover operating expenses with revenues received during the same year.

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

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

Financial Analysis

The basic financial statements discussed above report information about VIA's financial activities in a way that helps the reader determine if VIA is better off or worse off as a result of the fiscal year's activities. The statements show the difference between assets 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.

Net Assets

A summary of VIA's condensed balance sheet informaiton is presented below:

Condensed Balance Sheet Information
(In Millions of Dollars)

	2012	2011	2010
Current assets	$ 147.5	$ 118.7	$ 121.6
Other noncurrent assets	13.3	19.3	12.6
Capital assets	159.9	140.1	144.3
Total assets	$ 320.7	$ 278.1	$ 278.5
Current liabilities	$ 21.2	$ 19.1	$ 22.4
Long term liabilities	23.2	4.8	–
Total liabilities	$ 44.4	$ 23.9	$ 22.4
Net assets:			
Invested in capital assets – net of related debt	$ 159.9	$ 140.1	$ 144.3
Restricted for capital projects	7.8	8.0	4.0
Unrestricted	108.6	106.1	107.8
Total net assets	$ 276.3	$ 254.2	$ 256.1

Total net assets may serve, over time, as a useful indicator of an entity's financial position. At the close of FY 2012, VIA's net assets are $276.3M. The largest 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 assets increased by $22.1M in FY 2012, with net capital assets increasing by $19.8M. This $19.8M increase in VIA's net capital assets in 2012 results from asset acquisitions of $38.8M, including work-in-progress, less depreciation of $19.0M (there were some capital asset disposals in FY 2012, but the net book value of these items was zero). The $38.8M in asset acquisitions is comprised of: buildings and structures, $14.8M; equipment, $6.6M; and, revenue and service vehicles, $17.4M.

Unrestricted net assets increased by $2.5M, favorably impacted by operations results that produced a favorable cash flow. As noted earlier, cash, cash equivalents and investments were up $27.0M in FY 2012, driven mainly by bonds issued ($18.0M, net) and higher sales tax revenue (up $16.1M from the prior year). VIA made significant capital expenditures in FY 2012, with revenue and service vehicles being the largest expenditures.

Restricted net assets decreased by $0.2M, which is attributable to $0.8M of restricted local match funds being spent on capital projects, partially offset by an increase in the amount of funds retained on payments for large construction projects. Retained funds are released to contractors when projects are completed.

Management's Discussion and Analysis
September 30, 2012

Revenues, Expenses, and Changes in Net Assets Information

Condensed information on revenues, expenses, and changes in net assets informaiton provide additional information on the changes in VIA's financial position.

Condensed information on Revenues, Expenses, and Changes in Net Assets
(In Millions of Dollars)

	2012	2011	2010
Operating revenues:			
Passenger revenues	$ 24.4	$ 23.7	$ 22.7
Advertising, real estate development, and other	1.7	1.6	1.7
Total operating revenues	26.1	25.3	24.4
Operating expenses:			
Line service	132.3	127.0	117.5
Robert Thompson Terminal	0.5	0.3	0.2
Other special events	0.6	0.5	0.5
VIAtrans	32.7	31.0	29.1
Vanpool	0.5	0.4	0.2
Bus Rapid Transit	0.4	0.4	0.5
Charter	0.1	0.1	0.1
Promotional service	0.1	0.1	0.1
Business development and planning	3.6	3.3	3.2
Transit technology	0.7	0.7	0.6
Depreciation	19.0	21.6	20.3
Total operating expenses	190.5	185.4	172.3
Operating loss	(164.4)	(160.1)	(147.9)
Nonoperating revenues (expenses):			
Sales taxes	163.3	144.6	137.3
Grants reimbursement	20.4	23.3	27.2
Investment income	0.2	0.6	0.5
Gain (loss) on sale of assets	0.2	(0.4)	(0.1)
Less amounts remitted to CoSA, TxDOT, and Bexar County	(25.7)	(23.1)	(21.7)
Alamo RMA reimbursement	0.1	–	–
Total nonoperating revenues	158.5	145.0	143.2
Loss before capital contributions	(5.9)	(15.1)	(4.7)
Capital contributions	28.0	13.2	29.8
Changes in net assets	22.1	(1.9)	25.1
Net assets at beginning of year	254.2	256.1	231.0
Net assets at end of year	$ 276.3	$ 254.2	$ 256.1

Operating Revenues

Operating revenues were $26.1M in FY 2012, up $0.8M (3.2%) from the prior year. This result is attributable to higher fare revenue, driven by higher ridership. Line ridership was up 3.6% compared to the prior year, due to a stronger economy and measures that VIA has taken to improve bus service, such as improved safety, cleaner buses, and the installation of a wi-fi network on express bus routes.

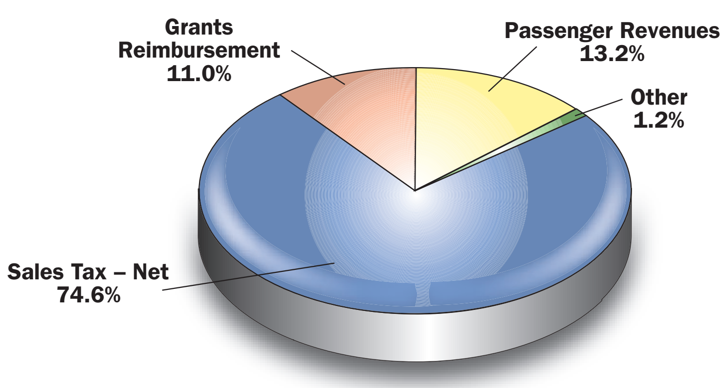
Operating revenues increased by $0.9M (3.7%) in FY 2011. This result was attributable to similar factors as those accounting for the FY 2012 increase.

Nonoperating Revenues

VIA's nonoperating revenues increased by $13.5M (9.3%) in FY 2012. Sales taxes are up $16.1M (this figure is net of sales taxes remitted to CoSA and Bexar County), reflecting a stronger economy. Grant reimbursements are down $2.9M in FY 2012, due to VIA using more formula grant funds for capital projects in FY 2012.

VIA's nonoperating revenues increased by $1.8M in FY 2011. Sales taxes were up $5.9M (this figure is net of sales taxes remitted to CoSA and Bexar County), reflecting a stronger economy. Grant reimbursements were down $3.9M in FY 2011, due mainly to VIA's use of ARRA funds for operating assistance in FY 2010.

2012 Total Revenues by Major Category



Management's Discussion and Analysis
September 30, 2012

Expenses

Operating expenses are $190.5M in FY 2012, an increase of $5.1M (2.8%) from the prior year. This increase is primarily attributable to higher wages (up $1.1M), higher fringes (up $3.7M), and higher purchased transportation expense (up $1.0M). There was a 1.5% wage increase effective on August 1, 2011 for hourly employees and October 1, 2011 for salaried employees, and a 3.0% increase effective on August 1, 2012 for hourly employees (salaried employees also got a 3.0% increase, which was effective on the first day of FY 2013, October 1, 2012). Fringes were up due to higher VIAcare expenses, up $2.0M due mainly to medical cost inflation and claims experience, and higher pension costs, which were up $0.9M due mainly to the impact of weak investment returns from 2008. VIAcare is VIA's self-administered and self-insured healthcare program. Purchased transportation expense was up due to a shift in the mix of directly-provided and purchased paratransit service.

Operating expenses were $185.4M in FY 2011, an increase of $13.1M (7.6%) from the prior year. This increase is primarily attributable to higher wages (up $3.0M), higher fringes (up $3.2M), and higher fuel and lubricants expense (up $3.4M). There was a 3.5% wage increase effective on August 1, 2010 for hourly and salaried employees, and a 1.5% increase effective on August 1, 2011 for hourly employees (salaried employees also got a 1.5% increase, which was effective on the first day of FY 2012, October 1, 2011). Fringes were up mainly due to higher VIAcare (medical) and pension costs. Medical costs were up due to medical cost inflation and claims experience, and pension cost were up due mainly to weak investment returns.

Long-Term Debt

In FY 2012, VIA and ATD issued debt to help fund various capital purchases. Prior to FY 2012, capital asset purchases were funded on a pay-as-you-go basis. Details of the four FY 2012 debt issuances are covered in Note 12.

Capital Assets

At the end of FY 2012, VIA had $159.9M in capital assets net of accumulated depreciation, an increase of $19.8M over the prior fiscal year-end balance. The increase is primarily from the acquisition of 16 new articulated 60-foot buses to provide Bus Rapid Transit service beginning in December 2012. Components of the net change are the following: capital assets before depreciation and construction-in-progress decreased by $1.0M to a balance of $364.5M; construction/work-in-progress ("WIP") increased by $32.2M to a balance of $43.6M; and accumulated depreciation increased by $11.4M to a contra-asset balance of $248.2M. VIA's investment in capital assets includes land; buildings and shelters; revenue vehicles; service vehicles; and communications technology, information technology, maintenance equipment and other miscellaneous equipment. The assets have been purchased with federal and local funds.

Management's Discussion and Analysis
September 30, 2012

The $1.0M decrease in capital assets value before depreciation and construction-in-progress reflects the net of $1.6M in asset additions, $5.0M in transfers from WIP, and $7.6M in asset disposals. Spending for equipment accounts for $0.8M of the asset additions, with computer equipment being the largest spending line item. Service vehicles account for $0.5M of the additions, and buildings and shelters account for the remaining $0.3M. In the transfers in from WIP category, buildings and shelters account for $3.6M of the $5.0M in transfers, with the largest single items being the completion of a bus washer project and an emergency generator system project. Various equipment and vehicles accounted for most of the remaining transfers. Asset disposals were for a variety of miscellaneous items along with larger items, including vehicles and computer software.

WIP increased by $32.2M, which is the net of $37.2M in WIP additions and $5.0M in transfers out. Spending for revenue and service vehicles is the largest item in the WIP additions category, accounting for approximately $16.9M of the total. As noted earlier, this spending was primarily for Bus Rapid Transit buses for service that will begin in December 2012. The capital spending for these vehicles will be moved from WIP to capital assets when the buses are placed in service. Buildings and shelters accounted for $14.4M of WIP additions, and equipment accounted for the remaining $5.9M.

At the end of FY 2011, VIA had $140.1M in capital assets net of accumulated depreciation, a decrease of $4.2M from the prior year-end. Capital assets before depreciation and WIP increased by $9.1M, WIP increased by $4.4M, and accumulated depreciation increased by $17.7M.

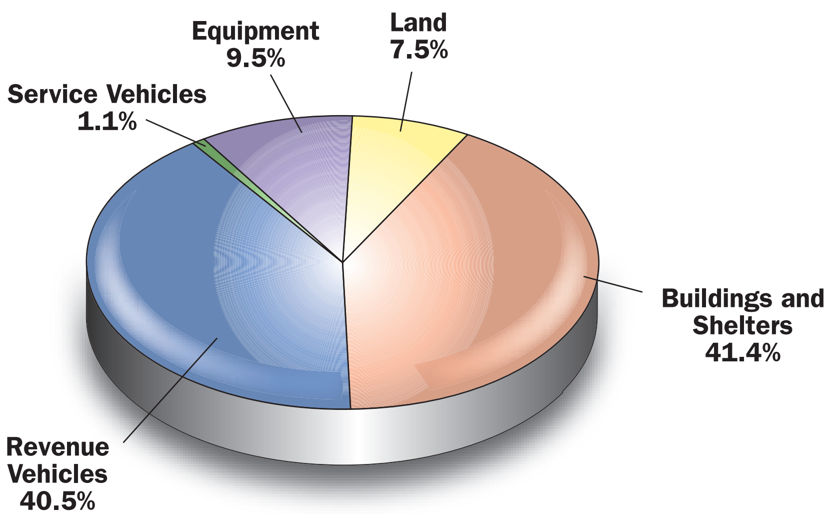
Readers of this document that desire a more detailed overview of capital asset activity should refer to the notes to financial statements section of this report. Note 1.F defines accounting policies related to capital assets, and Note 7 gives details of the components of capital asset categories.

Management's Discussion and Analysis
September 30, 2012

Capital Assets
(In Millions of Dollars)

	2012	2011	2010
Land	$ 27.2	$ 27.2	$ 26.8
Buildings and shelters	150.9	147.2	140.0
Revenue vehicles	147.6	147.5	149.9
Service vehicles	4.1	3.8	3.6
Equipment	34.7	39.8	36.1
	364.5	365.5	356.4
Less accumulated depreciation	248.2	236.8	219.1
Net capital assets before construction-in-progress	116.3	128.7	137.3
Construction-in-progress:			
Buildings and improvements	19.5	8.6	3.4
Revenue vehicles	16.9	0.6	0.1
Equipment	7.2	2.2	3.5
Total construction-in-progress	43.6	11.4	7.0
Net capital assets	$ 159.9	$ 140.1	$ 144.3

2012 Capital Assets Before Depreciation by Major Category



Economic Factors and Outlook for Fiscal 2013

Economic factors and the outlook for FY 2013 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 over 74% of VIA's revenues. VIA's budgeted FY 2013 sales tax revenue reflects a 1.5% increase over actual FY 2012 sales tax, and a 4% increase over forecasted FY 2012 sales tax. Actual results for 2012 came in higher than forecast, as the year finished strong. Actual sales tax receipts for 2012 were up 13.2% from 2011, reflecting an improving economy.

San Antonio's recovery is on track, and the year-over-year pace of employment gain has been nearly twice the national average. Consequently, and because of the relative mildness of the 2008-2009 recession, total payrolls are well above their pre-recession peak. Hospitality and construction are leading the way, with the former growing at a double-digit pace over the past year. The unemployment rate has declined by more than a percentage point over the past year, and new workers are re-entering the job market at a steady pace.

VIA forecasts sales taxes using a least-squares curve-fitting model and economic projections for the San Antonio area from Moody's Corporation. The San Antonio economy is expected to transition from recovery to expansion in the coming year, supported by gains in tourism, local government, housing, and the continuing development of Eagle Ford Shale. Also, the concentration of military, cybersecurity, and medical activity; growth in commercial aerospace; and above-average population increases will contribute to above-average performance. VIA also obtains sales tax forecasts from the SABER Research Institute ("SABER"). The methodology used by SABER is a composite of techniques, including an analysis of basic statistics, regression analysis, and judgmental adjustment.

Implementing Multimodal Choice for San Antonio

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

VIA is turning that vision into reality. During FY 2013, the citizens of the region will need imagine that future no more – the future arrives. VIA moves full gear into the development and delivery of the transportation infrastructure that supports a fully multimodal transit system.

VIA Primo – The region's first bus rapid transit ("BRT") line premiered in December 2012. VIA Primo will operate between the South Texas Medical Center and downtown San Antonio. Service will be provided using state-of-the-art and environmentally-clean compressed natural gas articulated buses that can hold about 50 seated passengers. VIA Primo will run every 10 minutes throughout most of the day. Traffic signal priority treatment along the corridor, coupled with a reduced number of bus stops, will lead to faster and more reliable travel times. Two major transit centers – the South Texas Medical Center Transit Center and the first phase of the Westside Multimodal Transit Center – will also open in association with the new BRT project. These transit centers will provide enhanced passenger amenities, including real-time bus information and an air-conditioned patron lobby.

Downtown Streetcar – A downtown streetcar system will introduce yet another mode to the VIA system, with three major decisions being made in FY 2013 that will essentially set the course for the project. First, the Alternatives Analysis process is beginning at the end of FY 2012, with public outreach initiated as early as October 2012. Simultaneously, staff and consultants will conduct an environmental assessment of the project. In the summer of 2013, after comprehensive public involvement, the Board will select the locally preferred alternative ("LPA") – essentially the routing of the streetcar lines. The Environmental Assessment will be completed during the summer, followed by a formal public hearing and input process, and submission to the FTA.

The second major decision will involve the method of project delivery. VIA staff will coordinate a series of Board workshops to provide information regarding the advantages and disadvantages of a variety of project delivery methods. In the summer of 2013, the Board is scheduled to select the downtown streetcar project delivery method.

The third major decision will be the selection of the streetcar for purposes of developing the vehicle specification for procurement. VIA's staff conducted initial fact-finding outreach to vehicle manufacturers in the summer of 2012. During FY 2013, VIA's staff will evaluate alternatives and recommend a car/system in the summer of 2013. They will then begin preparation of the specification for a procurement that is expected to be issued in March 2014.

Westside Multimodal Transit Center ("WSMMTC") – Phase II – VIA will break ground on the second phase of WSMMTC in August 2013. Phase II is located in a block northeast of the Phase I development and will offer covered passenger waiting areas, an attractive and functional public plaza, and transfer capability among 11 VIA transit routes, including VIA Primo. It will also serve as the terminus for 1 future streetcar line.

Three New Park and Ride Lots/Transit Centers – VIA will complete site selection and advance into the design for three new facilities. The Stone Oak Park and Ride will be located along U.S. 281, north of Loop 1604. An initial phase will feature commuter parking for a new express route, while a later phase will incorporate an enhanced passenger waiting facility and direct connection ramps to/from the planned transit priority lane on U.S. 281. To the south, the Brooks Transit Center will provide transfer opportunities among five area routes, including a new express route. Both the Stone Oak Park and Ride and the Brooks Transit Center express services will be operated with environmentally-friendly buses. The third facility is the Robert Thompson Transit Center located on the near eastside of downtown. Currently a special use facility, this transit center will offer an off-street transfer site and support a revised downtown operating plan that will reduce the total volume of buses downtown. This facility and WSMMTC will provide sheltered transfer capabilities that will result in fewer transfers occurring downtown.

