



AGENDA
Meeting
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, December 16, 2008
8:30 AM
Santa Barbara MTD Auditorium
550 Olive Street, Santa Barbara, CA 93101

1. CALL TO ORDER

2. ROLL CALL OF THE BOARD OF DIRECTORS

John Britton, Chair; David Davis, Vice Chair; Brian Fahnestock, Secretary; Dick Weinberg, Director; Chuck McQuary, Director; Roger Aceves, Director; Sharon Anderson, Director

3. REPORT REGARDING POSTING OF AGENDA

CONSENT CALENDAR

4. APPROVAL OF PRIOR MINUTES (Attachment- action may be taken)

The Board will be asked to waive the reading of and approve the draft minutes for the meeting of December 2, 2008.

5. CASH REPORTS (Attachment- action may be taken)

The Board will be asked to review the cash report from November 25, 2008 through December 8, 2008.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

Members of the public may address the Board on items within the jurisdiction of the Board that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Board Chair. If you wish to address the Board under this item number, please complete and deliver to the MTD Board Clerk **before the meeting is convened**, a "Request to Speak" form including a description of the subject you wish to address.

7. FINANCE FY07-08 FINANCIAL STATEMENTS (Attachment- action may be taken)

MTD's independent auditor will provide the Board with a brief update of the fiscal year 07-08 audit.

8. QUARTERLY FINANCIAL STATEMENTS (Attachment- action may be taken)

The Board will review Quarterly Financial Statements for 1st Quarter of FY08-09.

9. GENERAL MANAGER REPORT

- a) 12/30/08 Board meeting-cancelled
- b) Holiday Schedule
- c) Holiday Greetings
- d) State Transit Assistance update
- e) Other

10. OTHER BUSINESS AND COMMITTEE REPORTS

The Board will report on related public transit issues and committee meetings.

11. RECESS TO CLOSED SESSION- 5353 OVERPASS ROAD (Action may be taken)

The Board will meet in closed session pursuant to Government Code §54956.8, conference with real property negotiators regarding lease of the MTD owned 5353 Overpass Road Property; MTD negotiators Bob Tuler & Brian Johnson, Agents, Radius Commercial Real Estate.

12. ADJOURNMENT

AMERICANS WITH DISABILITIES ACT: If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



**DRAFT MINUTES
of the
Meeting of the
Board of Directors
of the
Santa Barbara Metropolitan Transit District
A Public Agency**

**Tuesday, December 2, 2008
8:30 AM**

**Santa Barbara Metropolitan Transit District Auditorium
550 Olive Street, Santa Barbara, CA 93101**

MEMBERS PRESENT:

John Britton, Chair; Dave Davis, Vice Chair; Dick Weinberg, Director; Roger Aceves, Director; Sharon Anderson; Director; Chuck McQuary, Director

MEMBER NOT PRESENT:

Brian Fahnstock; Secretary

DISTRICT EMPLOYEES PRESENT:

Sherrie Fisher, General Manager, Jerry Estrada, Assistant GM/Controller; Tiara Lakey, Executive Assistant to the Board & General Manager; Imelda Martin, Office Manager; Steve Maas, Manager of Strategic Planning & Compliance; Gabriel Garcia, Human Resources & Risk Manager

MEMBERS OF THE PUBLIC:

Robert Fatch, Vice President of Brown & Brown Insurance

1. CALL TO ORDER

Chair Britton called the meeting to order at 8:30 AM.

2. ROLL CALL OF THE BOARD OF DIRECTORS

Chair Britton reported that all members were present, with the exception of Director Fahnstock, who would not be attending today's meeting.

3. REPORT REGARDING POSTING OF AGENDA

The General Manager reported that on Wednesday, November 26, 2008, the agenda for this meeting was posted at MTD's administrative headquarters, on MTD's website, mailed to all who have requested the agenda and sent to the media of general circulation.

4. & 5. CONSENT CALENDAR

Director Aceves moved to approve the consent calendar for items #4 (Approval of November 18, 2008 draft meeting minutes) and item #5 (Cash Report November 11, 2008- November 24, 2008). Vice Chair Davis seconded the motion. The motion passed unanimously.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

There was no public comment made.

7. ANNUAL BOARD BUSINESS- ELECTION OF OFFICERS

Due to two upcoming City of Santa Barbara term vacancies on MTD's Board of Directors, Director Weinberg suggested postponing items #'s 7 & 8 of the agenda, until the City has named their appointments to MTD's Board. The General Manager reported that she has learned that the City plans to make their appointments at their December 16th City Council meeting.

Following further discussion, Chair Britton requested that a vote be conducted related to items. In response, Directors Aceves and Anderson voted to move forward with the items. Director McQuary, Director Weinberg and Chair Britton voted to postpone the items until after the appointments have been made by the City. Vice Chair Davis abstained.

As a result of further discussion, Vice Chair Davis moved to table items #'s 7 & 8 of the agenda, until January 13, 2009, MTD's first meeting following the December 16th City appointments. Director Anderson seconded the motion. The motion passed unanimously.

8. ANNUAL BOARD BUSINESS- BOARD COMMITTEES

As a result of a motion made during item #7 of the agenda, this item was postponed until the meeting of January 13, 2009.

**9. PUBLIC OFFICIALS DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
(This item was taken before item #7 of the agenda.)**

Due to Director Anderson association with Brown & Brown Insurance, she recused herself from this item and left the auditorium.

Gabriel Garcia, Manager of Human Resources & Risk and Robert Fatch, Vice President of Brown & Brown Insurance provided the Board with an overview of staff's recommendation for renewal of MTD's Public Officials Directors' and Officers' insurance with RSUI Indemnity Company.

During the review, Mr. Garcia reported that renewal cost of the insurance is \$781 lower than last year.

Following further information regarding Directors' & Officers' Insurance, by Mr. Fatch, Director Weinberg moved to authorize the General Manager to renew MTD's Public Officials Directors' and Officers' Insurance with RSUI Indemnity Company. Director Aceves seconded the motion. The motion passed.

At this time, Director Anderson rejoined the meeting.

10. GENERAL MANAGER REPORT

As part of the November 26, 2008 General Manager's Report, the Board received the names of MTD's employees who assisted during the Tea fire. She stated that in addition to those listed, many other MTD employees called in throughout the first night of the Tea Fire, offering assistance.

Directors Weinberg and Anderson provided the Board with information regarding the Community Emergency Response Team (CERT) program. The General Manager reported that MTD's supervisors have also participated in the CERT training.

In response to a question by Director Aceves regarding any MTD emergency supplies needed, the General Manager reported that MTD was well prepared for the emergency. She noted that MTD still does need a power generator, which will be included in an upcoming request to the Board. Mr. Estrada confirmed that the generator will be included along with, orange safety vests (printed with MTD) and bullhorns in an upcoming request for authorization to use MTD's remaining Prop 1B Funds. Additionally, Mr. Estrada reported that meetings have taken place with MTD's supervisors and drivers following the GAP fire and Halloween regarding MTD's emergency needs.

The General Manager announced that MTD's employee Intranet site is up and running. She reported that the site contains useful employee information, updates and links to some of MTD's most used employee forms. She noted that currently, the site can only be accessed internally.

The General Manager reported that the three bike rack MTD was reviewing for possible placement on MTD's buses has been found to not meet Department of Motor Vehicle standards. She stated that this is due to the rack's size and that staff continues to search for a solution to the bike overloading concerns and will provide the Board with a report at an upcoming meeting.

In response to a question by Director McQuary, the General Manager replied that collapsible bicycles are allowed on MTD's buses. Following further discussion, Vice Chair Davis requested that staff include information regarding bicycle program options used by other transit agencies.

Mr. Estrada gave an update regarding the State Transit Assistance (STA) funding. During the update, the Board received copies of a letter sent to Assemblymember Pedro Nava, signed by Chair Britton on behalf of MTD, requesting that he reject the Governor's proposal to make further reductions to the 2008-09 STA program. Additionally, the letter requested that he also reject the Governor's proposal to eliminate the STA program altogether next year. Following his report, Mr. Estrada requested that the MTD's External Affairs Committee meet regarding these concerns.

The Board received copies of MTD's Report to Santa Barbara on City-Assisted Services for the month of October 2008. Vice Chair Davis commented that the Enhanced Transit Services appear to be successful.

The Board discussed Measure A.

Davis staff be prepared to respond for questions and as part of budget, project out five years and External Affairs Committee during our midyear review.

The Board discussed plans for tentatively televising its February 10, 2009 meeting.

11. OTHER BUSINESS AND COMMITTEE REPORTS

Mr. Maas updated the Board on the status of UCSB's General Plan. He reported that to date, the revised plan has not been released.