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

Updated Amenities – Downtown will continue to be the largest single activity center of the transit system. The Downtown Amenities project will provide enhanced passenger waiting areas and information at selected stops. These improved amenities will be installed throughout the spring and summer of 2013. The new downtown shelter will serve as a springboard for the development of an updated standard shelter design to be used at stops outside of downtown beginning in 2013, as well.

State-of-the-Art Fareboxes – VIA will purchase a new farebox system in FY 2013 and will complete installation of the new boxes system-wide by early 2014. The new fareboxes will support new fare technology and afford the agency the opportunity to introduce new fare media. New technologies will also decrease boarding time and give riders greater flexibility.

In summary, FY 2013 is the year the vision of a multimodal transit system for the San Antonio region begins to materialize. VIA will add a new mode of transit service to its mix with the beginning of VIA Primo operations. The downtown streetcar project will move forward, with three important decisions being made in FY 2013 – the route alignment, the project delivery method, and the vehicle/system. VIA will break ground on the second phase of WSMMTC, while completing the site selection and conceptual design of additional customer facilities supporting new and enhanced services. Finally, transit patrons will see updated passenger amenities installed downtown and throughout the region.

Management's Discussion and Analysis
September 30, 2012

VIA is excited about the opportunities to improve transportation services for the community and help move San Antonio into a new era of transit. VIA remains fiscally sound, with the Stabilization Fund funded at Board policy level entering 2013.

In the FY 2013 budget, total revenues are $187.6M, total expenses are $176.9M, and net income is budgeted at $10.7M. Funds generated from operations (excess of cash revenues over cash expenses for operations) will be used to help pay for capital projects.

Requests for Information

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

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Basic Financial Statements

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Balance Sheets

September 30, 2012 and 2011

Assets		**2012**		**2011**
Current assets:				
Cash and cash equivalents	$	49,090,128	$	36,142,173
Investments		33,523,467		30,711,053
Fuel hedging asset		451,897		1,747,797
Accounts receivable:				
Federal government		4,757,787		11,531,116
State of Texas – sales taxes		24,409,871		21,469,127
Interest		43,048		33,580
Other		1,104,413		780,119
Inventory		3,233,468		3,127,329
Prepaid expenses and other current assets		649,415		923,033
Restricted assets:				
Cash and cash equivalents		671,317		178,359
Investments		25,055,705		7,957,416
State of Texas receivable – sales taxes		4,473,499		4,063,073
Total current assets		147,464,015		118,664,175
Noncurrent assets:				
Investments		5,495,700		11,808,480
Capital assets:				
Land		27,209,314		27,209,314
Buildings and shelters		150,933,881		147,197,779
Revenue vehicles		147,599,144		147,499,506
Service vehicles		4,064,999		3,819,060
Equipment		34,673,587		39,813,487
Total capital assets		364,480,925		365,539,146
Less accumulated depreciation		248,236,127		236,860,419
Construction in progress		43,642,867		11,429,032
Net capital assets		159,887,665		140,107,759
Other assets:				
Net pension asset		3,041,835		2,985,229
Net OPEB asset		4,302,687		4,582,539
Debt issuance costs		522,860		-
Total other assets		7,867,382		7,567,768
Total noncurrent assets		173,250,747		159,484,007
Total assets	$	320,714,762	$	278,148,182

The accompanying notes are an integral part of these statements.

Balance Sheets - Continued
September 30, 2012 and 2011

Liabilities	2012	2011
Current liabilities:		
Accounts payable	$ 7,174,654	$ 6,895,726
Deferred inflow	451,897	1,747,797
Interest payable	19,340	–
Bonds payable	435,000	–
Accrued liabilities	2,036,212	1,225,481
Unearned revenue	621,258	770,514
Claims payable	5,999,381	4,225,569
Total current liabilities	16,737,742	14,865,087
Current liabilities – payable from restricted assets:		
Payable to CoSA, TxDOT, and Bexar County	4,473,498	4,063,073
Retainage payable	24	152,630
Total current liabilities – payable from restricted assets	4,473,522	4,215,703
Long term liabilities	23,216,494	4,826,116
Total liabilities	44,427,758	23,906,906

Net Assets		
Invested in capital assets – net of related debt	159,887,665	140,107,759
Restricted for capital projects	7,752,249	7,983,145
Unrestricted	108,647,090	106,150,372
Total net assets	276,287,004	254,241,276
Total liabilities and net assets	$ 320,714,762	$ 278,148,182

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011
Operating revenues:		
Line service	$ 22,315,482	$ 21,625,077
Robert Thompson Terminal	78,925	76,917
Other special events	177,119	174,383
VIAtrans	1,681,635	1,705,738
Charter	113,915	107,523
Real estate development	267,719	277,257
Ellis Alley Park and Ride	6,854	8,243
Bus advertising	615,000	516,250
Miscellaneous	843,534	842,939
Total operating revenues	26,100,183	25,334,327
Operating expenses:		
Line service	132,326,068	127,048,368
Robert Thompson Terminal	512,763	361,462
Other special events	541,478	490,118
VIAtrans	32,677,623	31,038,547
Vanpool	537,218	366,252
Bus Rapid Transit	391,558	361,888
Charter	45,861	70,688
Promotional service	86,021	81,239
Real estate development	3,192	794
Business development and planning	3,605,444	3,310,027
Transit technology	719,319	690,381
Total operating expenses before depreciation	171,446,545	163,819,764
Depreciation on capital assets:		
Acquired with VIA equity	4,440,433	4,977,522
Acquired with grants	14,594,690	16,610,866
Total operating expenses after depreciation	190,481,668	185,408,152
Operating loss	(164,381,485)	(160,073,825)

The accompanying notes are an integral part of these statements.

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

Years Ended September 30, 2012 and 2011

	2012	2011
Nonoperating revenues (expenses):		
Sales taxes	$ 163,316,655	$ 144,588,735
Grants reimbursement	20,360,615	23,279,480
Investment income	252,009	617,320
Bond interest and amortization	(23,281)	–
Gain on sale of assets	170,308	(367,766)
Less amounts remitted to CoSA, TxDOT, and Bexar County	(25,720,768)	(23,085,686)
Alamo RMA reimbursement	90,150	–
Total nonoperating revenues	158,445,688	145,032,083
Loss before capital contributions	(5,935,797)	(15,041,742)
Capital contributions	27,981,525	13,230,025
Change in net assets	22,045,728	(1,811,717)
Net assets at beginning of year	254,241,276	256,052,993
Net assets at end of year	$ 276,287,004	$ 254,241,276

The accompanying notes are an integral part of these statements.

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Cash received from customers	$ 25,849,877	$ 25,627,180
Cash payments to vendors for goods and services	(54,671,768)	(43,663,236)
Cash payments for employee services, including salaried fringe benefits	(113,484,839)	(122,321,136)
Net cash used in operating activities	(142,306,730)	(140,357,192)
Cash Flows From Noncapital Financing Activities		
Sales taxes	159,959,921	142,835,090
Grants reimbursements received	27,177,655	12,658,536
Payments to CoSA, TxDOT, and Bexar County	(25,309,927)	(23,105,316)
Net cash provided by noncapital financing activities	161,827,649	132,388,310
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital grants	27,946,890	13,544,699
Bond proceeds	17,973,208	–
Proceeds from sale of assets	248,634	34,594
Purchase of capital assets	(38,893,355)	(17,424,782)
Net cash provided by (used in) capital and related financing activities	7,275,377	(3,845,489)
Cash Flows From Investing Activities		
Sale of investment securities	95,693,394	140,170,294
Purchase of investment securities	(109,453,804)	(128,739,255)
Interest earnings	405,027	564,870
Net cash provided by (used in) investing activities	(13,355,383)	11,995,909
Net increase in cash and cash equivalents	13,440,913	181,538
Cash and cash equivalents at beginning of year	36,320,532	36,138,994
Cash and cash equivalents at end of year	$ 49,761,445	$ 36,320,532

The accompanying notes are an integral part of these statements.

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	2012	2011
Operating loss	$ (164,381,485)	$ (160,073,825)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation on capital assets:		
Acquired with VIA equity	4,440,433	4,977,522
Acquired with grants	14,594,690	16,610,866
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(333,371)	203,604
Decrease (increase) in inventory	(106,141)	58,126
Decrease (increase) in prepaid expenses and other current assets	1,569,517	(3,725,835)
Decrease (increase) in interfund receivable	92,102	452,310
(Decrease) increase in accounts payable	1,116,367	128,178
(Decrease) increase in accrued liabilities	701,158	1,011,862
Net cash used in operating activities	$ (142,306,730)	$ (140,357,192)

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

	2012	2011
Cash and cash equivalents at end of year:		
Unrestricted	$ 49,090,128	$ 36,142,173
Restricted – mandated purpose	671,317	178,359
Total cash and cash equivalents	$ 49,761,445	$ 36,320,532

Noncash Investing Activity

A net unrealized gain relating to the change in the fair value of long-term investments amounted to $275,655 at September 30, 2012 and $438,142 at September 30, 2011.

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Notes to Financial Statements

September 30, 2012

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

ATD may enter into contracts with VIA, or other private or public entities, to conduct the business of ATD. ATD is presented as a blended component unit in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The accompanying financial statements include the accounts and operations of ATD. All significant intercompany balances have been eliminated. Internally prepared financial statements for ATD may be obtained by contacting the Chief Financial Officer at VIA, P.O. Box 12489, San Antonio, Texas 78212-0489.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

VIA applies GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. As stated in paragraph 6 of GASB Statement No. 20, VIA applies all GASB pronouncements, Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. VIA has the option of following FASBs issued subsequent to December 1, 1989; however, has elected not to implement subsequent FASBs. Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met.

Future GASB Statements

The following GASB Statements will be implemented in future years.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* improves financial reporting by addressing issues related to service concession arrangements ("SCAs"). The requirements of GASB Statement No. 60 improve financial reporting for both transferors and governmental operations, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The requirements of GASB Statement No. 60 are effective for financial statements for periods beginning after December 15, 2011. VIA will implement this statement in fiscal year ("FY") 2013.

GASB Statement No. 61, *The Financial Reporting Entity, Omnibus,* An Amendment to GASB Statements No. 14 and 34, improves financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity,* and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. The provisions of GASB Statement No. 61 are effective for financial statements for periods beginning after June 15, 2012. VIA will implement this statement in FY 2013.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Future GASB Statements (continued)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. The requirements of GASB Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011. VIA will implement this statement in FY 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of GASB Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011. VIA will implement this statement in FY 2013.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of GASB Statement No. 65 are effective for financial statements for periods beginning after December 15, 2012. VIA will implement this statement in FY 2014.

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

GASB Statement No. 67, *Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25,* improves the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. GASB Statement No. 67 is effective for financial statements for FYs beginning after June 15, 2013. VIA will implement this statement in FY 2014.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Future GASB Statements (continued)

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

C. Accounts Receivable

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of September 30, 2012 and 2011, there was no allowance for doubtful accounts.

D. Sales Tax

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

E. Inventory

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

F. Capital Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

F. Capital Assets (continued)

Asset Class	Estimated Useful Lives
Buildings and improvements	10–20 years
Revenue vehicles	2–12 years
Service vehicles	4 years
Equipment	2–10 years

G. Compensated Absences

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

H. Estimated Liabilities

Estimated liabilities include amounts provided for:

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

In management's opinion, the amounts accrued are sufficient to satisfy all claims as of September 30, 2012.

I. Operating and Nonoperating Revenues and Expenses

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

Note 1 – Summary of Significant Accounting Policies (continued)

J. Operating Revenues

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

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

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

Other special events – includes revenues from services provided for various community events throughout the year.

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

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

Contract – includes revenues from transportation services provided to various entities under contractual agreements.

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 fleet.

K. Operating Expenses

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

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

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

Other special events – includes 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.

Note 1 – Summary of Significant Accounting Policies (continued)

K. Operating Expenses (continued)

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

Bus Rapid Transit ("BRT") – includes expenses related to planned implementation of BRT services effective in 2012.

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

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

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

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

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

L. Statements of Cash Flows

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

M. Reclassification

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

Note 2 – Budget

VIA is required by state law to adopt an annual operating budget prior to the commencement of a fiscal year. Before the budget is adopted, VIA's Board is required to conduct a public hearing, and the proposed budget must be made available to the public at least 14 days prior to the hearing. VIA may not incur operating expenses in excess of the total budgeted operating expenses unless the Board amends the budget by order after public notice and hearing. VIA's operating budget is prepared on a GAAP budgetary basis. Appropriations lapse at year-end.

Notes to Financial Statements
September 30, 2012

Note 3 – Cash and Investments

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

A. Cash

As of September 30, 2012, the carrying amount of VIA's cash and cash equivalents on the balance sheet was $49,761,445 ($36,320,532 in 2011), and the bank balance was $7,762,712 ($3,557,528 in 2011). All deposits are insured by federal depository insurance and/or collateralized with securities held by VIA's agent in VIA's name. VIA's cash deposits are held at Frost Bank and Regions Bank, which qualified as public depositories under Texas law and are deemed to be insured and not subject to classification by credit risk. On a daily basis, VIA participates in a sweep of cash balances to achieve higher yields.

B. Investments

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

VIA also invests in TexPool, a Texas local government investment pool. TexPool investments consist exclusively of United States government securities, repurchase agreements collateralized by United States government securities, and AAA-rated no-load money market mutual funds. The Comptroller of the Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate TexPool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. Although TexPool is not registered with the Security and Exchange Commission as an investment company, VIA believes it operates as a Rule 2a-7-like pool, as described in GASB Statement No. 59. As such, TexPool uses amortized cost to report net assets and share prices, since that amount approximates fair value. VIA's investment in TexPool is reported under "cash and cash equivalents" on the balance sheets.

Notes to Financial Statements
September 30, 2012

Note 3 – Cash and Investments (continued)

B. Investments (continued)

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

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

Notes to Financial Statements
September 30, 2012

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Investments	2011 Investment Maturities Less Than 90 Days	From 91 Days to 180 Days	From 181 Days to 364 Days	Greater Than 365 Days	Carrying Amount
United States Treasury Notes	$ –	$ –	$ –	$ 11,808,480	$ 11,808,480
Federal Home Loan Mortgage Bank Agency Securities	2,504,785	4,999,781	–	–	7,504,566
Freddie Mac Agency Securities	11,497,409	11,668,160	–	–	23,165,569
Fannie Mae Agency Securities	7,998,334	–	–	–	7,998,334
Total United States Treasury and agency securities	22,000,528	16,667,941	–	11,808,480	50,476,949
TexPool	34,145,489	–	–	–	34,145,489
Total investments	$ 56,146,017	$ 16,667,941	$ –	$ 11,808,480	$ 84,622,438

Interest Rate Risk

Interest rate risk, the risk that changes in market interest rates, will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses due to rising interest rates, VIA's investment policy limits its investment maturities to no more than ten years. Currently, 95% of VIA's investment portfolio is invested in maturities less than one year (86% in 2011). Investment maturities are as follows:

Maturity	Percentage of Portfolio September 30, 2012	2011
Less than 90 days	70%	66%
From 91 days to 180 days	19%	20%
From 181 days to 364 days	6%	0%
Greater than or equal to 365 days	5%	14%

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Credit Risk

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

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

Credit Risk Ratings as of September 30, 2012

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

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Credit Risk (continued)

Credit Risk Ratings as of September 30, 2011

Investments and Days to Maturity	Minimum Legal Rating	Investment Rating	Rating Organization	Carrying Value	Percentage Invested
United States Treasury Notes:					
Greater than 365 days	N/A	N/A	N/A	$ 11,808,480	14.0%
Federal Home Loan Mortgage Bank Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	2,504,785	3.0%
From 91 days to 180 days	A-1	Aaa	Moody's	4,999,781	5.9%
Freddie Mac Agency Securities:					
Less than 90 days	A-1	Aaa	Moody's	11,497,409	13.6%
From 91 days to 180 days	A-1	Aaa	Moody's	11,668,160	13.8%
Fannie Mae Agency Securities:					
Less than 90 days	A-1	A-1+	Standard & Poor's	7,998,334	9.4%
Total United States Treasury and agency securities				50,476,949	59.7%
TexPool	AAA	AAAm	Standard & Poor's	34,145,489	40.3%
Total investments				$ 84,622,438	100.0%

Concentration of Credit Risk

As a means of limiting its exposure to concentration of credit risk, VIA's investment policy limits the maximum percentage allowed in each type of investment. Direct obligations such as United States Treasury Notes are limited to 95.0% of VIA's investment portfolio; indirect obligations, such as Federal Home Loan Mortgage Bank Agency Securities, Freddie Mac Agency Securities, and Fannie Mae Agency Securities, are limited to 85% of VIA's investment portfolio; and fully collateralized CDs are limited to 50% of VIA's investment portfolio. As of September 30, 2012, VIA's investment portfolio consists of 11% (14% in 2011) in direct obligations and 49% (46% in 2011) in indirect obligations.

Note 3 – Cash and Investments (continued)

B. Investments (continued)

Concentration of Credit Risk (continued)

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

Investments	Percentage of Portfolio September 30, 2012	2011
United States Treasury Notes	11%	14%
Federal Home Loan Mortgage Bank Agency Security	10%	9%
Freddie Mac Agency Securities	21%	27%
Fannie Mae Agency Securities	18%	10%
TexPool	40%	40%

C. Financial Hedges for Fuel

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

For FY 2011, VIA hedged approximately 92% of their budgeted diesel fuel usage volumes and 82% of budgeted unleaded gasoline. In November 2009, VIA entered into a fixed rate swap with Koch Supply & Trading, LP ("KS&T") covering 5,700,000 gallons of diesel fuel in fiscal year 2011. At that same time, VIA also entered into a fixed rate swap covering 900,000 gallons of unleaded gasoline. Both of these swaps required monthly settlements. The fixed prices under the swap for diesel ranged from $2.3400/gallon to $2.4470/gallon, with a weighted average of $2.3825/gallon. The swap was settled against Platt's Gulf Coast Ultra Low Sulfur Diesel. The fixed prices under the swap for unleaded gasoline ranged from $2.1290/gallon to $2.2990/gallon, with a weighted average of $2.2225/gallon. The swap was settled against Platt's Gulf Coast Conventional (Unleaded) Gasoline.

For FY 2012, VIA has hedged approximately 91% of their budgeted diesel fuel usage volumes and 89% of budgeted unleaded gasoline. In August 2010, VIA entered into a fixed rate swap with Shell Trading Company covering 2,700,000 gallons of diesel fuel in FY 2012, and in January 2011, VIA entered into a fixed rate swap with KS&T covering 3,000,000 gallons of diesel fuel in FY 2012. The fixed price under the swap with Shell Trading Company is $2.2850/gallon, and the fixed price under the swap with KS&T is $2.64/gallon. The swaps were settled against Platt's Gulf Coast Ultra Low Sulfur Diesel. In August 2010 and January 2011, VIA entered in fixed rate swaps with KS&T for 360,000 gallons and 540,000 gallons of unleaded gasoline, respectively, at fixed prices of $2.0630 and $2.3885, respectively. These swaps were settled against Platt's Gulf Coast Conventional (Unleaded) gasoline.

Note 3 – Cash and Investments (continued)

C. Financial Hedges for Fuel (continued)

For FY 2013, as of September 30, 2012, VIA has hedged approximately 90% of their budgeted diesel fuel usage volumes, 78% of budgeted unleaded gasoline, and 39% of budgeted propane volumes. In January 2012, VIA entered into a fixed rate swap with KS&T covering 5,700,000 gallons of diesel fuel in FY 2013. The fixed price under this swap was $2.9915/gallon, and the swap will be settled monthly against Platt's Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 720,000 gallons of unleaded gasoline, and in August 2012 entered into another swap with KS&T to sell back 225,000 gallons of unleaded gasoline. VIA entered into the hedge to sell as a result of a decision that was made to replace paratransit fleet vans with propane-powered vehicles. VIA sold back some of the hedged volumes so that those volumes would not exceed projected usage volumes. The swap to buy is at $2.6180/gallon, and the swap to sell is at $2.7100/gallon. These swaps will be settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline. In September 2012, VIA entered into a fixed rate swap with KS&T covering 520,000 gallons of propane in FY 2013 at $0.9090/gallon. The swap will be settled monthly against Mt. Belvieu Propane.

For FY 2014, VIA has hedged approximately 50% of anticipated diesel fuel usage volumes, and 57% of anticipated unleaded gasoline usage volumes. For propane, no FY 2014 volumes had been hedged as of September 30, 2012. In January 2012, VIA entered into a fixed rate swap with KS&T covering 3,120,000 gallons of diesel fuel at $2.9150/gallon. The swap will be settled monthly against Platt's Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 360,000 gallons of unleaded gasoline at $2.5275/gallon. The swap will be settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline.

For FY 2015, VIA has hedged approximately 40% of anticipated diesel fuel usage volumes, and 57% of anticipated unleaded gasoline usage volumes. In January 2012, VIA entered into a fixed rate swap with KS&T covering 2,460,000 gallons of diesel fuel at $2.8850/gallon. The swap will be settled monthly against Platt's Gulf Coast Ultra Low Sulfur Diesel. In January 2012, VIA also entered into a fixed rate swap with KS&T covering 360,000 gallons of unleaded gasoline at $2.4975/gallon. The swap will be settled monthly against Platt's Gulf Coast Conventional (Unleaded) Gasoline.

VIA's credit risk is minimized since counterparties to the swaps are required to have a minimum long-term rating of "A-" or "A3" by at least two of the three nationally recognized rating agencies or meet collateral posting requirements for entities with ratings below this level. Swaps that VIA has as of September 30, 2012 are with nationally recognized commodity traders, KS&T and Shell Trading Company. As of September 30, 2012, the credit rating of KS&T was "A+" with Standard & Poor's and "Aa3" with Moody's. The rating of Shell Trading Company was "AA" with Standard & Poor's and "Aa1" with Moody's. No swaps were outstanding with Shell Trading Company at year-end.

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, 2012, is $451,897 ($1,747,797 in 2011). As of that date, VIA's outstanding swaps have the following asset values: diesel, $355,231; unleaded gasoline, $85,935; and, propane, $10,731, resulting in a total asset of $451,897. The average forward floating prices are higher than the fixed contractual prices.

Note 3 – Cash and Investments (continued)

C. Financial Hedges for Fuel (continued)

Under VIA's International Swaps and Derivatives Association ("ISDA") Agreement with KS&T, VIA has a credit limit of $5,000,000 and KS&T has a credit limit of $15,000,000. For exposure above those credit limits, cash is the only acceptable collateral that can be posted. Under the ISDA Agreement with Shell Trading Company, VIA has a credit limit of $10,000,000 and Shell has a credit limit of $55,000,000.

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

Note 4 – Restricted and Unrestricted Cash and Investments

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

Restricted

A. ***Retainage*** – represents assets equal to the liability payable to contractors for retainage withheld from periodic payments, plus interest earnings.

B. ***Payable to TxDOT, CoSA, and Bexar County*** – represents ATD sales tax collected and held pending identification of eligible ATD projects.

C. ***Capital grant local share*** – represents assets to provide for VIA's matching share of the Federal Transit Administration ("FTA") 49 U.S. Code, Section 5307 and Section 5309, grants.

D. ***Local assistance program*** – represents assets to provide for the enhancement of visual, operational, and structural vehicle right-of-way improvements.

E. ***Bond construction fund*** – represents bond proceeds and interest to be used for capital expenditures.

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

Unrestricted

A. ***VIAcare*** – represents assets to provide for unusually large medical claims from VIA's self-insured employees' health program.

B. ***Property insurance deductibles*** – represent assets to provide for the insurance policy deductible on VIA's vehicles, buildings, and contents.

C. ***Uninsured property*** – represents assets to provide for replacement of certain assets which do not equal or exceed the deductible per occurrence amount of the property insurance policy.

D. ***Stabilization fund*** – represents assets to provide a level of financial resources to protect against revenue shortfalls or unpredicted one-time expenditures.

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

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

G. ***Revenue vehicle replacement/expansion*** – represents assets designated for the local share of capital grants anticipated to be awarded to provide for the replacement and/or expansion of the revenue vehicle fleet.

H. ***BRT local share*** – funds designated for the local share of capital grants which may be awarded for BRT projects.

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

Notes to Financial Statements
September 30, 2012

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

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

	Cash and Cash Equivalents	Investments	2012 Total	2011 Total
Restricted Cash and Investments				
Mandated purposes:				
Retainage	$ 671,317	$ –	$ 671,317	$ 178,359
Capital assets:				
Bond construction fund	–	17,974,749	17,974,749	–
Capital grant local share:				
FTA grants	–	7,080,956	7,080,956	7,957,416
Total restricted cash and investments	671,317	25,055,705	25,727,022	8,135,775
Unrestricted Cash and Investments				
Board-approved purposes:				
VIAcare	–	5,684,501	5,684,501	4,624,103
Property insurance deductibles	–	500,000	500,000	500,000
Uninsured property	–	881,338	881,338	881,338
Stabilization fund	20,010,128	9,069,871	29,079,999	27,800,000
Capital assets:				
VIA capital fund	–	22,883,457	22,883,457	2,730,157
Capital projects other than revenue vehicles and BRT	–	–	–	734,204
Revenue vehicle replacement/expansion	–	–	–	14,408,669
BRT	–	–	–	10,730,825
Working capital:				
MTA	24,860,000	–	24,860,000	12,472,410
ATD	4,220,000	–	4,220,000	3,780,000
Total unrestricted cash and investments	49,090,128	39,019,167	88,109,295	78,661,706
Total cash, cash equivalents, and investment balances	$ 49,761,445	$ 64,074,872	$ 113,836,317	$ 86,797,481

Notes to Financial Statements
September 30, 2012

Note 5 – Capital Contributions

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

Note 6 – Capital Grants

VIA has received various federal capital grants. The capital grants amended budgets at September 30, 2012 totaled $243,862,262 ($201,397,864 in 2011), of which $196,578,443 has been expended to date ($149,433,294 in 2011).

Note 7 – Capital Assets

Components of capital assets are summarized as follows:

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

*Capital assets not being depreciated.

Notes to Financial Statements
September 30, 2012

Note 7 – Capital Assets (continued)

	Balance at September 30, 2010	Additions	Deletions	Transfers	Balance at September 30, 2011
Land*	$ 26,804,057	$ 405,257	$ –	$ –	$ 27,209,314
Buildings and shelters	140,027,411	4,878,902	–	2,291,466	147,197,779
Revenue and service vehicles	153,471,966	305,330	(3,329,752)	871,022	151,318,566
Equipment	36,083,182	807,331	(541,131)	3,464,105	39,813,487
	356,386,616	6,396,820	(3,870,883)	6,626,593	365,539,146
Accumulated depreciation:					
Buildings and shelters	102,091,886	6,502,325	–	–	108,594,211
Revenue and service vehicles	87,446,592	12,850,934	(3,329,752)	–	96,967,774
Equipment	29,604,437	2,235,128	(541,131)	–	31,298,434
	219,142,915	21,588,387	(3,870,883)	–	236,860,419
Net capital assets before construction in progress	137,243,701	(15,191,567)	–	6,626,593	128,678,727
Construction in progress*:					
Building and improvements	3,406,103	7,552,574	–	(2,291,465)	8,667,212
Revenue and service vehicles	156,522	1,297,465	–	(871,022)	582,965
Equipment	3,465,039	2,177,922	–	(3,464,106)	2,178,855
Total construction in progress	7,027,664	11,027,961	–	(6,626,593)	11,429,032
Net capital assets	$ 144,271,365	$ (4,163,606)	$ –	$ –	$ 140,107,759

*Capital assets not being depreciated.

The following is a summary of depreciation expense:

Description	Years Ended September 30, 2012	2011
Capital assets acquired with VIA equity	$ 4,440,433	$ 4,977,522
Capital assets acquired with grants	14,594,690	16,610,866
	$ 19,035,123	$ 21,588,388

Note 8 – Sales Taxes

Sales taxes are a significant revenue source for VIA. Sales taxes receivable represents approximately 81% of accounts receivable (excluding restricted assets accounts receivable) at September 30, 2012 (63% in 2011). These revenues are reported as nonoperating revenues in the statements of revenues, expenses, and changes in net assets. Included below is a summary of sales tax revenues:

Sales Tax Revenues:

	Years Ended September 30,	
Description	**2012**	**2011**
MTA	$ 111,875,118	$ 98,417,366
ATD	51,441,537	46,171,369
	$ 163,316,655	$ 144,588,735

Sales taxes for MTA increased by $13,457,752 in 2012 and increased by $4,533,368 in 2011. ATD sales taxes increased $5,270,168 in 2012 and increased by $2,769,660 in 2011. In fiscal years 2012 and 2011, of the amount collected by ATD, ¼ is remitted to CoSA and ¼ is remitted to TxDOT/Bexar County.

Sales Tax Receivable From State of Texas

	Years Ended September 30,	
Description	**2012**	**2011**
MTA	$ 19,936,372	$ 17,406,054
ATD	8,946,998	8,126,146
	$ 28,883,370	$ 25,532,200

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

Note 9 – Defined Benefit Retirement Plan

A. Plan Description

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

Note 9 – Defined Benefit Retirement Plan (continued)

B. Eligibility and Benefits

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

C. Funding Policy

VIA follows the policy of funding the Plan through employer and employee contributions. VIA's contributions are made on a monthly basis and are determined using the entry-age, normal-cost method. VIA's required contribution for September 30, 2012 was $8,185,552 ($7,320,891 in 2011). An annual report that estimates the funds VIA should pay to support Plan benefits is prepared by the actuary for the Plan. The amount of the monthly employee contributions required of each participant equals 3% of the wage base and 6% of that part of the monthly compensation that is in excess of the wage base. The wage base is equal to one-third of the Taxable Wage Base under the Old Age, Survivors, and Disability Insurance Program.

D. Annual Pension Cost and Net Pension Asset

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

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

Note 9 – Defined Benefit Retirement Plan (continued)

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

VIA's annual pension cost and net pension asset to the Plan as of September 30, 2011 are as follows:

Contributions made		$ 7,320,891
Less:		
Annual pension cost:		
Annual required contribution	$ 7,320,891	
Interest income on net pension asset	(234,073)	
Adjustment to annual required contribution	174,755	7,261,573
Change in net pension asset		(59,318)
Net pension asset at beginning of year		(2,925,911)
Net pension asset at end of year		$ (2,985,229)

Three–Year Trend Information

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Asset
September 30, 2012	$8,128,946	100.7%	$3,041,835
September 30, 2011	7,261,573	100.8%	2,985,229
September 30, 2010	6,190,873	101.0%	2,925,911

E. Funded Status and Funding Progress

As of October 1, 2011, the most recent actuarial valuation date, the Plan was 60% funded. The actuarial accrued liability for benefits was $304,214,927, and the actuarial value of assets was $181,644,919, resulting in an unfunded actuarial accrued liability ("UAAL") of $122,570,008. The covered payroll (annual payroll of active employees covered by the Plan) was $69,947,664, and the ratio of the UAAL to the covered payroll was 175%.

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

The Schedule of Funding Progress, presented as required supplementary information ("RSI") following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative the actuarial accrued liability for benefits.

Note 9 – Defined Benefit Retirement Plan (continued)

F. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the October 1, 2011 actuarial valuation using the entry-age, normal-cost method, the amortization method used was the "level percentage closed" method, and the remaining amortization period was 25 years. The actuarial assumptions included: (a) 7.50% investment rate of return, (b) projected salary increases of 4.25% to 6.75%, (c) 30-year closed amortization period, and (d) 3.50% payroll growth. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Note 10 – Postemployment Benefits Other Than Pensions

A. Plan Description

In addition to providing pension benefits, VIA provides certain healthcare and life insurance benefits to retired employees. For healthcare, VIA indirectly subsidizes the medical insurance premiums paid by retirees, since premiums are calculated with active workers and retirees pooled together. The Postemployment Benefit Plan is a single-employer defined benefit retirement plan. As of September 30, 2012, there are 360 retirees receiving VIA healthcare benefits (includes active retirees and dependents) and 559 retirees participating in the VIA life insurance program. VIA provides, at no cost, base coverage for life insurance of $6,000 or $12,000, based on age, for retirees at a premium rate paid to a life insurance company. Any additional premium to provide coverage in excess of the base amount is shared by VIA and the retirees. The Postemployment Benefit Plan does not have a separate audit performed; however, additional information may be obtained by writing to VIA Metropolitan Transit, P.O. Box 12489, San Antonio, Texas 78212-0489, or by calling (210) 362-2000.

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

VIA's ARC is actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows VIA's annual OPEB cost as of September 30, 2012, the amount actually contributed to the plan, and changes in the VIA's net OPEB obligation:

Note 10 – Postemployment Benefits Other Than Pensions (continued)

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

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

VIA's OPEB cost as of September 30, 2011, the amount actually contributed to the plan, and changes in the VIA's net OPEB obligation:

Annual required contribution	$ 1,132,074
Interest on net OPEB asset	(106,491)
Adjustment to annual required contribution	109,487
Annual OPEB cost	1,135,070
Contributions made	(2,557,457)
Increase in net OPEB obligation	(1,422,387)
Net OPEB obligation at beginning of year	(3,160,152)
Net OPEB obligation/(asset) at end of year	$ (4,582,539)

Three–Year Trend Information

Fiscal Year Ended	Annual OPEB Cost ("AOC")	Percentage of AOC Contributed	Net OPEB Asset
September 30, 2012	$1,196,035	76.6%	$4,302,687
September 30, 2011	1,135,070	225.3%	4,582,539
September 30, 2010	1,101,792	265.0%	3,160,152

D. Funded Status and Funding Progress

As of October 31, 2011, the most recent actuarial valuation date, the plan was 28.7% funded. The actuarial accrued liability for benefits was $13,229,068, and the actuarial value of assets was $3,800,747, resulting in an UAAL of $9,428,321. The covered payroll (annual payroll of active employees covered by the plan) was $69,772,318, and the ratio of the UAAL to the covered payroll was 13.5%.