Vice Chair Davis provided information related to the Ocean Road Project and requested that staff submit any input regarding the project in a complete and timely manner.

12. ADJOURNMENT

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of December 16, 2008
For the Period November 25, 2008 through December 8, 2008

MONEY MARKET

Beginning Balance November 25, 2008 **\$7,042,094.79**

Passenger Fares	141,015.25
Accounts Receivable	113,933.46
Property Tax Revenue	65,298.30
Interest Income -Oct 08	3,665.53
Miscellaneous	<u>(2,781.31)</u>
Total Deposits	321,131.23

ACH Garnishment Trf	(3,754.85)
ACH Pensions Transfer	(32,729.59)
WC Trf - Oct 08	(47,998.31)
ACH Tax Deposit	(130,417.78)
Operations Transfer	(246,255.13)
Payroll Transfer	<u>(295,176.42)</u>
Total Disbursements	(756,332.08)

Ending Balance **\$6,606,893.94**

Total Cash and Investments as of December 8, 2008: **\$6,606,893.94**

COMPOSITION OF CASH BALANCE

Working Capital	5,333,394.36
WC / Liability Reserves :as of December 8, 2008	<u>1,273,499.58</u>
	6,606,893.94

Total Cash Balance **\$6,606,893.94**

**Santa Barbara Metropolitan Transit District
Cash Receipts of Accounts Receivable**

Date	Company	Description	Amount
11/25/2008	Media 27	Advertising on Buses	8,848.50
11/25/2008	SB Museum of Art	Advertising on Buses	2,000.00
12/2/2008	City of SB - Browning Allen	Dwntwn. Wtrfrnt. Shuttle - Oct 08	86,882.96
12/2/2008	S.B.C.A.G.	VE-CAE Commuter Service - Oct 08	12,602.00
12/3/2008	Santa Barbara Axxess	Advertising on Buses	3,600.00
Total Accounts Receivable Paid During Period			\$113,933.46

**Santa Barbara Metropolitan Transit District
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
91190	12/2/2008	ACEVES, ROGER STEVEN	DIRECTOR FEES	180.00	
91191	12/2/2008	ALBERCORP	BATTERY TESTER CALIBRATION	205.44	
91192	12/2/2008	ANDERSON, SHARON	DIRECTOR FEES	180.00	
91193	12/2/2008	ANDREWS, HENRY	REIMBURSEMENT	260.00	
91194	12/2/2008	BOMAR SECURITY & INVESTIGATI	SECURITY SERVICES	1,813.00	
91195	12/2/2008	BRITTON, JOHN	DIRECTOR FEES	180.00	
91196	12/2/2008	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	100.81	
91197	12/2/2008	CERTIFIED ENVIRONMENTAL	PROFESSIONAL SERVICES	2,270.00	
91198	12/2/2008	COASTAL VIEW NEWS DBA	MEDIA AD	800.00	
91199	12/2/2008	CLARK, NANNETE	SURVEYOR	85.00	
91200	12/2/2008	COAST TRUCK PARTS	BUS PARTS	1,772.50	
91201	12/2/2008	COX COMMUNICATIONS	INTERNET & CABLE TV	212.47	
91202	12/2/2008	CROCKER REFRIGERATION & AIR	HVAC MAINTENANCE	95.00	
91203	12/2/2008	CUMMINS CAL PACIFIC LLC	BUS PARTS	72.72	
91204	12/2/2008	CRAIN AUTO ELECTRIC	BUS PARTS	45.68	
91205	12/2/2008	DAMIANO, DAVID	REIMBURSEMENT	64.94	
91206	12/2/2008	DAVID D. DAVIS JR.	DIRECTOR FEES	180.00	
91207	12/2/2008	D.B ROBERTS CO DBA	BUS PARTS	421.96	
91208	12/2/2008	DOCUPRODUCTS CORPORATION	COPIER COPIES & SUPPLIES	504.27	
91209	12/2/2008	DONS INDUSTRIAL, INC.	BUS PARTS/SHOP SUPPLIES	52.61	
91210	12/2/2008	EBUS, INC.	BUS PARTS	430.30	
91211	12/2/2008	EVERSHADE LLC DBA	STEAM CLEANING BUS STOPS	525.00	
91212	12/2/2008	FACTORY EXPRESS, INC.	OFFICE EQUIPMENT	419.74	
91213	12/2/2008	FEDERAL EXPRESS CORP.	FREIGHT CHARGES	49.43	
91214	12/2/2008	FISHER, SHERRIE	REIMBURSEMENT	235.00	
91215	12/2/2008	FAHNESTOCK, BRIAN	DIRECTOR FEES	180.00	
91216	12/2/2008	GIBBS INTERNATIONAL INC	BUS PARTS/SUPPLIES	691.77	
91217	12/2/2008	GILLIG LLC DBA	BUS PARTS	14.31	
91218	12/2/2008	GOLETA WATER DISTRICT	UTILITIES	98.31	
91219	12/2/2008	GRAINGER, INC.	SHOP SUPPLIES	40.10	
91220	12/2/2008	GUARDIAN DENTAL INSURANCE	DENTAL INSURANCE	3,363.37	
91221	12/2/2008	GUARDIAN LIFE INS CO. CORP.	LIFE INSURANCE	941.20	
91222	12/2/2008	H. G. PETERSEN FAMILY PROPERTI	PARKING FOR VALLEY BUSES	100.00	
91223	12/2/2008	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	157.41	
91224	12/2/2008	INDOFF, INC.	OFFICE SUPPLIES	260.77	
91225	12/2/2008	JANEK CORP	BUS PARTS	431.00	
91226	12/2/2008	KRAUS, HOWARD	SURVEYOR	55.00	

Check #	Date	Company	Description	Amount	Voids
91227	12/2/2008	LA CUMBRE FEED	SOFT WATER SYSTEM SUPPLIES	376.21	
91228	12/2/2008	MC CORMIX CORP. (OIL)	LUBRICANTS	2,295.86	
91229	12/2/2008	MEDICAL EYE SERVICES, INC.	VISION SERVICES	356.24	
91230	12/2/2008	MCQUARY, CHUCK	DIRECTOR FEES	120.00	
91231	12/2/2008	MUZICRAFT, INC	TC CONTRACT MAINTENANCE	38.00	
91232	12/2/2008	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	292.29	
91233	12/2/2008	PETTY CASH- LAKEY, TIARA	MISC. PURCHASES	355.31	
91234	12/2/2008	PACIFICARE OF CALIFORNIA	HEALTH INSURANCE	45,137.52	
91235	12/2/2008	PITNEY BOWES INC	POSTAGE METER QTRLY CHARGES	296.32	
91236	12/2/2008	PLATINUM PLUS FOR BUSINESS	MISC. CREDIT CARD CHARGES	2,254.74	
91237	12/2/2008	SANTA BARBARA DAILY SOUND, L	MEDIA ADS	1,916.80	
91238	12/2/2008	SB LOCKSMITHS, INC.	B&G REPAIR & SUPPLIES	152.98	
91239	12/2/2008	SERVICE MASTER OF SANTA BARB	JANITORIAL SERV./SUPPLIES	5,367.94	
91240	12/2/2008	SM TIRE, CORP.	BUS TIRE MOUNTING	177.47	
91241	12/2/2008	SMARDAN-HATCHER CO., INC	B&G REPAIRS & SUPPLIES	88.50	
91242	12/2/2008	SMART & FINAL	OFFICE SUPPLIES	886.26	
91243	12/2/2008	SC FUELS DBA	FUEL	35,804.36	
91244	12/2/2008	SOUTHERN CALIFORNIA GAS COMP	UTILITIES	43.77	
91245	12/2/2008	SPECIALTY TOOL & BOLT	SHOP SUPPLIES	431.62	
91246	12/2/2008	STEWART ENTERPRISES TKO, INC	PLUMBING REPAIRS	94.00	
91247	12/2/2008	SB CITY OF-REFUSE/WATER	UTILITIES	733.91	
91248	12/2/2008	TECHNIK MANUFACTURING, INC.	PASS MACHINE REPAIRS & SUPPLIES	98.20	
91249	12/2/2008	UNISOURCE MAINT SUPPLY SYSTE	BUS CLEANING & SHOP SUPPLIES	488.22	
91250	12/2/2008	INTERSTATE CAPITAL CORPORATI	UNIFORMS	1,747.71	
91251	12/2/2008	VALLEY POWER SYSTEMS, INC.	BUS PARTS	401.26	
91252	12/2/2008	VENTURA COUNTY OVERHEAD DO	B&G REPAIRS & SUPPLIES	384.85	
91253	12/2/2008	VERIZON CALIFORNIA	TELEPHONES	1,139.48	
91254	12/2/2008	VERIZON WIRELESS	WIRELESS PHONES	372.65	
91255	12/2/2008	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,706.27	
91256	12/2/2008	WEINBERG, RICHARD	DIRECTOR FEES	180.00	
91257	12/2/2008	WURTH USA WEST INC.	SHOP SUPPLIES	438.23	
91258	12/5/2008	BERENDSEN FLUID POWER	BUS PARTS	726.66	
91259	12/5/2008	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	531.73	
91260	12/5/2008	CENTRAL COAST CIRCULATION, LL	BUS BOOK DISTRIBUTION	575.00	
91261	12/5/2008	COAST TRUCK PARTS	BUS PARTS	980.06	
91262	12/5/2008	CUMMINS CAL PACIFIC LLC	BUS PARTS	1,518.98	
91263	12/5/2008	DEAILE, MARY	PAYROLL RELATED	106.15	
91264	12/5/2008	EVERYTHING ELECTRIC	BUS PARTS	132.53	
91265	12/5/2008	GIBBS INTERNATIONAL INC	BUS PARTS/SUPPLIES	8,069.70	
91266	12/5/2008	GILLIG LLC DBA	BUS PARTS	1,011.59	