Note 10 – Postemployment Benefits Other Than Pensions (continued)

D. Funded Status and Funding Progress (continued)

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

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

E. Actuarial Methods and Assumptions

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

For the fiscal year ended September 30, 2012 (and the plan year ended December 31, 2011), the actuarial valuation date was October 1, 2011. The actuarial cost method used was the “projected unit credit” method, the amortization method used was the “level percentage open” method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate and variable merit or longevity component. The healthcare trend rate used was 10.00% in 2011, decreasing 0.50% per year to an ultimate trend of 5.00% in 2021.

Note 11 – Risk Management

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

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.

Note 11 – Risk Management (continued)

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

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

A. Property and Casualty Coverage

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

B. Public Liability Coverage

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

C. Workers' Compensation

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

D. Employee Health Coverage

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

Note 11 – Risk Management (continued)

D. Employee Health Coverage (continued)

At September 30, 2012, VIA recorded claims payable of $5,999,381 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 ($4,225,569 in 2011). The statement requires a liability for claims to be reported if it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims payable amounts for the most recent period are presented below:

	Property and Casualty and Public Liability Coverage	Workers' Compensation	Employee Health Coverage	Total
Claims payable at September 30, 2010	$ 1,484,713	$ 1,489,167	$ 1,907,560	$ 4,881,440
Current period claims and changes in estimates	105,526	2,708,254	12,596,601	15,410,381
Claim payments	(240,033)	(2,420,628)	(13,405,591)	(16,066,252)
Claims payable at September 30, 2011	1,350,206	1,776,793	1,098,570	4,225,569
Current period claims and changes in estimates	900,344	2,138,079	13,686,647	16,725,070
Claim payments	(629,876)	(1,248,412)	(13,072,970)	(14,951,258)
Claims payable at September 30, 2012	$ 1,620,674	$ 2,666,460	$ 1,712,247	$ 5,999,381

Note 12 – Long Term Debt

MTA Farebox Revenue Bonds

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

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

Note 12 – Long Term Debt (continued)

MTA Contractual Obligations

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

The primary source of security for the obligations is provided for by a first and prior lien on and pledge of VIA "sales tax revenues." VIA "sales tax revenues" means the revenues derived by VIA from its imposition and collection within its boundaries of a sales and use tax equal to ½ of 1%, the purpose of which is to support VIA's ownership, operation, and maintenance of the Transit Authority System, as provided and in accordance with Chapter 451, as amended, Texas Transportation Code. "Transit Authority System" means any and all VIA real and personal property that is owned, rented, leased, controlled, operated, or held for mass transit purposes.

ATD Sales Tax Revenue Bonds

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

VIA ATD imposes and collects within its boundaries a sales and use tax equal to ¼ of 1% (the "ATD Tax"), the proceeds from which are divided three ways: one-half of the proceeds of the ATD Tax are retained by ATD (the "ATD Share") and used for projects including advanced transit services, passenger amenities, equipment, and other Advanced Transportation (as defined by statute) purposes; one-fourth of the proceeds of the ATD Tax are delivered to CoSA, as the only "participating unit" (defined by statute) within the ATD, and used thereby to construct, improve, and maintain streets, sidewalks, and related infrastructure designed to improve mobility and other Advanced Transportation or Mobility Enhancement (as defined by statute) within ATD; and the remaining ¼ of the proceeds of the ATD Tax are for use as the local share for state and federal grants for improved highways, transportation infrastructure designed to improve mobility, and other Advanced Transportation or Mobility Enhancement purposes within ATD.

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

Note 12 – Long Term Debt (continued)

MTA Contract Revenue Bonds

On September 19, 2012, MTA issued a par amount of $5,100,000 of Series 2012-4 MTA Contract Revenue Bonds. VIA anticipates utilizing proceeds for the purpose of financing the design, construction, acquisition, and equipping of transportation improvements to the Transit Authority System and to pay costs of issuance. The bonds are dated July 1, 2012, and have an interest rate of 1.4% through July 15, 2015. Thereafter, the interest rate is a floating rate equal to 65.0% of LIBOR, plus 100 basis points, not to exceed a maximum rate of 15.0%. Interest on the bonds is payable on January 15 and July 15 of each year, commencing January 15, 2013. Principal payments are due and payable on July 15 of each year from 2015 through 2022.

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

Changes in long-term obligations for the year ended September 30, 2012 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
MTA Farebox Revenue Bonds, Bond Series 2012–1	1.30% 15.00%	$ 5,100,000	$ –	$ 5,100,000	$ –	$ 5,100,000	$ –
MTA Contractual Obligations, Bond Series 2012–2	1.97%	3,200,000	–	3,200,000	–	3,200,000	435,000
ATD Sales Tax Revenue Bonds Bond Series 2012–3	1.25%– 15.00%	5,100,000	–	5,100,000	–	5,100,000	–
MTA Contract Revenue Bonds, Bond Series 2012–4	1.40%– 15.00%	5,100,000	–	5,100,000	–	5,100,000	–
		18,500,000	–	18,500,000	–	18,500,000	435,000
Compensated absences		N/A	4,826,116	1,855,424	1,530,046	5,151,494	
		$ 18,500,000	$ 4,826,116	$ 20,355,424	$ 1,530,046	$ 23,651,494	$ 435,000

Note 12 – Long Term Debt (continued)

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

Year Ending September 30,	Principal	Interest	Total Requirements
2013	$ 435,000	$ 228,197	$ 663,197
2014	440,000	255,921	695,921
2015	2,115,000	1,647,203	3,762,203
2016	1,690,000	2,081,536	3,771,536
2017	1,880,000	1,887,323	3,767,323
2018 – 2022	11,940,000	5,419,465	17,359,465
	$ 18,500,000	$ 11,519,645	$ 30,019,645

Note 13 – Commitments and Contingencies

A. Grants

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

B. Public–Injury Lawsuits

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

C. Pending Claims and Litigation

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

Schedule of Funding Progress - Unaudited
September 30, 2012

Note 13 – Commitments and Contingencies (´ continued)

D. Construction Commitments

Significant construction commitments outstanding as of September 30, 2012 are as follows:

Project Description		Amount
South Texas Medical Center Transit Center	$	1,629,130
VIA Primo Inline Stations		2,819,416
WSMMTC		2,036,695
Buena Vista/Frio Street		410,095
	$	6,895,336

Note 14 – Subsequent Event

On November 15, 2012, VIA secured a new grant (a separate transaction from bond issuance) from the Texas Transportation Commission in the amount of $92,000,000 to be used for public transportation projects. As a result of the new grant funding, on December 18, 2012, VIA retired the Series 2012-4 MTA Contract Revenue Bonds in the amount of $5,100,000.

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Required Supplementary Information

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Schedule of Funding Progress - Unaudited

September 30, 2012

Schedule of Funding Progress – Defined Benefit Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded (Surplus) AAL ("UAAL")	Fund Ratio	Covered Payroll	UAAL (Surplus) as a Percentage of Covered Payroll
October 1, 2011	$181,644,919	$304,214,927	$122,570,008	60%	$69,947,664	175%
October 1, 2010	$184,078,773	$264,455,174	$80,376,401	70%	$69,772,318	115%
October 1, 2009	$178,950,558	$248,943,974	$69,993,416	72%	$66,748,265	105%

Schedule of Funding Progress – Postretirement Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded (Surplus) AAL ("UAAL")	Fund Ratio	Covered Payroll	UAAL (Surplus) as a Percentage of Covered Payroll
October 1, 2011	$3,800,747	$13,229,068	$9,428,321	29%	$69,772,318	14%
October 1, 2010	$2,652,921	$10,478,347	$7,825,426	25%	$66,748,265	12%
October 1, 2009	$2,352,925	$10,313,528	$7,960,603	23%	$63,566,356	13%

Notes to Required Supplementary Information - Unaudited
September 30, 2012

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

Note 1 – Defined Benefit Retirement Plan

The annual required contribution for the current year was determined as part of the October 1, 2011 actuarial valuation using the entry-age, normal-cost method, the amortization method used was the "level percentage closed" method, and the remaining amortization period was 25 years. The actuarial assumptions included: (a) 7.50% investment rate of return, (b) projected salary increases of 4.25% to 6.75%, (c) 30-year closed amortization period, and (d) 3.50% payroll growth. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Note 2 – Post Employment Benefits Other than Pension

For the fiscal year ended September 30, 2012 (and the plan year ended December 31, 2011), the actuarial valuation date was October 1, 2011. The actuarial cost method used was the "projected unit credit" method, the amortization method used was the "level percentage open" method, and the remaining amortization period was 30 years. The assumed investment rate of return was 7.50%. Projected salary increases are comprised of a 3.00% inflation rate, a 1.25% productivity rate and variable merit or longevity component. The healthcare trend rate used was 10% in 2011, decreasing 0.50% per year to an ultimate trend of 5.00% in 2021.

Other Supplementary Information

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Combining Balance Sheet
Year Ended September 30, 2012

Assets	MTA	ATD	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 43,402,017	$ 5,688,111	$ –	$ 49,090,128
Investments	21,991,479	11,531,988	–	33,523,467
Fuel hedging asset	451,897	–	–	451,897
Accounts receivable:				
Federal government	4,757,787	–	–	4,757,787
State of Texas – sales taxes	19,936,372	4,473,499	–	24,409,871
Interest	38,019	5,029	–	43,048
ATD	1,971,407	–	(1,971,407)	–
Other	1,104,413	–	–	1,104,413
Inventory	3,233,468	–	–	3,233,468
Prepaid expenses and other current assets	649,415	–	–	649,415
Restricted assets:				
Cash and cash equivalents	671,317	–	–	671,317
Investments	20,067,470	4,988,235	–	25,055,705
State of Texas receivable – sales taxes	–	4,473,499	–	4,473,499
Total current assets	118,275,061	31,160,361	(1,971,407)	147,464,015
Noncurrent assets:				
Investments	5,495,700	–	–	5,495,700
Capital assets:				
Land	27,209,314	–	–	27,209,314
Buildings and shelters	150,933,881	–	–	150,933,881
Revenue vehicles	147,599,144	–	–	147,599,144
Service vehicles	4,064,999	–	–	4,064,999
Equipment	34,673,587	–	–	34,673,587
Total capital assets	364,480,925	–	–	364,480,925
Less accumulated depreciation	248,236,127	–	–	248,236,127
Construction in progress	43,642,867	–	–	43,642,867
Net capital assets	159,887,665	–	–	159,887,665
Other assets:				
Net pension asset	3,041,835	–	–	3,041,835
Net OPEB asset	4,302,687	–	–	4,302,687
Debt issuance costs	411,431	111,429	–	522,860
Total other assets	7,755,953	111,429	–	7,867,382
Total noncurrent assets	173,139,318	111,429	–	173,250,747
Total assets	$ 291,414,379	$ 31,271,790	$ (1,971,407)	$ 320,714,762

Liabilities	MTA	ATD	Eliminations	Total
Current liabilities:				
Accounts payable	$ 7,174,654	$ –	$ –	$ 7,174,654
Payable to MTA	–	1,971,407	(1,971,407)	–
Deferred inflow	451,897	–	–	451,897
Interest payable	13,663	5,677	–	19,340
Bonds payable	435,000	–	–	435,000
Accrued liabilities	2,036,212	–	–	2,036,212
Unearned revenue	621,258	–	–	621,258
Claims payable	5,999,381	–	–	5,999,381
Total current liabilities	16,732,065	1,977,084	(1,971,407)	16,737,742
Current liabilities – payable from restricted assets:				
Payable to CoSA, TxDOT, and Bexar County	–	4,473,498	–	4,473,498
Retainage payable	24	–	–	24
Total current liabilities – payable from restricted assets	24	4,473,498	–	4,473,522
Long-term liabilities	18,116,494	5,100,000	–	23,216,494
Total liabilities	34,848,583	11,550,582	(1,971,407)	44,427,758
Net Assets				
Invested in capital assets – net of related debt	159,887,665	–	–	159,887,665
Restricted for capital projects	7,752,249	–	–	7,752,249
Unrestricted	88,925,882	19,721,208	–	108,647,090
Total net assets	256,565,796	19,721,208	–	276,287,004
Total liabilities and net assets	$ 291,414,379	$ 31,271,790	$ (1,971,407)	$ 320,714,762

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

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

Year Ended September 30, 2012

	MTA	ATD	Total
Operating revenues:			
Line service	$ 19,019,409	$ 3,296,073	$ 22,315,482
Robert Thompson Terminal	78,925	–	78,925
Other special events	177,119	–	177,119
VIAtrans	1,681,635	–	1,681,635
Charter	113,915	–	113,915
Real estate development	267,719	–	267,719
Ellis Alley Park and Ride	6,854	–	6,854
Bus advertising	615,000	–	615,000
Miscellaneous	843,534	–	843,534
Total operating revenues	22,804,110	3,296,073	26,100,183
Operating expenses:			
Line service	112,283,419	20,042,649	132,326,068
Robert Thompson Terminal	512,763	–	512,763
Other special events	541,478	–	541,478
VIAtrans	32,677,623	–	32,677,623
Vanpool	–	537,218	537,218
Bus Rapid Transit	–	391,558	391,558
Charter	45,861	–	45,861
Promotional service	86,021	–	86,021
Real estate development	3,192	–	3,192
Business development and planning	2,995,447	609,997	3,605,444
Transit technology	–	719,319	719,319
Total operating expenses before depreciation	149,145,804	22,300,741	171,446,545
Depreciation on capital assets:			
Acquired with VIA equity	3,925,157	515,276	4,440,433
Acquired with grants	12,625,344	1,969,346	14,594,690
Total operating expenses after depreciation	165,696,305	24,785,363	190,481,668
Operating loss	(142,892,195)	(21,489,290)	(164,381,485)

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

Year Ended September 30, 2012

	MTA	ATD	Total
Nonoperating revenues (expenses):			
Sales taxes	$ 111,875,118	$ 51,441,537	$ 163,316,655
Grants reimbursement	20,360,615	–	20,360,615
Investment income	237,010	14,999	252,009
Bond interest and amortization	(16,579)	(6,702)	(23,281)
Gain on sale of assets	170,308	–	170,308
Less amounts remitted to CoSA, TxDOT, and Bexar County	–	(25,720,768)	(25,720,768)
Alamo RMA reimbursement	–	90,150	90,150
Total nonoperating revenues	132,626,472	25,819,216	158,445,688
Income (loss) before capital contributions	(10,265,723)	4,329,926	(5,935,797)
Capital contributions	27,981,525	–	27,981,525
Changes in net assets	17,715,802	4,329,926	22,045,728
Net assets at beginning of year	238,849,994	15,391,282	254,241,276
Net assets at end of year	$ 256,565,796	$ 19,721,208	$ 276,287,004

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Combining Schedule of Cash Flows
Year Ended September 30, 2012

	MTA	ATD	Total
Cash Flows From Operating Activities			
Cash received from customers	$ 22,563,330	$ 3,286,547	$ 25,849,877
Cash payments to vendors for goods and services	(45,733,433)	(8,938,335)	(54,671,768)
Cash payments for employee services, including salaried fringe benefits	(100,576,910)	(12,907,929)	(113,484,839)
Net cash used in operating activities	(123,747,013)	(18,559,717)	(142,306,730)
Cash Flows From Noncapital Financing Activities			
Sales taxes	109,340,067	50,619,854	159,959,921
Grants reimbursements received	27,177,655	–	27,177,655
Payable to CoSA, TxDOT, and Bexar County		(25,309,927)	(25,309,927)
Interfund cash transfers	2,486,159	(2,486,159)	–
Net cash provided by noncapital financing activities	139,003,881	22,823,768	161,827,649
Cash Flows From Capital and Related Financing Activities			
Proceeds from capital grants	27,946,890	–	27,946,890
Bond proceeds	12,985,661	4,987,547	17,973,208
Proceeds from sale of assets	248,634	–	248,634
Purchase of capital assets	(38,893,355)	–	(38,893,355)
Net cash used in capital and related financing activities	2,287,830	4,987,547	7,275,377
Cash Flows From Investing Activities			
Sale of investment securities	63,998,418	31,694,976	95,693,394
Purchase of investment securities	(73,911,560)	(35,542,244)	(109,453,804)
Interest earnings	394,225	10,802	405,027
Net cash used in investing activities	(9,518,917)	(3,836,466)	(13,355,383)
Net increase in cash and cash equivalents	8,025,781	5,415,132	13,440,913
Cash and cash equivalents at beginning of year	36,047,553	272,979	36,320,532
Cash and cash equivalents at end of year	$ 44,073,334	$ 5,688,111	$ 49,761,445