Check #	Date	Company	Description	Amount	Voids
91267	12/5/2008	HOWIE ENTERPRISES DBA	BUS REPAIRS	1,600.00	
91268	12/5/2008	UNITED STATES TREASURY - IRS	PR RELATED	250.00	
91269	12/5/2008	SHERIFF CIVIL BUREAU	PAYROLL RELATED	643.96	
91270	12/5/2008	MISSION LINEN SUPPLY, INC	UNIFORM & LINEN SERVICE	3,234.67	
91271	12/5/2008	MOUNTAIN SPRING WATER	SHOP & OFFICE SUPPLIES	924.45	
91272	12/5/2008	NEWARK ELECTRONICS	BUS PARTS	11.60	
91273	12/5/2008	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	612.78	
91274	12/5/2008	OLS SERVICE, INC.	SERVICE FOR SEFAC HOISTS	1,040.32	
91275	12/5/2008	ON THE WALL ADVERTISING, CORP	MTD AD CAMPAIGN	1,507.50	
91276	12/5/2008	PLATINUM PLUS FOR BUSINESS	MISC. CREDIT CARD CHARGES	1,557.13	
91277	12/5/2008	RALPH'S GROCERY	SAFETY AWARDS	4,346.25	
91278	12/5/2008	ROSENKRANZ GmbH	BUS PARTS	111.82	
91279	12/5/2008	SB COUNTY FEDERAL CREDIT UNIO	PAYROLL DEDUCTION	2,186.46	
91280	12/5/2008	SEELEY-RUIZ, KAREN	PAYROLL RELATED	75.69	
91281	12/5/2008	SO. CAL. EDISON CO.	UTILITIES	4,530.66	
91282	12/5/2008	SB CITY OF-REFUSE/WATER	UTILITIES	3,064.86	
91283	12/5/2008	TEAMSTERS PENSION TRUST	UNION PENSION	80,340.03	
91284	12/5/2008	TEAMSTERS UNION LOCAL NO. 186	UNION DUES	211.21	
91285	12/5/2008	TRI-COUNTY AUTO GLASS INC	REPLACE BUS WINDOWS	220.00	
91286	12/5/2008	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	92.07	
91287	12/5/2008	INTERSTATE CAPITAL CORPORATI	UNIFORMS	857.36	
91288	12/5/2008	VALLEY POWER SYSTEMS, INC.	BUS PARTS	3,517.83	
				246,255.13	
Current Cash Report Voided Checks:				0.00	
Prior Cash Report Voided Checks:				0.00	
Grand Total:				\$246,255.13	

**SANTA BARBARA
METROPOLITAN TRANSIT DISTRICT**

COMPLIANCE REPORTS

June 30, 2008

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

June 30, 2008

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Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Directors
Santa Barbara Metropolitan Transit District
Santa Barbara, California

We have audited the financial statements of Santa Barbara Metropolitan Transit District as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Santa Barbara Metropolitan Transit District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Barbara Metropolitan Transit District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

October 30, 2008

Independent Auditor's Report on Compliance
with Requirements Applicable to Each Major
Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133 and
Schedule of Expenditures of Federal Awards

Board of Directors
Santa Barbara Metropolitan Transit District
Santa Barbara, California

Compliance

We have audited the compliance of Santa Barbara Metropolitan Transit District (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (*OMB*) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Santa Barbara Metropolitan Transit District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors, management, and federal awarding and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

October 30, 2008

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION – Federal Transit Administration			
Operating Grant	20.507	CA-90-4646	\$ 4,011,629
Operating Grant	20.507	CA-90-Y035-01	375,775
Operating Grant	20.500	CA-90-Y362-02	<u>3,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,390,404</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Santa Barbara Metropolitan Transit District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **unqualified**

Internal control over financial reporting:

Material weakness identified? **none reported**

Reportable condition identified that are not considered to be material weaknesses? **none reported**

Noncompliance material to financial statements noted? **none reported**

Federal Awards

Internal control over major programs:

Material weakness identified? **none reported**

Reportable condition identified that are not considered to be material weaknesses? **none reported**

Type of auditor’s report issued on compliance for major programs: **unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **no**

Identification of major programs:

CFDA Number

20.507

Name of Federal Program or Cluster

U.S. DEPARTMENT OF TRANSPORTATION - Federal Transit Administration

Dollar threshold used to distinguish between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? **yes**

Section II—Financial Statement Findings

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

Section III—Federal Award Findings and Questioned Costs

NO FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section III—Federal Award Findings and Questioned Costs

NO FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

**SANTA BARBARA
METROPOLITAN TRANSIT DISTRICT
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008 and 2007**

DRAFT

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

June 30, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Santa Barbara Metropolitan Transit District
Santa Barbara, California

We have audited the accompanying financial statements as listed in the preceding table of contents of Santa Barbara Metropolitan Transit District as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Santa Barbara Metropolitan Transit District as of June 30, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages I through VI are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2008, on our consideration of the Santa Barbara Metropolitan Transit District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis for Fiscal Year 2008

This report provides a narrative and analytical overview of the financial activities of the Santa Barbara Metropolitan Transit District (District). The District's basic financial statements are prepared using proprietary fund (enterprise fund) accounting, the same basis of accounting as private-sector business enterprises. The District is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. These are followed by notes to the financial statements.

Financial Reports

The balance sheet presents information on the assets and liabilities, with the difference between the two reported as net assets.

The statement of revenue, expenses and changes in net assets reports the District's annual operating and non-operating revenue and expenses combined with any capital grants, net of depreciation expense, to determine the net change in assets for the fiscal year. That change, combined with the previous year-end net asset total, reconciles to the net asset total at the end of this fiscal year. The schedules of expenses reports the amount of operating costs incurred during the fiscal year.

The statement of cash flow reports annual cash and cash equivalent activities resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance and agrees to the cash and cash equivalent balance at the end of the current fiscal year. Certificates of deposit that exceed ninety days on acquisition are not considered cash equivalents.

Financial Summary

The District completed FY 07-08 with an increase in deferred credits¹ of \$3,426,311. The District had originally budgeted for a decrease in deferred credits of (\$255,252). The variance between actual and budgeted deferred credits is due primarily to an advance of \$2,403,092 in Proposition 1B – PTMISEA funds for the purchase of replacement buses. Additionally, deferred capital projects that were budgeted in fiscal year 07-08 contributed to the result. For example, the net costs associated with the acquisition of replacement electric shuttles (\$686,670) and forty-foot diesel buses (\$397,046) were included in the annual budget but have not yet been realized. Additionally, better than expected results pertaining to operating revenue and expenditures is also a factor.

¹ Deferred credits consist of TDA-LTF revenue accumulated by the District for transit purposes. These funds are used as cash flow for daily transit operations as well as to offset projected and/or unexpected financial shortfalls. Consistent with State law, deferred credits are accounted for as a liability on the District's Balance Sheet.

Assets & Liabilities

The District uses proceeds from local, state and federal grants to acquire its assets. Net assets serve as a useful indicator of an agency's financial position. The District's current assets equal liabilities at June 30, 2008. The table to the right is a summary of the District's net assets:

Statement of Net Assets

June 30, 2008

Assets:	2008	2007
Current Assets	\$13,110,728	\$9,831,021
Non-Current (Capital) Assets	30,260,838	32,442,554
Total Assets	\$43,371,566	\$42,273,575
Liabilities:		
Current Liabilities	\$3,293,715	\$3,440,319
Non-Current (Deferred Credits) Liabilities	9,817,013	6,390,702
Total Liabilities	\$13,110,728	\$9,831,021
Net Assets Invested in Capital Assets:	\$30,260,838	\$32,442,554

As the table illustrates, net assets decreased by \$2,181,716 during FY 07-08. The decrease is a result of the fact that depreciation expense and disposals exceeded new capital investments.

Revenue, Expense and Performance Indicators

The District's three primary sources of operating revenue are passenger fares, federal operating assistance and Transportation Development Act (TDA) receipts.

Actual passenger fares for FY 07-08 were \$7,336,528 versus \$7,075,226 in the prior fiscal year resulting in an increase of \$261,302 or 3.7%. The increase in passenger fares is attributable to a 5.9% increase in ridership. The fact that passenger fares did not increase at the same rate as ridership can be explained by the fact that the average passenger fare dropped from 92.4 to 90.5 cents in fiscal year 07-08. Federal Operating Assistance increased by \$344,293 or 8.5%.

In FY 07-08 TDA funding increased by \$359,372 or 4.8%. These funds constitute a significant percentage of the District's operating and capital revenues. While total receipts increased, Local Transportation Fund (LTF) revenue decreased by (\$68,653). Historically, the District has balanced its operating budget with LTF funds and allocated over one million dollars annually to capital related expenses. The LTF funds allocated to capital expenses is supplemented with State Transit Assistance (STA) funds which constitute the entire increase in TDA funding between FY 07-08 and the prior year.

TDA SB325 Local Transportation Funds

	FY 07-08	FY 06-07	FY 05-06
Local Transportation Fund (SB 325)	\$6,825,407	\$6,894,060	\$6,688,446
State Transit Assistance Fund (SB 620)	961,175	533,150	446,043
	\$7,786,582	\$7,427,210	\$7,134,489

Subsidy Change:	\$359,372	\$292,721	\$333,527
% Change:	4.8%	4.1%	4.9%

The District is notified of the estimated LTF apportionment for the upcoming fiscal year approximately five months in advance. The timing of the notification allows the District to

include the appropriate figure in the annual budget. However, this does not allow sufficient time for the District to adjust service levels for the coming fiscal year. As such, it is prudent for the District to maintain a sufficient "deferred credit" balance to ensure working capital requirements for the upcoming year are met.

Operating expenses before depreciation exceeded prior year figures by \$1,974,545 or 11%, which was largely a result of the 6.4% increase in service hours and rising fuel costs. Wages and fringe benefits, excluding depreciation, accounted for 72.6% of the District's operating costs in fiscal year 07/08 down from the prior year figure of 72.9%. Nevertheless, wages and fringe benefits increased by \$1,374,294 in fiscal year 07-08 versus prior year. This was due in large part to the increase in service hours which resulted in additional full-time equivalents. Fuel costs increased by \$535,146 or 35% which continues to be an industry-wide concern.

Significant increases in wages, benefits and fuel costs were offset slightly by reductions in workers compensation (\$139,331) and environmental cleanup costs (\$111,667). As a whole, operating expenses were (\$41,668) or less than half a percent below budget.

Santa Barbara Metropolitan Transit District
Revenue, Expense and Performance Report
Period Ending June 30, 2008

Category	Actual FY 07-08	Prior Year FY 06-07	Actual vs. Prior % Change	Budget FY 07-08	Actual vs. Budget % Change
Revenues:					
Passenger Fares	\$7,336,528	\$7,075,226	3.7%	\$7,201,128	1.9%
Property Tax	832,695	785,299	6.0%	753,896	10.5%
Local Operating Assistance	1,152,673	585,537	96.9%	1,096,598	5.1%
Non-Transportation Revenue ⁽¹⁾	518,514	540,142	-4.0%	541,194	-4.2%
Sub Total :	\$9,840,410	\$8,986,204	9.5%	\$9,592,816	2.6%
Major Subsidies:					
TDA ⁽²⁾	\$5,764,897	\$4,988,850	15.6%	\$6,026,562	-4.3%
Federal Operating Assistance	4,390,403	4,046,111	8.5%	4,418,000	-0.6%
Sub Total:	\$10,155,300	\$9,034,961	12.4%	\$10,444,562	-2.8%
Total Operating Revenue (excluding interest paid)	\$19,995,710	\$18,021,165	11.0%	\$20,037,378	-0.2%
Expenses:					
Vehicle Operations	\$10,834,875	\$9,781,670	10.8%	\$10,989,661	-1.4%
Vehicle Maintenance	5,099,882	4,522,604	12.8%	4,959,263	2.8%
Passenger Facilities	1,623,384	1,414,686	14.8%	1,697,013	-4.3%
General Overhead	2,437,569	2,302,205	5.9%	2,391,441	1.9%
Total Operating Expense (excluding depreciation and interest)	\$19,995,710	\$18,021,165	11.0%	\$20,037,378	-0.2%
Performance Indicators:					
Total Passengers	8,104,576	7,654,659	5.9%		
Revenue Hours	205,109	192,777	6.4%		
Revenue Miles	2,607,964	2,492,060	4.7%		
Farebox Ratio ⁽³⁾	36.7%	39.3%	-6.5%		
Cost/Passenger	\$2.47	\$2.35	4.8%		
Cost/Hour	\$97.49	\$93.48	4.3%		
Cost/Mile	\$7.67	\$7.23	6.0%		

(1) Of the \$518,514 in non-transportation revenue, \$386,959 was derived from advertising revenue. The District offers advertising opportunities within and outside its buses.

(2) The amount of TDA subsidy applied to operations increased by \$776,047. This figure fluctuates annually based on the amount required to balance the District's revenues with expenses. It should be noted that the District did not gain \$776,047 in subsidy but that the District was required to increase the amount apportioned for operations.

(3) Farebox Ratio is a standard transit performance indicator that is calculated by dividing operating expenses, less depreciation and interest, by passenger fares.

Conclusion

Wages and benefits increased significantly, which was expected as service hours grew by 6.4%. Overall, the implementation of a 10% service hour increase that originated in the prior fiscal year appears to have been managed smoothly from a financial perspective. The timing of the increase couldn't have come at a better time as the demand for public transit increased dramatically throughout the fiscal year. Soaring fuel costs continued to limit the District's ability to commit additional revenue to permanent service level increases.

From a financial management viewpoint, the District did well to reduce workers compensation related costs by closing out older claims, tightening its professional services related budget items and identifying savings in utility related expenditures.

Outlook

The rise in gasoline prices during fiscal year 07-08 helped the District achieve historic ridership results as consumers attempted to save money by utilizing public transit. The District has responded to the sharp increase in ridership by temporarily providing additional service during the peak periods. Unfortunately, the wage and fuel costs associated with the extra service have exceeded the resulting passenger fares.

Rising fuel costs is a major concern as it increases the cost per service hour for the District. In doing so, sales tax revenue that is used to balance the operating budget and purchase capital equipment is stretched to its limit. Compounding the matter is a slowing economy that resulted in a small decrease in the District's sales tax revenue in fiscal year 07-08; the estimate for fiscal year 08-09 is flat. Recently, the District has benefited from a sharp decline in fuel prices but there is still uncertainty regarding the length of the reprieve.

A positive result was the recent passage of Measure A, a renewal of an existing half-cent sales tax that has provided local jurisdictions with transportation dollars that are used for road maintenance and transit services. Measure A will provide the District with a dedicated source of funding. This differs from the old Measure that did not allocate any funds directly to the District but rather required it to enter into agreements with local jurisdictions to provide specific transit services in exchange for these funds. Measure A also provides a transit capital program specifically for the District to use as a local match for future capital acquisitions. Furthermore, the District can apply for inter-regional funds for public transit services that link the North and South County or that extend into Ventura County.

Below is a list of other significant issues that will impact the District's finances in the future:

- Sale or lease of Calle Real property – The 18.7 acres of unimproved real property owned by the District and located on Calle Real in Santa Barbara will eventually result in an influx of funds; however, the availability and amount is still unknown. Recently, the Santa Barbara County Housing Authority informed the District that it was no longer interested in continuing negotiations related to a transit oriented development on this site.