Combining Schedule of Cash Flows - Continued

Year Ended September 30, 2012

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	MTA	ATD	Total
Operating loss	$ (142,892,195)	$ (21,489,290)	$ (164,381,485)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation on capital assets:			
Acquired with VIA equity	3,925,157	515,276	4,440,433
Acquired with grants	12,625,344	1,969,346	14,594,690
Changes in assets and liabilities:			
Accounts receivable	(333,371)	–	(333,371)
Inventory	(106,141)	–	(106,141)
Prepaid expenses and other current assets	1,569,517	–	1,569,517
Interfund receivable	(352,849)	444,951	92,102
Accounts payable	1,116,367	–	1,116,367
Accrued liabilities	701,158	–	701,158
Net cash used in operating activities	$ (123,747,013)	$ (18,559,717)	$ (142,306,730)

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

	MTA	ATD	Total
Cash and cash equivalents at end of year:			
Unrestricted	$ 43,402,017	$ 5,688,111	$ 49,090,128
Restricted:			
Mandated purpose	671,317	–	671,317
Total cash and cash equivalents	$ 44,073,334	$ 5,688,111	$ 49,761,445

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

Year Ended September 30, 2012

	MTA		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Line service	$ 18,357,525	$ 19,019,409	$ 661,884
Robert Thompson Terminal	–	78,925	78,925
Other special events	238,715	177,119	(61,596)
VIAtrans	1,731,469	1,681,635	(49,834)
Charter	102,000	113,915	11,915
Real estate development	275,420	267,719	(7,701)
Ellis Alley Park and Ride	7,800	6,854	(946)
Bus advertising	615,000	615,000	–
Miscellaneous	751,625	843,534	91,909
Total operating revenues	22,079,554	22,804,110	724,556
Operating expenses (excluding depreciation):			
Line service	112,183,872	112,283,419	(99,547)
Robert Thompson Terminal	–	512,763	(512,763)
Other special events	778,402	541,478	236,924
VIAtrans	32,780,440	32,677,623	102,817
Charter	51,468	45,861	5,607
Promotional service	90,199	86,021	4,178
Real estate development	2,768	3,192	(424)
Business development and planning	3,250,919	2,995,447	255,472
Total operating expenses (excluding depreciation)	149,138,068	149,145,804	(7,736)
Operating loss	(127,058,514)	(126,341,694)	716,820

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

Year Ended September 30, 2012

	MTA		
	Budget	Actual	Variance Favorable (Unfavorable)
Nonoperating revenues (expenses):			
Sales taxes	$ 101,545,572	$ 111,875,118	$ 10,329,546
Grants reimbursement	21,040,000	20,360,615	(679,385)
Investment income	422,000	237,010	(184,990)
Bond interest and amortization	–	(16,579)	(16,579)
Loss on sale of assets	–	170,308	170,308
Total nonoperating revenues	123,007,572	132,626,472	9,618,900
Net income (loss) before depreciation	(4,050,942)	6,284,778	10,335,720
Less depreciation	–	16,550,501	(16,550,501)
Net loss after depreciation	$ (4,050,942)	$ (10,265,723)	$ (6,214,781)

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Schedule of Revenues, Expenses and Changes in Net Assets – Budget (GAAP Basis) and Actual - Continued
Year Ended September 30, 2012

	ATD		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Line service	$ 3,015,674	$ 3,296,073	$ 280,399
Total operating revenues	3,015,674	3,296,073	280,399
Operating expenses (excluding depreciation):			
Line service	20,000,813	20,042,649	(41,836)
Vanpool	484,709	537,218	(52,509)
Bus Rapid Transit	412,057	391,558	20,499
Business development and planning	644,983	609,997	34,986
Transit technology	769,925	719,319	50,606
Total operating expenses (excluding depreciation)	22,312,487	22,300,741	11,746
Operating loss	(19,296,813)	(19,004,668)	292,145
Nonoperating revenues (expenses):			
Sales taxes	23,558,573	51,441,537	27,882,964
Investment income	24,000	14,999	(9,001)
Bond interest and amortization	–	(6,702)	(6,702)
Less amounts remitted to CoSA, TxDOT, and Bexar County	–	(25,720,768)	(25,720,768)
Alamo RMA reimbursement	–	90,150	90,150
Total nonoperating revenues	23,582,573	25,819,216	2,236,643
Net income before depreciation	4,285,760	6,814,548	2,528,788
Less depreciation	–	2,484,622	(2,484,622)
Net income after depreciation	$ 4,285,760	$ 4,329,926	$ 44,166

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VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Schedule of Operating Expenses by Expense Category and Cost Center
Year Ended September 30, 2012

	MTA							
	Line Service	Robert Thompson Terminal	Other Special Events	VIAtrans	Charter	Promotional Service	Real Estate Development	Business Development & Planning
Labor	44,458,942	190,394	208,709	8,919,005	17,546	37,722	–	1,275,608
Fringe benefits	–	–	–	–	–	–	–	–
Services	1,652,582	35,052	39,982	282,721	73	136	2,974	50,418
Materials and supplies	21,853,445	71,333	86,817	3,630,384	9,434	10,573	–	25,464
Utilities	631,903	19,294	1,248	140,187	105	134	–	–
Casualty and liability	684,275	1,192	2,416	110,806	76	291	218	–
Taxes	1,088,659	3,119	4,324	194,324	531	547	–	–
Purchased transportation	–	–	–	10,710,414	–	–	–	–
Miscellaneous expense	576,393	192	261	22,232	8	27	–	383,266
Leases and rentals	29,022	4,599	1,807	–	10	12	–	–
Fringe distribution	26,067,238	121,429	125,151	5,541,552	12,010	23,381	–	808,370
Expense transfers	15,240,960	66,159	70,763	3,125,998	6,068	13,198	–	452,321
Subtotal	112,283,419	512,763	541,478	32,677,623	45,861	86,021	3,192	2,995,447
Depreciation:								
Direct	12,950,040	560,244	63,541	1,644	3,667	4,513	116,505	–
Indirect	2,269,737	9,557	10,696	455,454	879	1,931	–	65,135
Fringe	29,817	120	140	5,984	12	25	–	860
Subtotal depreciation	15,249,594	569,921	74,377	463,082	4,558	6,469	116,505	65,995
Total operating expenses (including depreciation)	127,533,013	1,082,684	615,855	33,140,705	50,419	92,490	119,697	3,061,442
Less depreciation on capital assets acquired with grants	12,087,041	28,563	58,952	367,046	3,613	5,127	22,693	52,309
Total operating expenses	115,445,972	1,054,121	556,903	32,773,659	46,806	87,363	97,004	3,009,133

ATD									
Line Service	Vanpool	Bus Rapid Transit	Business Development & Planning	Transit Technology	Subtotal	MTA Indirect	ATD Indirect	Combined MTA and ATD Fringe Benefits	Total
7,354,484	42,732	118,634	301,786	343,922	63,269,484	10,210,592	9,526	830,320	74,319,922
–	–	–	–	–	–	–	–	41,928,209	41,928,209
234,837	–	150,557	–	450	2,449,782	3,684,357	239,582	458,169	6,831,890
4,853,245	–	–	–	999	30,541,694	281,997	–	52,794	30,876,485
67,284	–	–	–	–	860,155	695,215	–	16,880	1,572,250
152,179	244,625	–	–	–	1,196,078	35,829	–	–	1,231,907
244,781	–	–	–	–	1,536,285	–	–	–	1,536,285
–	205,930	–	–	–	10,916,344	–	–	–	10,916,344
9,399	–	1,036	2,464	–	995,278	773,785	17	177,481	1,946,561
9,572	–	–	–	20,441	65,463	207,698	1,088	12,443	286,692
4,355,639	27,362	75,755	190,498	220,817	37,569,202	6,194,201	5,841	(43,769,244)	–
2,761,229	16,569	45,576	115,249	132,690	22,046,780	(22,083,674)	(256,054)	292,948	–
20,042,649	537,218	391,558	609,997	719,319	171,446,545	–	–	–	171,446,545
2,062,299	–	–	–	–	15,762,453	3,272,670	–	–	19,035,123
375,608	2,182	6,063	15,423	17,576	3,230,241	(3,272,670)	–	42,429	–
4,931	29	79	201	231	42,429	–	–	(42,429)	–
2,442,838	2,211	6,142	15,624	17,807	19,035,123	–	–	–	19,035,123
22,485,487	539,429	397,700	625,621	737,126	190,481,668	–	–	–	190,481,668
1,936,228	1,752	4,868	12,384	14,114	14,594,690	–	–	–	14,594,690
20,549,259	537,677	392,832	613,237	723,012	175,886,978	–	–	–	175,886,978

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Statistical

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. VIA Metropolitan Transit implemented GASB Statement No. 34 as of the "beginning of the fiscal year September 30, 2003.

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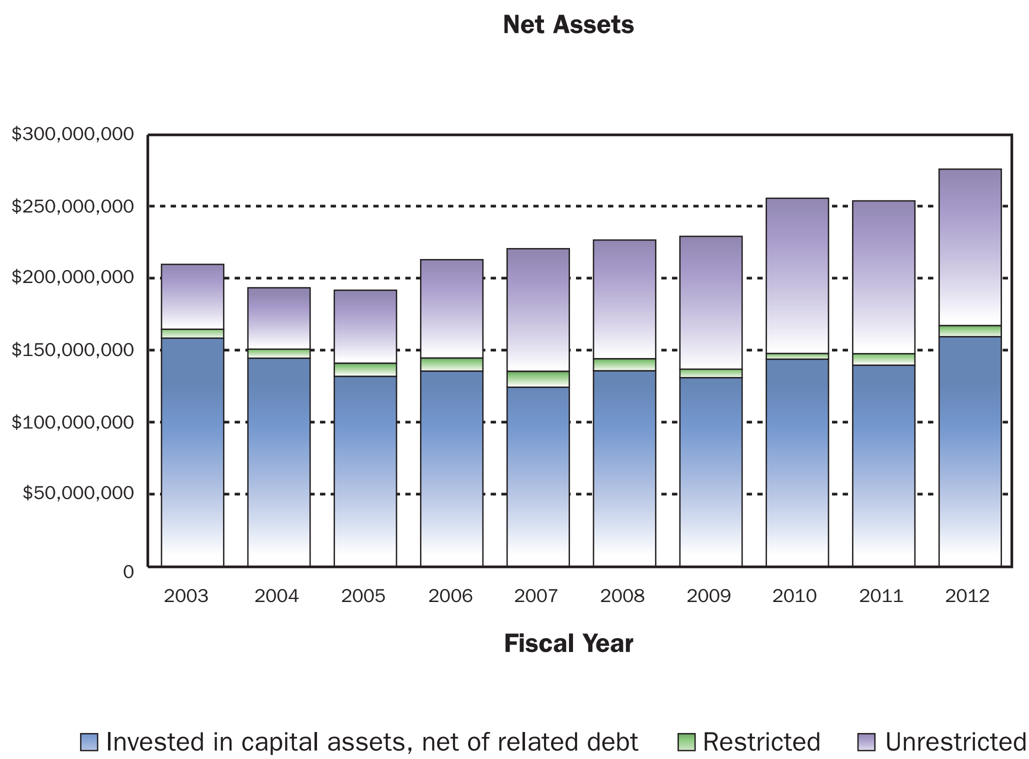
Net Assets
Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Invested in capital assets, net of related debt	$158,915,899	$144,952,566	$132,328,355	$136,016,634	$124,803,894
Restricted	6,126,706	6,320,134	9,174,518	9,079,589	11,054,290
Unrestricted	45,109,837	42,623,605	50,696,152	68,318,000	85,172,797
Total Net Assets	$210,152,442	$193,896,305	$192,199,025	$213,414,223	$221,030,981

Source: VIA's Annual Audited Financial Statements

Note: VIA Metropolitan Transit implemented GASB Statement No. 34 as of the beginning of the fiscal year September 30, 2003.



Fiscal Year				
2008	2009	2010	2011	2012
$136,185,129	$131,417,640	$144,271,365	$140,107,759	$159,887,665
8,396,663	5,948,362	3,950,272	7,983,145	7,752,249
82,472,378	92,231,350	107,831,356	106,150,372	108,647,090
$227,054,170	$229,597,352	$256,052,993	$254,241,276	$276,287,004

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Changes in Net Assets
Last Ten Fiscal Years

	2003	2004	2005	2006	2007
Operating Revenues					
Line Service	$13,494,020	$13,458,238	$13,942,530	$15,790,730	$17,304,994
Starlight Service	–	–	–	86,567	250,368
Robert Thompson Terminal	36,684	22,221	29,682	136,887	59,216
Other Special Events	342,705	255,145	241,931	212,573	227,927
VIAtrans	1,167,676	1,178,085	1,176,711	1,217,323	1,424,369
Charter	218,572	189,375	170,451	94,866	54,429
Contract	1,585,874	1,604,802	1,787,268	1,856,995	2,185,330
Real Estate Development	258,663	252,610	263,650	221,732	226,620
Ellis Alley Park and Ride	30,053	18,103	30,912	29,016	22,971
Bus Advertising	365,250	337,790	308,334	384,274	388,300
Miscellaneous	722,490	487,953	499,360	753,324	768,869
Total Operating Revenues	18,221,987	17,804,322	18,450,829	20,784,287	22,913,393
Operating Expenses					
Line Service	75,874,109	79,683,739	85,928,719	91,852,227	99,915,598
Bus Disaster Relief[1]	–	–	175,115	53,871	35,011
Robert Thompson Terminal	100,908	76,344	86,272	271,576	200,395
Other Special Events	533,231	377,528	416,262	414,916	444,467
VIAtrans	19,815,124	19,425,705	20,593,538	22,969,804	24,396,340
Van Disaster Relief[1]	–	–	75,660	7,868	7,729
Vanpool	–	–	–	100,648	133,120
Bus rapid transit	–	–	–	–	–
Starlight Service	–	–	–	656,749	1,232,416
Charter	169,891	205,163	220,955	128,476	131,509
Contract	1,407,983	1,545,622	1,657,657	1,792,659	2,135,119
Real Estate Development	350	350	350	998	3,025
Business Development and Planning	1,778,118	1,919,423	1,953,062	2,043,179	2,579,352
Transit Technology	–	–	222,663	608,319	534,783
Total Operating Expenses	99,679,714	103,233,874	111,330,253	120,901,290	131,748,864
Non–Operating Revenues (Expenses)					
Sales Taxes[2]	69,245,035	73,998,545	98,973,080	128,615,461	136,525,865
Grants reimbursement	8,088,843	10,237,044	11,475,043	11,688,746	9,449,194
Investment Income	1,168,238	492,428	941,625	2,641,183	4,343,935
Bond interest and amortization	–	–	–	–	–
Net Gain(Loss) on Sale of Assets	116,676	6,632	610,130	(426,450)	94,366
Transit 2025	17,698	–	–	–	–
Other Revenue	–	–	841,500	–	–
ATD, CoSA, TxDOT, Bexar Co., & Election Expense[3]	–	–	(8,503,002)	(20,636,545)	(22,035,752)
Local Assistance Program and RMA[4]	(2,425,013)	(231,361)	(394,618)	(25,113)	(250,829)
Net Non–Operating Revenues (Expenses)	76,211,477	84,503,288	103,943,758	121,857,282	128,126,779
Income (Loss) before Depreciation, and Capital Contributions	(5,246,250)	(926,264)	11,064,334	21,740,279	19,291,308
Depreciation[5]	(19,122,521)	(20,772,528)	(20,951,430)	(21,321,762)	(21,719,090)
Capital Contributions	21,007,873	5,442,655	8,189,816	20,796,681	10,044,540
Change in Net Assets	$(3,360,898)	$(16,256,137)	$(1,697,280)	$21,215,198	$7,616,758

Source: VIA's Annual Audited Financial Statements

Note: VIA Metropolitan Transit implemented GASB Statement No. 34 as of the beginning of the fiscal year September 30, 2003.

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

[2] From 2005 amounts represent gross MTA and ATD sales tax receipts.