- Electric and diesel bus acquisitions – The District is planning to acquire eight replacement electric shuttles and seven replacement buses.
- TDA Subsidy – Population is a significant factor in determining the distribution of TDA funds within Santa Barbara County. If the population of southern Santa Barbara County continues to decrease, the District's share of TDA funds will shrink. This does not mean that the District will see a decrease in TDA funds but it will receive less of the county wide apportionment.
- Leasing of the District's Overpass facility should result in significant operating revenue. The District has removed two underground storage tanks and diesel-impacted soil from the site. The Federal Transit Administration owns a percentage of the property and has approved the District's plan to use the proceeds from a lease for operating expenses.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

BALANCE SHEETS
June 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,487,168	\$ 3,537,913
Certificates of deposit - over 90 days	2,000,000	1,054,547
Grants receivable	1,043,385	3,818,771
Other receivable	216,284	278,798
Materials and supplies inventories	1,241,957	1,019,669
Other current assets	<u>121,934</u>	<u>121,323</u>
Total Current Assets	<u>13,110,728</u>	<u>9,831,021</u>
CAPITAL ASSETS, AT COST		
Tangible transit operating property	52,278,659	53,159,685
Less: Accumulated depreciation	<u>(22,017,821)</u>	<u>(20,717,131)</u>
Capital Assets, net	<u>30,260,838</u>	<u>32,442,554</u>
TOTAL ASSETS	<u>\$ 43,371,566</u>	<u>\$ 42,273,575</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Trade payables	\$ 456,409	\$ 589,056
Accrued payroll	1,425,870	1,319,474
Accrued expenses	<u>1,411,436</u>	<u>1,531,789</u>
Total Current Liabilities	3,293,715	3,440,319
LONG-TERM LIABILITIES		
Federal, state and local deferred credits	<u>9,817,013</u>	<u>6,390,702</u>
Total Liabilities	13,110,728	9,831,021
NET ASSETS - invested in capital assets	<u>30,260,838</u>	<u>32,442,554</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,371,566</u>	<u>\$ 42,273,575</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUE, NOT INCLUDING LOCAL AND FEDERAL ASSISTANCE		
Passenger fares	\$ 7,336,528	\$ 7,075,226
OPERATING EXPENSES		
Vehicle operations	10,834,875	9,770,220
Vehicle maintenance	5,099,881	4,522,604
Passenger facilities	1,623,384	1,426,136
General overhead	<u>2,437,570</u>	<u>2,302,205</u>
Total before Interest and Depreciation	19,995,710	18,021,165
Depreciation	<u>3,171,901</u>	<u>2,870,549</u>
Total Expenses	<u>23,167,611</u>	<u>20,891,714</u>
OPERATING LOSS	<u>(15,831,083)</u>	<u>(13,816,488)</u>
NON-OPERATING REVENUE		
Non-transportation revenue, including interest, advertising, rental and miscellaneous	518,513	540,142
Taxes levied by Santa Barbara County for Transit District	832,695	785,299
Transportation Development Act funding and allocations	5,764,897	4,988,850
Federal grants and reimbursements	4,390,404	4,046,111
Miscellaneous grants	<u>1,152,673</u>	<u>585,537</u>
Total Non-Operating Revenue	<u>12,659,182</u>	<u>10,945,939</u>
LOSS BEFORE TRANSFERS	(3,171,901)	(2,870,549)
Add: Transfer of depreciation expense to net assets invested in capital assets	<u>3,171,901</u>	<u>2,870,549</u>
NET INCOME	-	-
Increase (decrease) in capital grants - Note 7	<u>(2,181,716)</u>	<u>3,067,383</u>
INCREASE (DECREASE) IN NET ASSETS	(2,181,716)	3,067,383
BEGINNING OF YEAR NET ASSETS	<u>32,442,554</u>	<u>29,375,171</u>
END OF YEAR NET ASSETS	<u>\$ 30,260,838</u>	<u>\$ 32,442,554</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF EXPENSES
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
LABOR		
Operators' wages	\$ 5,637,382	\$ 5,019,471
Other salaries and wages	<u>3,650,558</u>	<u>3,314,143</u>
Total Labor	<u>9,287,940</u>	<u>8,333,614</u>
FRINGE BENEFITS		
Payroll taxes	829,223	752,466
Retirement plans	1,139,134	1,024,949
Health and welfare	1,552,809	1,310,253
Workers compensation	430,318	569,649
Sick pay	188,260	188,596
Holiday pay	332,372	297,932
Vacation pay	649,334	587,080
Other paid absences	58,379	29,878
Uniforms and tool allowances	<u>52,716</u>	<u>46,774</u>
Total Fringe Benefits	<u>5,232,545</u>	<u>4,807,577</u>
SERVICES		
Professional and technical including directors' fees	286,366	279,140
Outside services	86,583	115,183
Contract maintenance services	357,642	362,546
Promotion and printing	<u>144,795</u>	<u>152,167</u>
Total Services	<u>875,386</u>	<u>909,036</u>
MATERIALS AND SUPPLIES		
Fuel and lubricants	2,084,857	1,549,711
Tires and tubes	113,760	119,261
Bus parts	755,680	626,054
Other materials and supplies	244,257	210,398
Electric bus power	<u>77,780</u>	<u>73,880</u>
Total Material and Supplies	<u>3,276,334</u>	<u>2,579,304</u>
Subtotal - Expenses Carried Forward	<u>\$18,672,205</u>	<u>\$16,629,531</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF EXPENSES (CONTINUED)

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Subtotal - Expenses Brought Forward	<u>\$18,672,205</u>	<u>\$16,629,531</u>
UTILITIES AND TELEPHONE	<u>182,771</u>	<u>198,446</u>
CASUALTY AND LIABILITY COSTS	<u>351,272</u>	<u>317,011</u>
PURCHASED TRANSPORTATION	<u>432,793</u>	<u>376,460</u>
MISCELLANEOUS EXPENSES		
Dues and subscriptions	36,066	32,365
Travel, meetings and training	36,252	35,284
Purchased media	118,982	115,353
Environmental clean-up costs	67,201	178,868
Other miscellaneous expenses	<u>98,168</u>	<u>137,847</u>
Total Miscellaneous Expenses	<u>356,669</u>	<u>499,717</u>
Total Expenses before Depreciation	19,995,710	18,021,165
DEPRECIATION	<u>3,171,901</u>	<u>2,870,549</u>
TOTAL EXPENSES	<u>\$23,167,611</u>	<u>\$20,891,714</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATIONS		
Receipts from transit customers	\$ 7,324,328	\$ 7,136,303
Receipts from other operations	468,200	526,987
Payments to suppliers and vendors	(5,826,117)	(6,342,728)
Payments to employees/benefits	<u>(14,414,070)</u>	<u>(12,292,786)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(12,447,659)</u>	<u>(10,972,224)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	16,067,755	9,839,015
Taxes levied by Santa Barbara County	<u>832,695</u>	<u>785,299</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>16,900,450</u>	<u>10,624,314</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(998,466)	\$ (5,968,783)
State of California Prop 1B grant advance	2,403,092	-
Federal, state and local capital grants received	<u>37,291</u>	<u>4,427,792</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,441,917</u>	<u>(1,540,991)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of over 90-day certificates of deposit	(4,000,000)	-
Over 90-day certificates of deposit matured	3,054,547	2,000,000
Interest on over 90-day certificates of deposit	<u>-</u>	<u>(54,547)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(945,453)</u>	<u>1,945,453</u>
NET INCREASE IN CASH AND EQUIVALENTS	4,949,255	56,552
CASH AND EQUIVALENTS		
Beginning of year	<u>3,537,913</u>	<u>3,481,361</u>
End of year	<u>\$ 8,487,168</u>	<u>\$ 3,537,913</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of operating income to net cash used by operating activities		
Net income	\$ -	\$ -
Charges to cost of service not requiring current expenditure of cash		
Changes in:		
Accounts receivable - excluding grants	62,514	(174,537)
Inventory	(222,288)	(83,720)
Other current assets	(611)	838
Accounts payable and accrued liabilities	(146,605)	(309,008)
Items reclassified above:		
State and local operating grants	(5,764,897)	(4,988,850)
Federal operating grants	(4,390,404)	(4,046,111)
Miscellaneous grants	(1,152,673)	(585,537)
Taxes levied by Santa Barbara County	<u>(832,695)</u>	<u>(785,299)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (12,447,659)</u>	<u>\$ (10,972,224)</u>

The accompanying notes are an integral part of these basic financial statements.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 - REPORTING ENTITY

The Santa Barbara Metropolitan Transit District, a government entity, was formed under the terms of the Santa Barbara Metropolitan Transit District Act for 1965, Part 9, of the California Public Utilities Code amended in 1967. The District provides local public transportation services to the metropolitan Santa Barbara area which encompasses the outlying communities of Goleta, Montecito and Carpinteria.

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. The District accounts for its operations as an enterprise fund. Operating revenues and expenses result from providing transportation services. All other revenues and expenses are reported as nonoperating revenues and expenses. The accounting records of the District are subject to the uniform accounting system for transit districts as set forth by the Federal Transit Authority (FTA) and the State Controller.

The financial statements of the District are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The District receives capital grants from certain governmental agencies to be used for various purposes connected with the planning, modernization, and expansion of transportation facilities and equipment. In fiscal 2003, the District adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which requires capital grants to be reported as revenue rather than contributed capital. The amount recorded as capital grant revenue in fiscal 2008 and 2007 were \$998,467 and \$5,578,197, respectively.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

For purposes of the statement of cash flows, the District considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital assets are stated at cost, less accumulated depreciation computed on the straight-line method over the following lives:

Buildings	20 to 40 years
Buses and equipment	3 to 12 years
Office and shop equipment	5 to 10 years
Automotive equipment	3 to 5 years

The inventories are composed of bus parts, fuels and lubricants and are valued at cost on a weighted-average basis.

The District accrues for vested vacation pay when it is earned by employees. The amount of vested vacation pay accrued as of June 30, 2008 and 2007 was approximately \$667,359 and \$612,246, respectively.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made to the prior year's financial statements to conform with the 2008 presentation.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3 - DEPOSITS AND INVESTMENTS

At June 30, 2008 and 2007, the composition of cash deposits consisted of petty cash and change funds, money market accounts, and certificates of deposit as follows:

	<u>2008 Fair</u>	<u>2007 Fair</u>
	<u>Value</u>	<u>Value</u>
Cash deposits		
Money market accounts	\$ 6,441,268	\$ 3,492,013
Certificates of deposit		
Under 90 day	2,000,000	-
Over 90 days	<u>2,000,000</u>	<u>1,054,547</u>
Total cash deposits	10,441,268	3,492,013
Petty cash and change funds	<u>45,900</u>	<u>45,900</u>
Total Fair Value	<u>\$10,487,168</u>	<u>\$ 4,592,460</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All of the District's funds are held in one financial institution, Santa Barbara Bank and Trust (Bank). As of June 30, 2008, \$10,365,967 of the District's bank balance of \$10,465,967, which includes \$6,465,967 of uninsured money market funds, was collateralized by the Bank's trust department but not in the District's name. The District does not have a formal investment policy. As of June 30, 2008 the District had \$2,403,092 of cash restricted for use in acquiring seven buses in December, 2009. There is an equal amount included in deferred credits (see the following Note 4).

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 4 - DEFERRED CREDITS - STATE AND LOCAL

Deferred credits represent excess Transportation Development Act revenue received. Pursuant to Section 6634 of the California Administrative Code - Transportation Development Act, a transit claimant is precluded from receiving monies from the Local Transportation Fund and State Transit Assistance Fund in an amount which exceed that claimant's capital and operating costs, less the required fares, local support, and the amount received during the year from a city or county to which the operator provides service beyond its boundaries. Additionally, there is \$2,403,092 included in deferred credits as of June 30, 2008 representing prefunding of a grant from the State of California for the acquisition of seven buses in December 2009 (see previous note).

Note 5 - CAPITAL ASSETS

Changes in transit operating property during the years ended June 30, 2008 and 2007, are as follows:

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reclassi- fications</u>	<u>Disposals</u>	<u>June 30, 2008</u>
Land*	\$ 5,596,297	\$ -	\$ -	\$ -	\$ 5,596,297
Buildings	12,309,199	72,036	-	-	12,381,234
Buses	31,318,263	532,372	25,311	(1,713,160)	30,162,787
Other equipment	3,167,518	343,185	329	(166,333)	3,344,699
Work in process*	381,919	87,456	(62,222)	-	407,153
Research and development	<u>386,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,489</u>
	<u>\$ 53,159,685</u>	<u>\$ 1,035,049</u>	<u>\$ (36,582)</u>	<u>\$ (1,879,493)</u>	<u>\$ 52,278,659</u>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Reclassi- fications</u>	<u>Disposals</u>	<u>June 30, 2007</u>
Land*	\$ 5,596,297	\$ -	\$ -	\$ -	\$ 5,596,297
Buildings	12,352,638	2,496	-	(45,935)	12,309,199
Buses	29,427,064	5,539,954	-	(3,648,755)	31,318,263
Other equipment	2,900,719	423,770	-	(156,971)	3,167,518
Work in process*	379,356	2,563	-	-	381,919
Research and development	<u>386,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,489</u>
	<u>\$ 51,042,563</u>	<u>\$ 5,968,783</u>	<u>\$ -</u>	<u>\$(3,851,661)</u>	<u>\$ 53,159,685</u>

* Capital assets not being depreciated

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6 - PROPERTY TAX CALENDAR

Taxes, including homeowners' property tax relief, are remitted from the County Tax Collector. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	(1st installment)
	February 1	(2nd installment)
Delinquent Date	December 10	(1st installment)
	April 10	(2nd installment)

Under California Law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the District based on complex formulas prescribed by the state statutes.

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SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7 - NET ASSETS ACCOUNT

An analysis of the net assets account is as follows:

	<u>2008</u>	<u>2007</u>
Local Transportation Fund (SB 325)	\$ 37,291	\$ 1,115,415
State Transit Assistance Fund (SB 620)	961,176	533,150
Federal grants		
FTA Section 5307 - capital grant	<u>-</u>	<u>3,929,632</u>
Net grants received	998,467	5,578,197
Less: Accumulated depreciation expense - current	(3,171,901)	(2,870,549)
Less: Grant equity on disposal of assets	(1,879,493)	(3,851,662)
Add: Accumulated depreciation on disposal of assets	<u>1,871,211</u>	<u>4,211,397</u>
Net change in capital grants	(2,181,716)	3,067,383
Balance, July 1	<u>32,442,554</u>	<u>29,375,171</u>
Balance, June 30	<u>\$ 30,260,838</u>	<u>\$ 32,442,554</u>

An analysis of the capital funding is as follows:

State and local grants		
966		
Local Transportation Fund (SB 325)	\$ 11,412,704	\$ 12,580,768
State Transit Assistance Fund (SB 620)	9,880,632	9,033,322
Federal grants		
FTA Section 5307	20,593,519	21,151,221
FTA Section 5309	7,042,558	7,045,128
FTA Section 5312	63,588	63,588
District capital	129,329	129,329
Miscellaneous grants	2,159,697	2,159,697
CalStart grant	<u>996,631</u>	<u>996,631</u>
Total Capital Funding	52,278,658	53,159,684
Less: Accumulated depreciation expense	<u>(22,017,820)</u>	<u>(20,717,130)</u>
Net Assets	<u>\$ 30,260,838</u>	<u>\$ 32,442,554</u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8 - TRANSPORTATION DEVELOPMENT ACT FUNDING AND ALLOCATIONS

Transportation development act funding and allocations for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Funding		
Local Transportation Fund (SB 325)	\$ 6,825,407	\$ 6,894,060
State Transit Assistance Fund (SB 620)	<u>961,175</u>	<u>533,150</u>
	<u>7,786,582</u>	<u>7,427,210</u>
Usage		
Operations	5,764,897	4,988,850
Capital projects	<u>988,466</u>	<u>1,648,566</u>
	<u>6,753,363</u>	<u>6,637,416</u>
Net Effect on Deferred Credits	<u>\$ 1,033,219</u>	<u>\$ 789,794</u>

Note 9 - FEDERAL GRANTS AND REIMBURSEMENTS

Federal grants and reimbursements for the year ended June 30:

	<u>2008</u>	<u>2007</u>
FTA		
Operating grants	\$ 4,390,404	\$ 4,046,111
Capital grants	<u>-</u>	<u>3,929,632</u>
Total	<u>\$ 4,390,404</u>	<u>\$ 7,975,743</u>

Note 10 - RECEIVABLES

Grants receivable at June 30, 2008 and 2007, are summarized as follows:

	<u>2008</u>	<u>2007</u>
Federal Transit Administration - Section 5307	\$ 82,209	\$ 3,818,771
State Transit Assistance (SB 620)	<u>961,176</u>	<u>-</u>
	<u>\$ 1,043,385</u>	<u>\$ 3,818,771</u>
Other receivables are as follows:		
Trade receivables	<u>\$ 216,284</u>	<u>\$ 278,798</u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11 - SICK PAY

Accrued sick pay is summarized as follows:

	<u>2008</u>	<u>2007</u>
Total accrued sick pay	\$ 1,305,841	\$ 1,256,287
Amount of sick pay vested, in accordance with the union agreement, and recorded on the financial statements	<u>331,606</u>	<u>359,718</u>
	<u>\$ 974,235</u>	<u>\$ 896,569</u>

Note 12 - RETIREES' HEALTH CARE BENEFITS

The Bargaining Unit Contract determines benefits for District retirees who were members of the union. The District provides health care benefits for union retirees if they are at least 62 years old and have at least 20 years of continuous service. For those employees who retired prior to January 1, 1988 the maximum District contribution is \$160 per month. For those who retired after January 1, 1988, the current maximum contribution is \$235 per month, with provisions for increase on July 1, 2008.