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

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

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

2008	2009	2010	2011	2012
$19,536,847	$20,862,060	$20,571,968	$21,625,077	$22,315,482
144,909	32,716	–	–	–
60,527	13,023	42,550	76,917	78,925
239,099	179,279	180,666	174,383	177,119
1,493,059	1,661,674	1,713,729	1,705,738	1,681,635
35,122	114,616	145,500	107,523	113,915
1,876,060	–	–	–	–
230,426	215,488	267,859	277,257	267,719
13,821	11,445	11,566	8,243	6,854
307,729	731,810	464,100	516,250	615,000
1,047,201	765,361	993,321	842,939	843,534
24,984,800	24,587,472	24,391,259	25,334,327	26,100,183
116,822,879	111,333,647	117,495,205	127,048,368	132,326,068
410,447	–	–	–	–
234,952	68,564	201,686	361,462	512,763
499,455	421,502	470,726	490,118	541,478
26,921,960	27,092,432	29,078,861	31,038,547	32,677,623
25,927	–	–	–	–
294,744	188,444	200,962	366,252	537,218
501,065	740,086	494,849	361,888	391,558
752,355	200,527	–	–	–
79,595	140,352	160,020	151,927	131,882
1,854,243	–	–	–	–
719	582	6,239	794	3,192
2,975,743	3,256,780	3,319,271	3,310,027	3,605,444
528,972	597,196	601,376	690,381	719,319
151,903,056	144,040,112	152,029,195	163,819,764	171,446,545
142,157,492	134,962,020	137,285,707	144,588,735	163,316,655
7,327,679	19,237,153	27,196,327	23,279,480	20,360,615
3,472,825	1,262,374	585,219	617,320	252,009
–	–	–	–	(23,281)
(132,242)	5,903	(126,707)	(367,766)	170,308
–	–	–	–	–
–	–	–	–	–
(22,807,203)	(21,468,658)	(21,700,854)	(23,085,686)	(25,720,768)
(227,976)	(2,312,343)	–	–	90,150
129,790,575	131,686,449	143,239,692	145,032,083	158,445,688
2,872,319	12,233,809	15,601,756	6,546,646	13,099,326
(19,747,254)	(20,075,564)	(20,281,792)	(21,588,388)	(19,035,123)
22,898,124	11,719,076	29,801,538	13,230,025	27,981,525
$6,023,189	$3,877,321	$25,121,502	$(1,811,717)	$22,045,728

Direct and Overlapping Sales Tax Rates
As of September 30, 2012

	Direct Rates			Overlapping Rates[1]			
					Local		
City	Metropolitan Transit Authority (MTA)	Advanced Transportation District (ATD)	Total Direct Rate	State	City	Special Purpose District	Total Sales Tax Rate
Alamo Heights	0.50%		0.50%	6.25%	1.25%		8.00%
Balcones Heights	0.50%		0.50%	6.25%	1.00%	0.50%	8.25%
Castle Hills	0.50%		0.50%	6.25%	1.25%	0.25%	8.25%
China Grove	0.50%		0.50%	6.25%	1.00%		7.75%
Converse	0.50%		0.50%	6.25%	1.50%		8.25%
Elmendorf	0.50%		0.50%	6.25%	1.00%		7.75%
Kirby	0.50%		0.50%	6.25%	1.25%		8.00%
Leon Valley	0.50%		0.50%	6.25%	1.375%		8.125%
Olmos Park	0.50%		0.50%	6.25%	1.50%		8.25%
Saint Hedwig	0.50%		0.50%	6.25%	1.00%		7.75%
Shavano Park	0.50%		0.50%	6.25%	1.00%	0.50%	8.25%
Terrell Hills	0.50%		0.50%	6.25%	1.00%		7.75%
San Antonio	0.50%	0.25%[2]	0.75%	6.25%	1.125%		8.125%
Unincorporated (Bexar County)	0.50%		0.50%	6.25%			6.75%

Source: State of Texas Comptroller of Public Accounts

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

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

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Alamo Heights	$306,333	$319,127	$409,242	$374,798	$393,983
Balcones Heights	491,606	582,269	557,401	615,823	637,859
Castle Hills	372,791	355,508	332,521	345,133	454,499
China Grove	29,937	38,104	42,671	35,856	45,522
Converse	273,828	300,374	318,652	370,466	396,735
Elmendorf	18,355	22,421	18,874	18,540	20,124
Kirby	65,218	69,038	69,300	85,291	86,135
Leon Valley	858,421	858,769	806,734	776,464	793,085
Olmos Park	123,102	148,574	153,924	161,693	169,600
Saint Hedwig	17,011	27,588	22,576	25,854	25,870
San Antonio (MTA)	65,527,195	69,063,076	75,425,518	82,262,642	88,108,466
San Antonio (ATD)[1]	–	–	8,487,979	20,166,322	21,566,150
Shavano Park	13,867	18,808	22,068	47,215	55,314
Terrell Hills	48,838	53,597	47,205	61,351	76,086
Other[2]	1,098,533	2,141,292	2,563,870	2,963,891	2,130,287
Total Sales Tax Receipts	$69,245,035	$73,998,545	$89,278,535	$108,311,339	$114,959,715

Source: VIA's Fiscal Management Department

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

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

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

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

Fiscal Years 2003-2007 have been restated to reflect an accounting change.

Fiscal Year				
2008	2009	2010	2011	2012
$406,932	$389,993	$369,810	$382,503	$418,716
641,981	574,183	573,949	609,594	670,081
394,859	390,619	378,022	422,138	438,952
48,470	39,141	39,759	42,669	54,047
721,440	712,810	762,992	744,263	841,257
25,405	20,054	22,021	27,340	35,960
83,575	83,631	90,744	91,851	95,966
864,745	883,285	826,649	840,965	869,196
190,994	189,249	179,401	189,850	238,399
28,251	28,075	29,149	27,148	26,136
93,358,659	88,566,698	90,350,846	94,720,036	104,895,568
22,584,786	21,429,342	21,700,855	23,085,685	25,720,768
74,195	80,010	93,876	145,632	371,253
79,717	80,350	100,277	103,667	119,890
68,698	65,238	66,502	69,710	2,799,697
$119,572,707	$113,532,678	$115,584,852	$121,503,051	$137,595,886

Ratios of Total Outstanding Debt by Type
Last Ten Fiscal Years

	Total Principal Balance Outstanding Debt by Type				
Year	MTA Farebox Revenue Bonds 2012-1	MTA Contractual Obligation Bonds 2012-2	ATD Sales Tax Revenue Bonds 2012-3	MTA Contract Revenue Bonds 2012-4 (a)	Total
2003-2011	–	–	–	–	–
2012	$5,100,000	$3,200,000	$5,100,000	$5,100,000	$18,500,000

(a) The MTA contract revenue bonds were retired in December 2012, and no debt service payments were due or made prior to the retirement.
(b) Total operating revenue of $26,100,183 plus nonoperating revenues of $158,445,688.
(c) Total passengers for bus and paratransit services (directly-operated and purchased).

Schedule of Debt Coverage Ratios by Type

	MTA Farebox Revenue Bonds						
Year	MTA Net Revenues		Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS)		MADS Coverage Ratio
2003-2011	–		–	–	–		–
2012	$12,770,709	(a)	–	(b)	$1,139,500	(c)	11.2

Description of Pledged Revenues

MTA Farebox Revenue Bonds - Primary security is from "net revenues", which generally means all revenues (income, receipts and increment) received by VIA, from time to time, as a result of its ownership and operation of the Transit Authority System, that remain after the payment of expenses necessary for the operation and maintenance of the Transit Authority System.

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

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

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

(a) This amount is calculated as follows:

MTA farebox revenue	$20,815,161	
MTA sales tax revenue	109,340,067	
MTA revenue rec'vd from FTA	27,177,655	FTA funds used for operations
MTA other revenue	1,748,169	All MTA operating revenues other than farebox revenue
MTA total revenue	159,081,052	
MTA operating expenses	(146,310,343)	
MTA net revenue	12,770,709	

(b) No debt service payments were due in FY 2012.

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

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

Gross Revenues	Ratio of Total Debt to Gross Revenues	# of Riders	Debt Per Rider
–	–	–	–
$184,545,871 (b)	0.10	46,741,961 (c)	$0.40

MTA Contractual Obligation Bonds				
MTA Sales Tax Revenue	Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS)	MADS Coverage Ratio
–	–	–	–	–
$109,340,067	–	(b)	$494,555	221.1

ATD Sales Tax Revenue Bonds				
ATD Sales Tax Revenue	Debt Service	Coverage Ratio	Maximum Annual Debt Service (MADS)	MADS Coverage Ratio
–	–	–	–	–
$50,619,854	–	(b)	$1,139,500 (d)	44.4

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

Fiscal Year	Population[a]	Total Personal Income (in thousands)	Per Capita Income[a]	Median Age[a]	Population 25 Years & over – Percent High School Graduate or Higher[a]	School Enrollment[a]	Unemployment Rate[b]
2003	1,193,652	22,642,385	18,969	32.2	76.9	263,989	5.5%
2004	1,198,093	23,145,959	19,319	32.4	77.7	265,753	5.1%
2005	1,202,223	24,533,765	20,407	32.3	78.8	267,416	5.0%
2006	1,273,374	25,319,769	19,884	32.6	78.3	273,942	4.5%
2007	1,284,332	26,724,380	20,808	32.5	79.7	273,969	4.0%
2008	1,292,997	27,905,461	21,582	32.9	78.7	276,532	4.5%
2009	1,373,677	28,920,022	21,053	32.2	79.3	299,688	6.2%
2010	1,327,407	28,439,695	21,425	32.8	80.2	285,152	7.1%
2011	1,337,897	29,879,254	22,333	32.6	79.8	384,725	7.4%
2012	*	*	*	*	*	*	6.5%

* 2012 data not yet available.

Source: [a] American Community Survey, www.census.gov
[b] Texas Workforce Commission

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

Principal Employers
Last Year and Ten Years Ago

	2011			2002		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment[1]**	**Employees**	**Rank**	**Percentage of Total City Employment[2]**
Lackland Air Force Base	52,561	1	6.3%			
Fort Sam Houston	32,000	2	3.9%	8,527	4	1.00%
Randolph Air Force Base	16,017	3	1.9%	16,267	1	2.00%
United Services Automobile Association	15,000	4	1.8%			
H.E.B. Food Stores	14,588	5	1.8%			
Northside Independent School District	12,244	6	1.5%	10,393	3	1.00%
City of San Antonio	12,211	7	1.5%	12,025	2	2.00%
Methodist Health Care System	7,747	8	0.9%			
Baptist Health Systems	6,310	9	0.8%	4,384	10	0.59%
University of Texas Health Science	6,153	10	0.7%	5,200	8	0.71%
San Antonio Independent School District				8,000	5	1.00%
North East Independent School District				7,600	6	1.00%
SBC Communications (AT & T)				6,500	7	0.88%
University Health Systems				4,408	9	0.60%
Total	174,831		21.0%	83,304		11.30%

*2012 data not yet available

Source: San Antonio Economic Development Foundation

[1] Percent based on an Employment Estimate of 831,900 of Non–Farm jobs in the San Antonio–New Braunfels, TX Metropolitan Statistical Area as of January 2011. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 737,200 of Non–Farm jobs in the San Antonio–New Braunfels, TX Metropolitan Statistical Area as of January 2002. Figure provided by the Texas Workforce Commission.

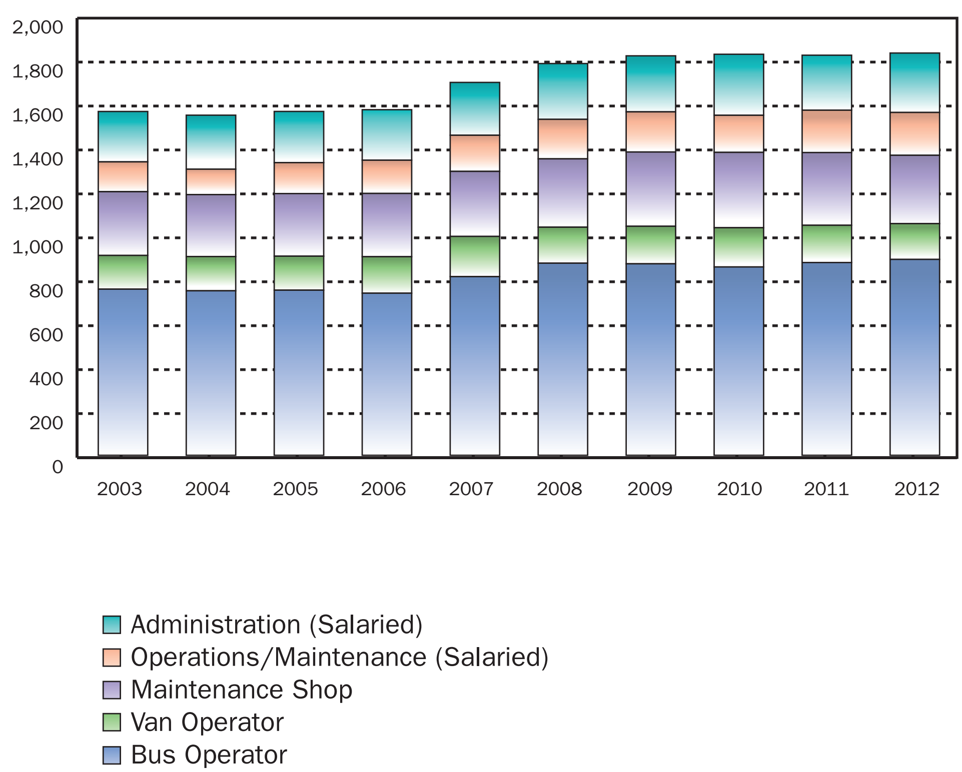
VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Full Time Equivalents
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Full-Time Employees										
Bus Operator	653	646	656	653	712	719	728	716	746	733
Van Operator	150	153	151	161	178	161	168	176	167	161
Maintenance Shop	290	282	285	288	296	311	338	343	331	311
Operations/Maintenance(Salaried)	126	107	131	138	150	165	168	151	178	178
Administration(Salaried)	221	239	221	220	233	245	244	265	239	257
Subtotal	1,440	1,427	1,444	1,460	1,569	1,601	1,646	1,651	1,661	1,640
Part-Time (Full-Time Equivalents)										
Bus Operator	103.1	102.7	95.5	84.7	101.1	155.3	143.5	141.2	131.3	158.6
Van Operator	3.6	2.8	3.7	5.1	5.1	2.9	2.8	2.5	2.6	1.8
Maintenance Shop	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations/Maintenance(Salaried)	9.8	8.7	9.8	13.3	14.4	14.8	14.8	17.8	14.8	17.0
Administration(Salaried)	8.3	6.8	12.0	9.8	7.5	9.0	11.0	12.8	11.3	13.5
Subtotal	124.8	121.0	121.0	112.9	128.2	182.0	172.1	174.2	160.0	190.9
Grand Total										
Bus Operator	756.1	748.7	751.5	737.7	813.1	874.3	871.5	857.2	877.3	891.6
Van Operator	153.6	155.8	154.7	166.1	183.1	163.9	170.8	178.5	169.6	162.8
Maintenance Shop	290.0	282.0	285.0	288.0	296.0	311.0	338.0	343.0	331.0	311.0
Operations/Maintenance(Salaried)	135.8	115.7	140.8	151.3	164.4	179.8	182.8	168.8	192.8	195.0
Administration(Salaried)	229.3	245.8	233.0	229.8	240.5	254.0	255.0	277.8	250.3	270.5
Grand Total	1,564.8	1,548.0	1,565.0	1,572.9	1,697.2	1,783.0	1,818.1	1,825.2	1,821.0	1,830.9

Source: VIA's Monthly Personnel Report

Grand Total by Function



VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Fare History
Last Ten Fiscal Years

	Fiscal Year									
Category	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Bus Service										
Regular Bus Service	$0.80	$0.80	$0.80	$0.80	$1.00	$1.00	$1.10	$1.10	$1.10	$1.10
Regular Half Fare	0.40	0.40	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55
Express Bus Service	1.60	1.60	1.60	1.60	2.00	2.00	2.50	2.50	2.50	2.50
Express Half Fare	0.80	0.80	0.80	0.80	1.00	1.00	1.25	1.25	1.25	1.25
Bus Transfer	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Bus Transfer Half Fare	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Streetcar Service										
Streetcar Service	0.50	0.80	0.80	0.80	1.00	1.00	1.10	1.10	1.10	1.10
Streetcar Half Fare	0.25	0.40	0.40	0.40	0.50	0.50	0.55	0.55	0.55	0.55
Streetcar Transfer	–	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
VIAtrans Service										
VIAtrans Service	1.25	1.25	1.25	1.25	1.50	1.50	1.75	1.75	1.75	1.75
VIAtrans Surcharge (If origin/destination is outside service area)	–	–	–	–	–	–	–	–	–	–
Special Event Service	5.00	5.00	5.00	5.00	6.00	4.00	5.00	5.00	5.00	5.00
Special Event Half Fare	2.50	2.50	2.50	2.50	3.00	2.00	2.50	2.50	2.50	2.50
Off Peak Special for Seniors and riders with limited mobility 9am–3pm	0.20	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25	0.25
Starlight Service										
Starlight Service	–	–	–	3.00	5.50	5.50	5.50	–	–	–
Starlight Service Half Fare	–	–	–	1.50	2.75	2.75	2.75	–	–	–
Passes										
Monthly Big Pass	20.00	20.00	20.00	20.00	25.00	25.00	30.00	30.00	30.00	30.00
Big Pass Half Fare	10.00	10.00	10.00	10.00	12.50	12.50	15.00	15.00	15.00	15.00
Express Big Pass	–	–	–	–	–	–	–	–	–	–
Express Pass Half Fare	–	–	–	–	–	–	–	–	–	–
Semester Pass	20.00	20.00	20.00	20.00	25.00	25.00	35.00	35.00	35.00	35.00
Ozone Pass	–	–	–	–	–	–	–	–	–	–
Streetcar Pass	10.00	–	–	–	–	–	–	–	–	–
Day Tripper	2.00	3.00	3.00	3.00	3.75	3.75	4.00	4.00	4.00	4.00

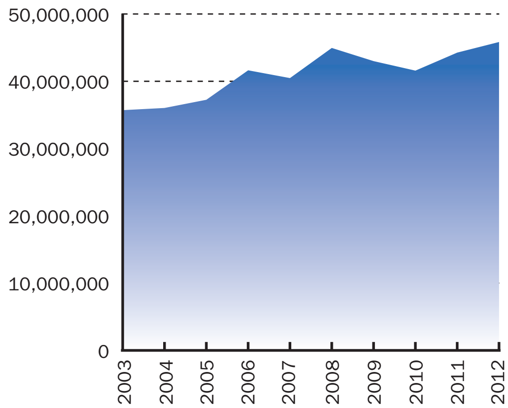
Source: VIA's Fiscal Management Department