Full-time salaried staff (non-union) employees are entitled to a medical plan premium paid by the District for themselves and their spouses until retiree's death if they are at least 60 years of age and were employed by the District for 25 full-time years.

Benefits for both union and non-union retirees are provided by Pacificare group plan.

Monthly premiums paid by the District for the fiscal year ended June 30, 2008, are as follows:

Medicare one-party (SH)	\$233
Medicare two-party (SH)	467
Active (non-Medicare) one-party	587
Dental - couple	80
Dental - single	42

There were sixteen retiree (and spouse if applicable) participants in 2008, and thirteen in 2007, and the total cost of benefits paid by the District was \$83,169 in 2008, and \$62,148 in 2007.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13 - RETIREMENT PLANS

Two employee groups are covered:

<u>Employee Group</u>	<u>Plan names</u>	<u>2008 Cost</u>	<u>2007 Cost</u>
1. Union	Teamsters	\$ 934,047	\$ 849,012
2. Non-Union	Profit-Sharing and Salary Deferral Plan and Trust, and Money Purchase Pension Plan and Trust	<u>205,087</u>	<u>175,937</u>
		<u>\$ 1,139,134</u>	<u>\$ 1,024,949</u>

TEAMSTERS PENSION PLAN

This plan covers union employees and is a "cost sharing" plan. The District's total payroll in fiscal year 2008 was \$9,328,573 and the District's contributions were based upon a payroll of \$7,441,514 for union employees. In fiscal year 2007 the District's payroll was \$8,333,614 and the District's contributions were based upon a payroll of \$6,575,312 for union employees. The District was required to contribute \$2.86 per work hour, up to a maximum of 173 work hours per month, per union employee in fiscal year 2008. In fiscal year 2007 the contribution rate was \$2.71. Total pension hours was 327,242 in fiscal year 2008, and 312,292 in fiscal year 2007. Since the District is not involved with the operations or administration of the Teamsters Pension Plan, information relating to any funding liability is not available. It can be obtained through Southwest Administrators.

PROFIT-SHARING AND SALARY DEFERRAL PLAN AND TRUST

Effective July 1, 1985, the District established the above-named retirement plans for employees not covered by the union plan. The plans are administered by the District, which contracts the administration to HUB International.

The District contributes to the Profit-Sharing and Salary Deferral Plan an amount equal to 3% and 7%, respectively, of the compensation for all eligible participants. Contributions by the District to the Salary Deferral Plan are fully vested at the time of contribution. Contributions by the District to the Profit-Sharing Plan are vested ratably over a four-year period. The District is not obligated to make contributions to the Profit-Sharing Plan however its contributions must be regular and continuing in order for the Plan to receive favorable tax treatment under Internal Revenue Code Section 401(k).

The District's contributions were based upon a fiscal year 2008 payroll of \$2,051,941 for non-union employees. The District made contributions of \$205,087 (10% of covered payroll) and covered employees made contributions of \$177,114 (8.6% of covered payroll).

The District's contributions were based upon a fiscal year 2007 payroll of \$1,758,302 for non-union employees. The District made contributions of \$175,937 (10% of covered payroll) and covered employees made contributions of \$165,395 (9.4% of covered

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

payroll).

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SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14 - RISK MANAGEMENT

The District is exposed to various risks of losses related to injuries to employees and the public, damage to and destruction of assets, and errors and omissions.

The District has Self-Insured Retention policies with general liability coverage of \$10 million on any one claim, including self-insured amounts per claim as follows:

April 1, 1995 to March 31, 2001	\$250,000
April 1, 2001 to March 31, 2002	\$100,000
April 1, 2002 to March 31, 2008	\$250,000

The District has elected to self-insure its obligations for workers' compensation claims. The District has insurance from outside carriers for individual claims in excess of \$500,000 for 2003, with a \$5 million limit on any one claim. As of January 1, 2004, the District increased the amount of that is self insured to \$1.5 million, with a \$10 million limit on any one claim. As of January 1, 2005 the District joined CSAC Excess Insurance Authority and decreased self-insurance by the District to \$500,000 with a limit of \$200 million limit on any one claim.

There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the four years prior.

Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The District's insurance adjusters and attorneys help to determine the amount of actual or potential claims against the District. An analysis of claims activities for general liability and workers' compensation liability is presented below:

	<u>2008</u>	<u>2007</u>
Claims liability - beginning of year	\$ 1,358,764	\$ 1,700,227
Claims and changes in estimates	346,919	401,506
Actual claim payments	<u>(501,726)</u>	<u>(742,969)</u>
Claims liability - end of year	<u>\$ 1,203,957</u>	<u>\$ 1,358,764</u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15 - COMMITMENTS

Paratransit Service

The District is required under Federal law, the Americans with Disabilities Act of 1990 (ADA), to ensure that complementary paratransit service is available wherever and whenever MTD provides fixed-route bus service. The District complies with this requirement by partially subsidizing the paratransit service provided by Easy Lift Transportation. The District signed a written contract with Easy Lift in March 2003 for these services. Either party can terminate this agreement within 120 days of year end.

For fiscal year 2009, the District has agreed to provide Easy Lift a subsidy of \$477,758 for the paratransit services. The amount is to be adjusted by mutual consent if the District requests an adjustment in the amount of paratransit service to be provided, and the contract can be extended up to and including June 30, 2010. If for any reason, Easy Lift were to fail to provide the required ADA paratransit service, the District would continue to be responsible for the service under Federal law. The District would be required to implement a replacement service on very short notice, at a cost that would likely exceed the current subsidy.

Bus Tire Lease

The District has a contract with the Goodyear Tire & Rubber Company (Goodyear) to furnish the District with a sufficient quantity of tires to keep all vehicles fully equipped and to provide a reserve supply, at a maximum level determined by Goodyear, as spare stock inventory to be mounted on rims and kept in the District's garage for use in case of emergency. The District provides Goodyear with mileage for each vehicle in its fleet on a monthly basis and is billed in accordance with its agreement. Both parties have the option to terminate this agreement with 30-days notice. The rate per tire increases by an agreed upon percentage annually. For fiscal year 2008, the rate paid by MTD is as follows:

(Rate per vehicle multiplied by miles traveled)	
Group A =	\$.034682
Group A (MCI) =	\$.046240
Group C =	\$.045234

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 16 - CONTINGENCIES

Federal Grant Contracts

The terms of the federal grant contracts require the District to, in part, utilize the equipment and facilities for the purposes specified in the grant agreement, maintain these items in operation for a specified time period, which normally approximates the useful life of the equipment, and to comply with the Equal Employment Opportunity and Affirmative Action programs required by the Transportation Equity Act for the 21st Century. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the Federal Department of Transportation. In management's opinion, no events have occurred that would result in the termination of these grants or require the refund of a significant amount of funds received under these grants.

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BOARD OF DIRECTORS REPORT

MEETING DATE: DECEMBER 15, 2008

AGENDA ITEM #: 8

TYPE: INFORMATION

PREPARED BY: JERRY ESTRADA

REVIEWED BY: GENERAL MANAGER

Signature

GM Signature

SUBJECT: QUARTERLY FINANCIAL STATEMENT ANALYSIS FOR THE 1ST QUARTER OF FY 08-09

DISCUSSION:

Executive Summary

Operating Budget

Attached are draft financial reports for the three-month period ending September 30, 2008. Operating revenue of \$4,174,385 was 5.1% or \$202,614 over budget, while operating expense of \$5,230,097 was -1.6% or (\$83,044) under budget. While operating expense exceeded revenue by \$1,055,712 it should be pointed out that approximately \$4 million in federal operating assistance is anticipated prior to the end of the year.

Capital

Capital expenditures for the fiscal year to-date total \$118,716. Capital costs consist primarily of revenue vehicle improvements such as engines, transmissions and battery packs.

Performance Indicators

Ridership increased by 12.15% or 236,306 passenger trips, while the farebox ratio decreased slightly from 37.2% to 36.8% from prior year. The rise in ridership was partially attributable to increased service hours as well as greater demand for public transit service. The increase in service hours is a reflection of the District's effort to provide service beyond what was scheduled to offset intensifying demands for transit service during peak service periods. Consistent with the sharp increase in ridership during the summer passenger fares rose by 11.25%.