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

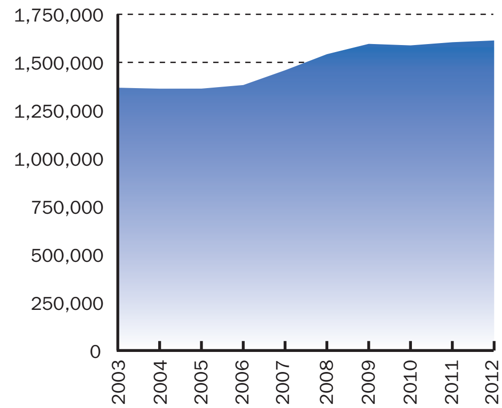
VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Line Service Statistics
Last Ten Fiscal Years

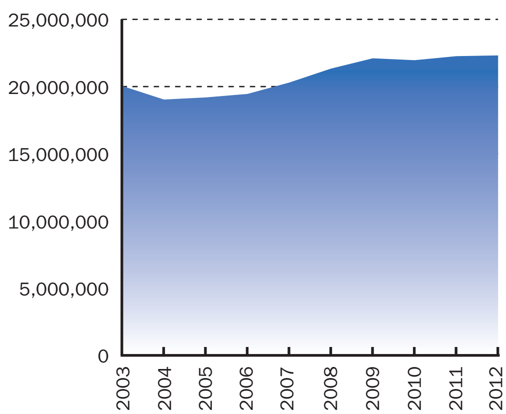
Passengers



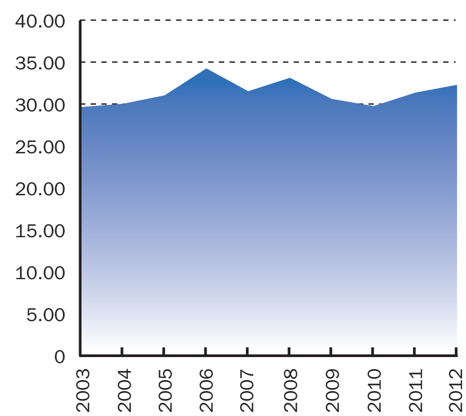
Hours



Miles



Passengers per Hour



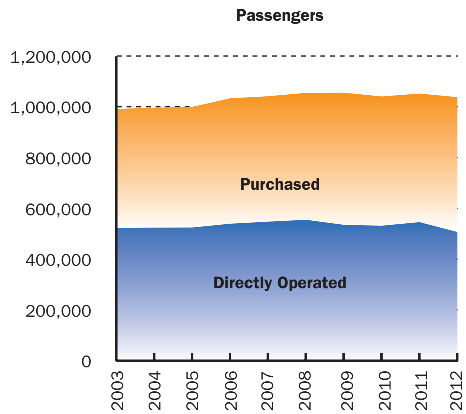
Fiscal Year	Passengers	Hours	Miles	Passengers Per Hour
2003	35,574,796	1,367,734	20,036,375	26.01
2004	35,901,277	1,362,680	19,026,272	26.35
2005	37,116,882	1,363,003	19,182,546	27.23
2006	41,498,069	1,381,605	19,443,620	30.04
2007	40,342,110	1,458,556	20,289,379	27.66
2008	44,820,655	1,542,100	21,328,743	29.06
2009	42,863,990	1,595,778	22,094,377	26.86
2010	41,450,314	1,587,804	21,952,740	26.11
2011	44,129,717	1,604,282	22,252,846	27.51
2012	45,704,025	1,613,457	22,308,405	28.33

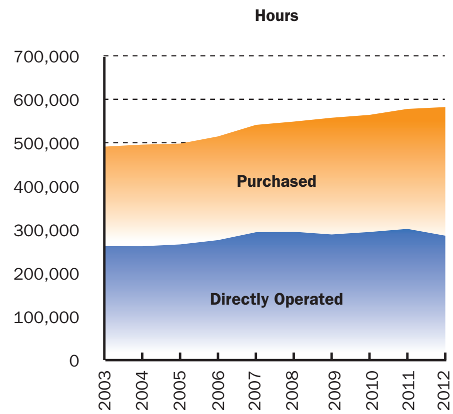
Source: VIA's Revenue Accounting Statistical Records
VIA's Miles and Hours Report

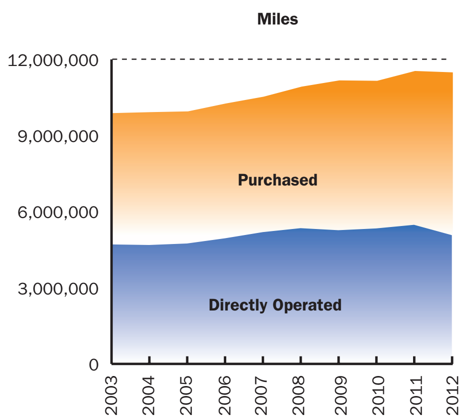
VIA Metropolitan Transit

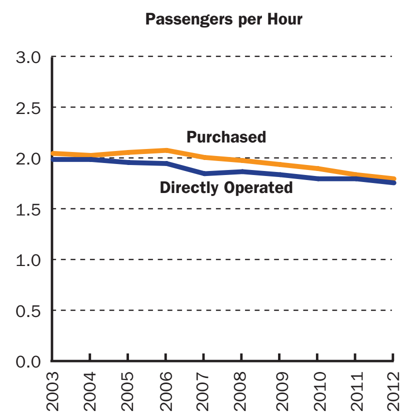
SAN ANTONIO, TEXAS

VIAtrans Service Statistics
Last Ten Fiscal Years









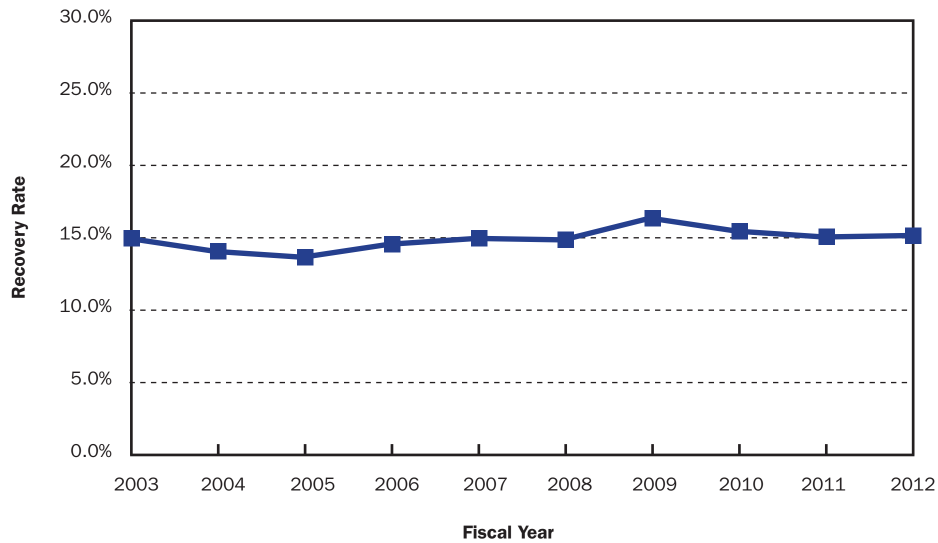
Fiscal Year	Total Passengers		Total Hours		Total Miles		Passengers per Hour	
	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased	Directly Operated	Purchased
2003	521,718	469,538	262,342	229,029	4,724,147	5,147,426	1.99	2.05
2004	522,357	474,198	262,216	233,779	4,701,892	5,207,828	1.99	2.03
2005	522,748	476,781	266,393	231,941	4,760,960	5,179,097	1.96	2.06
2006	537,746	495,535	276,319	238,554	4,964,851	5,286,153	1.95	2.08
2007	545,825	495,521	294,423	246,936	5,208,221	5,311,191	1.85	2.01
2008	553,332	501,339	295,498	253,444	5,364,599	5,549,201	1.87	1.98
2009	533,379	522,163	289,290	268,503	5,283,792	5,876,735	1.84	1.94
2010	529,854	510,662	294,970	269,416	5,355,046	5,789,331	1.80	1.90
2011	543,981	507,888	302,135	275,986	5,496,656	6,034,974	1.80	1.84
2012	505,217	532,719	286,473	295,883	5,089,293	6,387,270	1.76	1.80

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

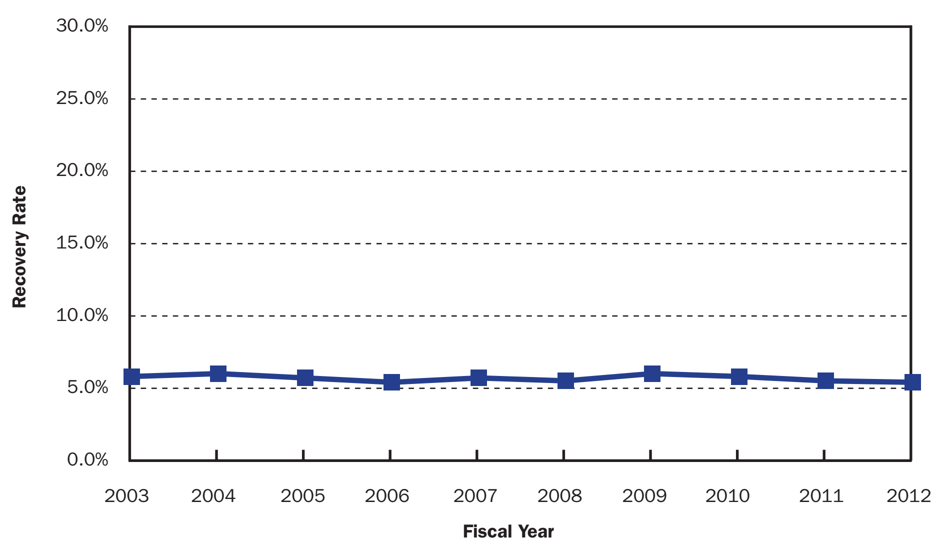
Line Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2003	14.7%
2004	13.8%
2005	13.4%
2006	14.3%
2007	14.7%
2008	14.6%
2009	16.1%
2010	15.2%
2011	14.8%
2012	14.9%



VIAtrans Service Recovery Rate Last Ten Fiscal Years

Fiscal Year	Recovery Rate
2003	5.5%
2004	5.7%
2005	5.4%
2006	5.1%
2007	5.4%
2008	5.2%
2009	5.7%
2010	5.5%
2011	5.2%
2012	5.1%



Source: VIA's Annual Audited Financial Statements

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

Management's Discussion and Analysis
September 30, 2012

Service Miles by Cost Center Last Ten Fiscal Years

						VIAtrans				
Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	Direct	Purchased	Van Disaster Relief	Starlight Service	Total
2003	20,036,375	131,443	44,766	454,107	–	4,724,147	5,147,426	–	–	30,538,264
2004	19,026,272	86,106	42,774	432,921	–	4,701,892	5,207,828	–	–	29,497,793
2005	19,182,546	85,906	41,063	417,086	31,046	4,760,960	5,179,097	–	–	29,697,704
2006	19,443,620	103,502	22,452	411,679	9,381	4,964,851	5,286,153	–	233,457	30,475,095
2007	20,289,379	91,410	11,428	458,137	6,593	5,208,221	5,311,191	–	459,250	31,835,609
2008	21,328,743	92,420	9,573	383,188	55,897	5,364,599	5,549,201	–	444,314	33,227,935
2009	22,094,377	72,326	18,738	–	–	5,283,792	5,876,735	–	105,026	33,450,994
2010	21,952,740	86,148	18,117	–	–	5,355,046	5,789,331	–	–	33,201,382
2011	22,252,846	116,627	17,469	–	–	5,496,656	6,034,974	–	–	33,918,572
2012	22,308,405	122,658	16,283	–	–	5,089,293	6,387,270	–	–	33,923,909

Service Hours by Cost Center Last Ten Fiscal Years

						VIAtrans				
Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Disaster Relief	Direct	Purchased	Van Disaster Relief	Starlight Service	Total
2003	1,367,734	8,792	3,653	27,263	–	262,342	229,029	–	–	1,898,813
2004	1,362,680	5,885	4,400	26,922	–	262,216	233,779	–	–	1,895,882
2005	1,363,003	6,301	3,950	27,277	2,693	266,393	231,941	1,821	–	1,903,379
2006	1,381,605	7,682	2,422	27,719	678	276,319	238,554	331	7,943	1,943,253
2007	1,458,556	6,870	1,706	32,081	524	294,423	246,936	–	14,924	2,056,020
2008	1,542,100	6,977	1,417	25,985	4,620	295,498	253,444	–	19,728	2,149,769
2009	1,595,778	5,119	2,350	–	–	289,290	268,503	–	4,804	2,165,844
2010	1,587,804	6,648	2,881	–	–	294,970	269,416	–	–	2,161,719
2011	1,604,282	8,287	2,201	–	–	302,135	275,986	–	–	2,192,891
2012	1,613,457	9,434	2,261	–	–	286,473	295,883	–	–	2,207,508

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

Management's Discussion and Analysis
September 30, 2012

Revenues by Source Last Ten Fiscal Years

Fiscal Year	Operating Revenues	SalesTax	Grant Revenues	Investment Income	Misc Income (Expense)	Total
2003	18,221,987	69,245,035	8,088,844	1,168,237	(2,290,639)	94,433,464
2004	17,804,322	73,998,545	10,237,044	492,428	(224,729)	102,307,610
2005	18,450,829	97,766,514	11,475,043	941,625	(5,147,195)	123,486,816
2006	20,784,287	128,477,661	11,688,746	2,641,183	(21,047,756)	142,544,121
2007	22,913,393	136,525,865	9,449,194	4,343,935	(22,192,215)	151,040,172
2008	24,984,800	142,157,492	7,327,679	3,472,825	(23,167,421)	154,775,375
2009	24,587,472	134,962,020	19,237,153	1,262,374	(23,775,098)	156,273,921
2010	24,391,259	137,285,707	27,196,327	585,219	(21,827,561)	167,630,951
2011	25,334,327	144,588,735	23,279,480	617,320	(23,453,452)	170,366,410
2012	26,100,183	163,316,655	20,360,615	252,009	(25,483,591)	184,545,871

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

Fiscal Year	Line Service	Special Event	Charter	Contract	Bus Rapid Transit	VIAtrans	Starlight Service	Vanpool	Other	Total
2003	91,980,378	1,278,839	196,940	1,675,934	–	21,270,509	–	–	2,399,635	118,802,235
2004	97,485,476	1,106,783	236,863	1,847,022	–	20,804,785	–	–	2,525,473	124,006,402
2005	104,220,780	1,147,659	252,548	1,958,661	–	21,689,356	–	–	3,012,679	132,281,683
2006	110,791,888	1,340,830	146,509	2,098,171	–	23,795,051	660,515	102,173	3,287,915	142,223,052
2007	118,113,096	1,274,262	140,603	2,445,167	–	26,566,225	1,240,754	135,286	3,552,561	153,467,954
2008	133,438,320	1,351,438	85,613	2,066,769	508,816	28,847,814	756,444	296,152	4,298,944	171,650,310
2009	129,694,712	1,096,860	153,244	–	754,832	29,172,611	202,358	190,739	4,184,459	165,449,815
2010	135,147,650	1,283,286	170,791	–	499,649	30,923,402	–	202,045	4,084,164	172,310,987
2011	146,052,357	1,492,528	164,376	–	367,932	32,765,906	–	368,195	4,196,858	185,408,152
2012	150,018,500	1,698,539	142,909	–	397,700	33,140,705	–	539,429	4,543,886	190,481,668

Source: VIA's Annual Audited Financial Statements

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VIA Metropolitan Transit
SAN ANTONIO, TEXAS

Operating Expenses by Object Class
Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Operator	$28,236,583	$28,969,999	$30,497,019	$32,487,377	$35,556,338
Garage	8,884,608	8,626,465	9,325,157	9,677,955	9,703,761
Salaried	13,340,962	13,355,558	14,092,521	14,930,202	16,193,801
Total Labor	50,462,153	50,952,022	53,914,697	57,095,534	61,453,900
Fringe Benefits	23,632,051	24,501,606	24,838,135	26,639,472	29,572,250
Total Labor and Fringe Benefits	74,094,204	75,453,628	78,752,832	83,735,006	91,026,150
Advertising Fees	223,837	477,968	246,609	139,805	201,342
Prof. & Tech Fees	793,636	951,909	1,685,441	1,351,486	1,636,642
Temporary Help	–	20	20,022	–	–
Contract Maintenance	939,346	1,011,575	1,065,371	1,317,694	1,431,956
Custodial Services	–	–	–	–	–
Security Services	1,030,303	916,978	892,788	1,049,421	1,063,722
Other Services	319,217	319,637	352,778	379,963	417,832
Total Services	3,306,339	3,678,087	4,263,009	4,238,369	4,751,494
Fuel & Lubricants	6,132,911	6,868,557	10,214,806	14,308,066	14,623,296
Tires & Tubes	752,579	759,335	795,770	857,253	750,467
Other Materials & Supplies	5,111,099	5,514,613	6,150,889	7,304,577	7,172,264
Total Materials & Supplies	11,996,589	13,142,505	17,161,465	22,469,896	22,546,027
Utilities	1,073,812	932,991	1,148,176	1,228,285	1,128,092
Casualty & Liability	638,825	781,990	737,825	(1,282,604)	518,628
Taxes	990,741	895,098	1,094,669	1,132,504	1,310,151
Purchased Transportation	6,433,891	6,617,454	6,694,875	7,738,791	8,768,749
Dues & Subscriptions	185,798	242,588	258,715	274,180	300,682
Training & Meetings	54,433	52,559	93,109	104,322	192,972
Fines & Penalties		78,774	(68,292)	–	509
Bad Debt Expense	4,520	2,115	7,259	7,996	43,872
Advertising/Promotion Media	265,807	752,484	513,083	535,838	403,031
Other Miscellaneous Expense	425,269	402,657	457,373	486,293	549,510
Total Miscellaneous Expense	935,827	1,531,177	1,261,247	1,408,629	1,490,576
Interest Expense	–	–	–	–	–
Leases & Rentals	209,486	200,944	216,155	232,416	208,997
Total Operating Expense Before Depreciation & Capitalized Amounts	99,679,714	103,233,874	111,330,253	120,901,292	131,748,864
Depreciation	19,122,521	20,772,528	20,951,430	21,321,762	21,719,090
Indirect Expense (Capitalized)	–	–	–	–	–
Fringe Expense (Capitalized)	–	–	–	–	–
Total Operating Expenses	$118,802,235	$124,006,402	$132,281,683	$142,223,054	$153,467,954

Source: VIA's Annual Audited Financial Statements

Fiscal Year				
2008	**2009**	**2010**	**2011**	**2012**
$37,706,299	$37,519,147	$39,163,412	$41,016,213	$45,484,497
10,562,622	11,345,672	12,022,721	12,417,401	14,696,969
18,062,321	18,960,436	19,376,845	20,365,495	24,601,763
66,331,242	67,825,255	70,562,978	73,799,109	84,783,229
32,902,957	32,985,424	34,640,866	37,618,626	31,464,903
99,234,199	100,810,679	105,203,844	111,417,735	116,248,131
311,832	532,580	524,532	376,212	457,068
1,774,244	1,934,705	1,902,690	2,409,977	2,313,283
–	–	–	–	–
1,412,628	1,557,547	1,510,826	1,834,136	1,900,734
–	–	–	–	–
1,241,303	1,547,567	1,617,845	1,652,563	1,610,368
426,325	470,475	509,582	522,596	550,437
5,166,332	6,042,874	6,065,474	6,795,484	6,831,890
24,368,920	13,844,663	16,470,705	19,866,016	20,155,666
846,027	1,113,669	1,168,105	1,299,140	1,365,594
7,580,792	8,069,919	8,060,535	8,739,916	9,355,225
32,795,739	23,028,251	25,699,345	29,905,072	30,876,485
1,364,766	1,378,117	1,617,829	1,647,480	1,572,250
807,857	453,733	861,475	341,603	1,231,907
1,514,318	1,501,359	1,510,880	1,526,586	1,536,285
9,141,155	8,995,692	9,101,700	9,911,331	10,916,344
344,703	316,700	350,446	532,092	416,275
203,408	236,561	337,885	353,681	407,148
608	100	–	–	600
4,963	6,888	7,813	847	7,352
431,403	410,197	408,590	406,816	437,122
643,181	565,572	586,888	724,770	678,063
1,628,266	1,536,018	1,691,622	2,018,206	1,946,561
–	–	–	–	–
250,424	293,389	277,027	256,265	286,692
151,903,056	144,040,112	152,029,195	163,819,764	171,446,545
19,747,254	20,075,564	20,281,792	21,588,388	19,035,123
–	–	–	–	–
–	–	–	–	–
$171,650,310	$164,115,676	$172,310,987	$185,408,152	$190,481,668

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Capital Assets
Last Ten Fiscal Years

	2003	2004	2005	2006	2007
Land	$29,313,839	$29,384,798	$25,155,546	$25,991,724	$21,839,086
Revenue Vehicles					
Bus	107,689,914	106,044,209	108,510,605	124,549,670	125,258,628
Van	7,325,911	7,298,710	7,298,710	6,995,861	8,339,955
Total Revenue Vehicles	115,015,825	113,342,919	115,809,316	131,545,531	133,598,583
Service Vehicles					
Trucks	1,295,899	1,557,910	1,357,010	1,325,401	1,365,375
Automobiles	1,274,962	1,296,398	1,142,086	1,137,478	1,165,503
Other Service Vehicles	288,023	281,726	281,726	276,215	357,641
Total Service Vehicles	2,858,884	3,136,034	2,780,821	2,739,094	2,888,519
Buildings and Structures					
Transit Way Facilities	33,532,669	33,532,670	33,532,669	33,532,668	33,532,669
Passenger Stations	24,857,654	27,921,064	28,192,412	29,656,620	30,841,555
Passenger Parking Stations	3,494,062	3,519,453	2,686,439	2,618,036	2,618,036
Operating Yards and Stations	10,086,511	14,170,305	14,290,648	14,364,207	14,392,200
Vehicle Maintenance Shops and Garages	7,026,509	7,696,157	8,002,456	9,335,431	10,933,306
Other General Administration Facilities	11,317,872	11,387,859	11,452,996	11,497,240	11,541,536
Stadium/Depot Complex	6,426,109	6,434,394	6,435,442	6,437,115	6,437,115
Total Buildings and Structures	96,741,386	104,661,902	104,593,062	107,441,317	110,296,417
Equipment					
Passenger Stations	595,844	873,325	871,375	871,375	871,375
Operating Yards and Stations	119,043	119,043	127,883	150,789	57,868
Vehicle Maintenance Shops and Garages	1,180,471	1,290,481	1,365,191	1,413,680	1,460,875
Other General Administration Facilities	1,126,274	1,146,193	1,409,991	1,400,932	1,460,342
Revenue Vehicle Movement Control	16,310,967	16,310,967	15,612,765	15,491,235	15,415,162
Revenue Collection and Processing	427,678	148,401	292,558	279,752	279,752
Data Processing	6,197,080	9,697,785	8,659,415	8,494,125	9,942,333
Communication	993,687	971,794	970,604	983,572	598,317
Office Equipment	523,307	525,079	498,034	176,063	173,465
Total Equipment	27,474,351	31,083,068	29,807,815	29,261,523	30,259,489
Total Capital Assets Before Depreciation	271,404,285	281,608,721	278,146,560	296,979,189	298,882,094
Accumulated Depreciation					
Revenue Vehicles	(56,191,496)	(52,718,909)	(57,935,825)	(59,673,927)	(67,839,345)
Service Vehicles	(1,884,187)	(2,423,384)	(2,492,141)	(2,595,242)	(2,741,586)
Buildings and Structures	(55,000,094)	(61,435,339)	(67,384,707)	(73,848,074)	(79,821,381)
Equipment	(16,839,853)	(21,119,018)	(23,482,135)	(25,777,889)	(27,730,455)
Total Accumulated Depreciation	(129,915,630)	(137,696,650)	(151,294,808)	(161,895,132)	(178,132,767)
Work In Progress					
Revenue Vehicles	10,847,397	–	5,088,736	3,781	–
Service Vehicles	–	–	–	–	–
Buildings and Structures	4,729,440	553,214	387,867	630,703	3,763,402
Equipment	1,850,406	487,281	–	298,093	291,164
Total Work In Progress	17,427,243	1,040,495	5,476,603	932,576	4,054,567
Net Capital Assets	$158,915,898	$144,952,566	$132,328,355	$136,016,634	$124,803,894

Source: VIA's Annual Audited Financial Statements

VIA Metropolitan Transit
SAN ANTONIO, TEXAS

2008	2009	2010	2011	2012
$25,976,887	$26,447,326	$26,804,057	$27,209,314	$27,209,314
125,335,354	125,514,249	141,523,621	139,158,252	139,405,043
8,339,955	8,339,955	8,339,955	8,341,255	8,194,102
133,675,309	133,854,204	149,863,576	147,499,506	147,599,144
1,726,520	1,909,471	1,951,568	2,069,486	2,419,698
1,201,622	1,360,960	1,299,180	1,391,934	1,190,073
357,641	357,641	357,641	357,641	455,229
3,285,783	3,628,072	3,608,390	3,819,060	4,064,999
33,532,669	33,680,565	38,475,179	38,991,798	38,991,798
35,824,534	42,677,004	47,273,563	48,625,854	49,206,787
2,618,686	2,618,686	2,618,686	2,618,686	2,618,686
14,531,233	14,563,987	15,148,156	15,277,206	17,270,455
11,138,288	16,679,760	17,228,927	17,570,026	18,557,910
12,399,143	12,647,099	12,845,785	17,677,094	17,851,130
6,437,115	6,437,115	6,437,115	6,437,115	6,437,115
116,481,668	129,304,216	140,027,411	147,197,779	150,933,881
1,338,262	3,254,607	3,266,389	3,266,389	2,445,424
57,868	57,868	65,362	78,954	83,646
1,625,454	1,784,250	1,813,373	1,847,220	2,280,783
1,498,987	1,482,498	1,476,252	1,486,143	578,057
15,415,162	15,415,161	15,410,422	15,410,420	15,363,365
297,342	294,009	343,476	343,476	337,586
10,458,794	10,505,926	12,860,355	13,231,350	9,321,340
665,976	764,697	743,945	4,027,759	4,112,984
173,465	110,630	103,608	121,776	150,401
31,531,310	33,669,646	36,083,182	39,813,487	34,673,586
310,950,957	326,903,464	356,386,616	365,539,146	364,480,925
(66,562,072)	(77,915,736)	(84,564,130)	(93,746,131)	(103,077,815)
(2,785,742)	(2,976,301)	(2,882,462)	(3,221,642)	(3,284,327)
(86,769,910)	(94,060,411)	(102,091,886)	(108,594,211)	(113,991,594)
(29,155,888)	(29,769,422)	(29,604,437)	(31,298,434)	(27,882,391)
(185,273,612)	(204,721,870)	(219,142,915)	(236,860,419)	(248,236,127)
695	–	156,000	582,964	16,894,876
–	–	523	–	–
9,203,875	5,162,105	3,406,102	8,873,562	19,527,256
1,303,214	4,073,941	3,465,039	1,972,506	7,220,735
10,507,784	9,236,046	7,027,664	11,429,032	43,642,867
$136,185,129	$131,417,640	$144,271,365	$140,107,759	$159,887,665

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Additions										
Member Contributions	$1,892	$2,021	$2,172	$2,287	$2,359	$2,469	$2,390	$2,584	$3,224	$3,441
Employer Contriubutions	1,398	1,614	2,156	2,468	3,056	4,918	5,039	6,252	7,321	8,259
Investment Income (net of expenses)	18,655	15,641	14,918	10,674	20,588	(25,136)	(5,999)	15,342	1,646	29,942
Total additions to plan net assets	21,945	19,275	19,245	15,428	26,003	(17,749)	1,430	24,178	12,191	41,642
Deductions										
Benefit Payments	6,494	6,671	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525
Refunds	244	410	252	154	185	255	214	207	252	186
Administrative Expenses	150	139	175	155	159	155	166	188	238	218
Total Deductions from plan net assets	6,888	7,219	7,468	7,852	8,977	9,889	11,246	12,427	13,992	14,929
Change in net assets	$15,057	$12,056	$11,778	$7,576	$17,026	$(27,638)	$(9,816)	$11,751	$(1,801)	$26,713

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Type of Benefit										
Age and service benefits	$5,238	$5,359	$5,602	$6,073	$6,954	$7,708	$8,896	$9,966	$11,403	$12,216
Disability benefits	552	565	599	592	686	744	802	851	836	929
Beneficiaries	704	747	840	880	993	1,027	1,168	1,215	1,263	1,380
Total benefits	6,494	6,671	7,041	7,544	8,633	9,479	10,866	12,032	13,502	14,525
Type of Refund										
Separation	244	410	252	154	185	255	214	207	252	186
Death										
Total Refunds	$244	$410	$252	$154	$185	$255	$214	$207	$252	$186

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

VIA Metropolitan Transit

SAN ANTONIO, TEXAS

Retired Members by Type of Benefit

As of September 30, 2012

		Type of Retirement[1]							Option Selected[2]					
Amount of Monthly Benefit	**Number of Retired Members**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**1**	**2**	**3**	**4**	**5**	**6**
Deferred	44													
$1 - $500	125	1	40	26	8	12	35	3	38	7	2	21	16	40
501 - 1,000	174	3	89	18	13	3	44	4	33	18	8	18	40	55
1,001 - 1,500	134	14	66	8	14	3	24	5	35	12	4	15	23	44
1,501 - 2,000	89	23	49	7	5	1	2	2	17	6	6	8	26	25
2,001 - 2,500	98	43	40	6	3	–	5	1	14	9	6	10	32	26
2,501 - 3,000	59	34	21	2	–	–	–	2	8	2	3	7	20	17
Over 3,000	71	48	12	4	5	–	–	2	8	4	4	8	23	22
Total	794	166	317	71	48	19	110	19	153	58	33	87	180	229

[1]Type of retirement:

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

[2]Option Selected

Option 1 - Life only
Option 2 - 5 year certain and life
Option 3 - 10 year certain and life
Option 4 - 15 year certain and life
Option 5 - Joint and 50% survivor
Option 6 - Joint and 100% survivor
(Excludes 11 death in service options)

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

Schedule of Average Benefit Payment Amounts
Last Ten Fiscal Years

	Years of Credited Service							
Retirement Effective Dates	**<5**	**5–10**	**10–15**	**15–20**	**20–25**	**25–30**	**30–35**	**35–40+**
2002 – 2003								
Average Monthly Benefit	$116	$305	$561	$749	$1,193	$1,424	–	–
Average Final Average Salary	$20,961	$27,694	$32,289	$31,505	$50,070	$38,876	–	–
Number of Active Retirants	2	7	2	2	3	1	–	–
2003 – 2004								
Average Monthly Benefit	$113	$444	$426	$806	$1,300	$1,411	$2,280	–
Average Final Average Salary	$26,099	$52,361	$31,665	$42,748	$38,943	$39,719	$54,461	–
Number of Active Retirants	6	2	2	4	4	8	3	–
2004 – 2005								
Average Monthly Benefit	$167	$177	$483	$1,019	$1,707	$1,577	$1,992	–
Average Final Average Salary	$34,534	$26,984	$30,131	$50,378	$66,089	$42,127	$46,857	–
Number of Active Retirants	2	2	10	2	3	5	5	–
2005 – 2006								
Average Monthly Benefit	$172	$281	$523	$732	$1,161	$1,863	–	$2,659
Average Final Average Salary	$31,365	$28,048	$32,845	$34,413	$40,302	$48,744	–	$49,032
Number of Active Retirants	2	2	4	8	5	11	–	1
2006 - 2007								
Average Monthly Benefit	$72	$256	$844	$920	$1,598	$2,472	$2,265	$3,503
Average Final Average Salary	$15,674	$28,758	$48,051	$38,979	$45,025	$57,702	$47,061	$61,622
Number of Active Retirants	1	7	8	4	7	13	1	1
2007 - 2008								
Average Monthly Benefit	$132	$364	$611	$1,075	$1,088	$2,176	$2,603	$3,099
Average Final Average Salary	$31,842	$40,676	$33,659	$43,771	$36,305	$51,456	$51,384	$61,601
Number of Active Retirants	3	3	3	8	3	14	12	1
2008 - 2009								
Average Monthly Benefit	$97	$428	$574	$964	$1,005	$3,084	$3,057	$3,005
Average Final Average Salary	$26,161	$37,148	$34,423	$45,308	$65,837	$66,282	$62,942	$57,485
Number of Active Retirants	2	5	5	10	1	12	13	4
2009 - 2010								
Average Monthly Benefit	$182	$350	$634	$1,015	$1,551	$2,834	$2,850	$3,569
Average Final Average Salary	$34,295	$36,840	$38,505	$42,966	$51,892	$67,197	$57,867	$64,416
Number of Active Retirants	6	5	4	16	6	4	17	9
2010 - 2011								
Average Monthly Benefit	$500	$582	$837	$1,056	$1,430	$2,573	$2,673	$3,231
Average Final Average Salary	$28,145	$46,639	$44,838	$45,109	$48,907	$52,684	$54,675	$58,231
Number of Active Retirants	1	1	7	7	6	9	14	6
2011 - 2012								
Average Monthly Benefit	$285	$439	$782	$1,062	$1,491	$2,471	$2,861	$3,662
Average Final Average Salary	$38,117	$39,502	$48,801	$47,504	$47,914	$59,327	$55,681	$65,396
Number of Active Retirants	1	1	9	5	3	9	10	8

Source: VIA's Retirement Plan Comprehensive Annual Financial Report

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