Operating Revenue

Farebox Revenue

Regular cash fares were \$33,084 over budget, while passes and token sales exceeded the budget by \$116,369. Combined cash fares, passes, and tokens exceeded the budget by \$149,453 or 11.6%. These figures were \$174,691 or 14.1% greater than prior year, which coincides with increased service levels and a spike in demand for transit service during the summer.

Contract fares increased by \$19,865 compared to prior year figures. The increase in contract fares reflects an increase in SBCC enrollment and CPI increases associated with fare buy-down subsidies. As a whole, operating revenue was \$148,387 or 8.4% over budget.

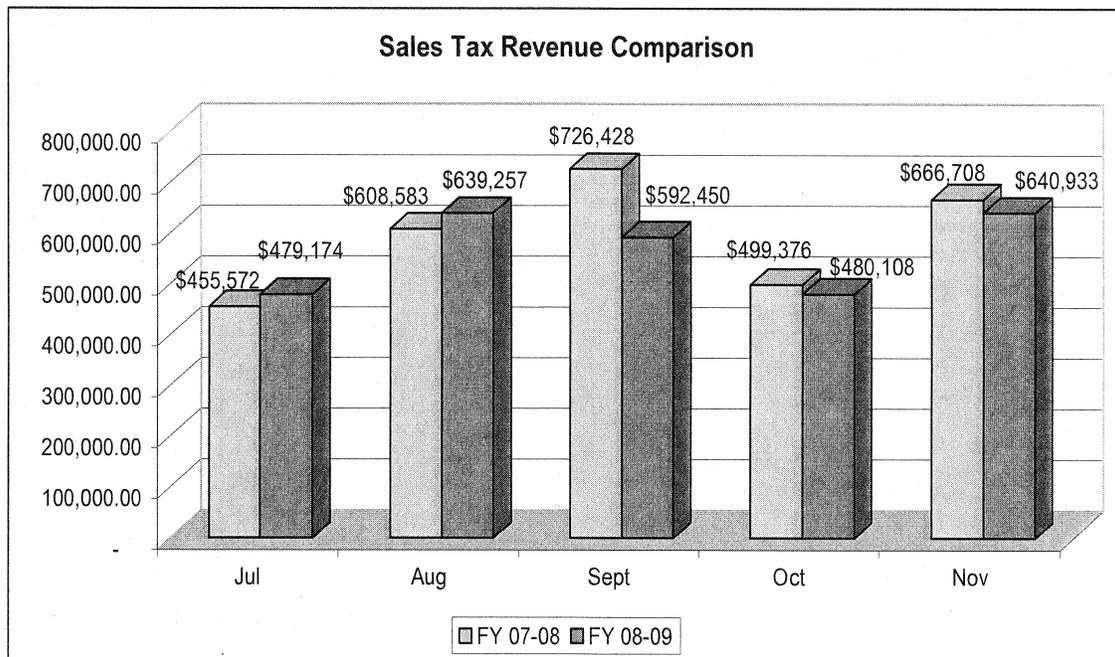
Non-Transportation Revenue

Non-Transportation Revenue was below budget by (\$4,488). Interest on investments is over budget by \$1,610, while advertising revenue was under budget by (\$7,009). Advertising revenue is also down compared to prior year figures. Staff will review its advertising revenue expectations for this fiscal year over the next few months and recommend a change if it is deemed necessary.

Federal & State Subsidies

Federal 5307 operating subsidy of \$4,000,000 is anticipated to be available by the end of the fiscal year and is not reflected in the quarterly report. Federal Congestion Mitigation and Air Quality funds appear to be over budget but this is due to the manner in which the annual budget amount was distributed. The budgeted figure will be redistributed to accurately reflect anticipated payments. As a result, the current figure is actually in-line with projections.

Sales tax subsidy from the Transportation Development Act – Local Transportation Fund (TDA-LTF) was \$34,830 or 2% over budget. However, the figure is (\$79,703) below prior year receipts. Staff anticipates this figure to significantly drop below what was budgeted at the end of the six-month reporting period. Below is a graph that compares TDA-LTF sales tax revenue over the past two fiscal years for the first five months:

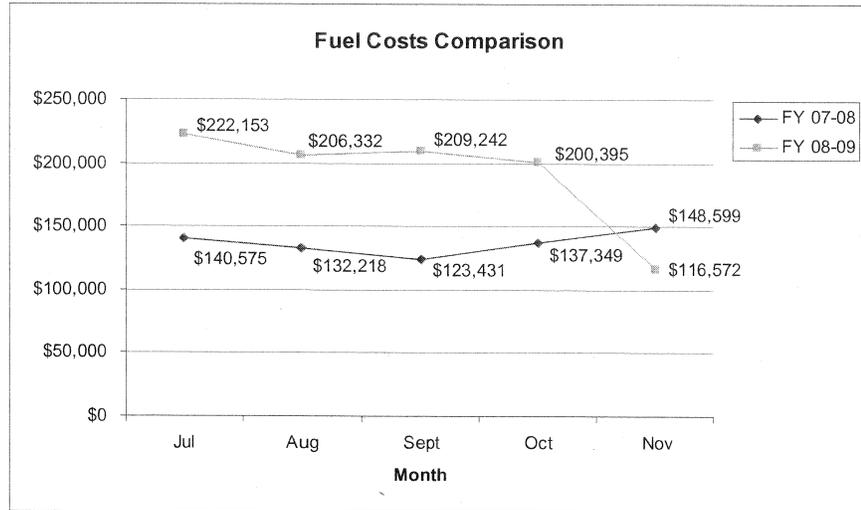


	Jul	Aug	Sep	Oct	Nov	Total
FY 08-09	\$479,174	\$639,257	\$592,450	\$480,108	\$640,933	\$2,831,921
FY 07-08	455,572	608,583	726,428	499,376	666,708	2,956,667
	\$23,601	\$30,674	(\$133,978)	(\$19,268)	(\$25,775)	(\$124,746)

Operating Expenses

In total, operating expense was (\$83,044) or -1.6% under budget. Driver wages and fringe benefits were \$12,030 or half a percent over budget. Of concern, is the fact that unscheduled driver pay is \$25,329 over budget, which reflects the “boosting” of service during the summer. Liability costs were (\$93,467) under budget, while workers compensation costs were \$56,722 over budget.

Fuel related costs were \$8,290 over budget and \$241,503 over prior year figures for the first quarter. Fuel prices were significantly higher during the first quarter in comparison to the prior year. However, fuel prices have dropped in the second quarter as indicated in the graph to the left. In fiscal



year 07-08, MTD endured a significant spike in fuel prices beginning in late January 2008 that extended into early September 2008. Projecting fuel prices for the second half of this year will be challenging considering the volatility experienced over the past eleven months. Staff will provide more information regarding this topic during the six-month budget review process.

Vehicle bus parts expense was (\$41,350) below budget but \$41,249 over prior year figures. Parts management continues to do an admirable job as it relates to identifying opportunities to reduce costs.

Expenses associated with promotion and information was under budget but it is anticipated that MTD will meet its original budget for the majority of these items. Farebox parts and repairs was (\$10,690) under budget which is a reflection of the investments the District has made throughout the past year to replace older components and improve its preventative maintenance practices.

Santa Barbara Metropolitan Transit District
Revenue, Expense and Performance Report
Period Ending September 30, 2008

Category	FY 08-09	FY 07-08	% Change
Passenger Fares	\$1,409,599	\$1,234,909	14.15%
Passenger Fares (Contract Related)	\$514,511	\$494,645	4.02%
Total Passenger Fares	\$1,924,110	\$1,729,554	11.25%
Total Operating Expense	\$5,230,097	\$4,651,627	12.44%
Farebox Ratio	36.8%	37.2%	-1.06%
Revenue Hours	52,019	49,869	4.31%
Revenue Miles	649,419	632,059	2.75%
Total Passengers	2,181,783	1,945,477	12.15%
Route Passengers	1,966,514	1,740,817	12.97%
Shuttle Passengers	215,269	204,660	5.18%
Cost/Passenger	\$2.40	\$2.39	0.26%
Cost/Hour	\$100.54	\$93.28	7.79%
Cost/Mile	\$8.05	\$7.36	9.43%
Passenger/Hour	41.94	39.01	7.51%
Passenger/Mile	3.36	3.08	9.15%

Santa Barbara Metropolitan Transit District
Operating & Capital Budget
Period Ending September 30, 2008

	ACTUAL FY 08/09	BUDGET FY 08/09	PRIOR FY 07/08
OPERATING REVENUE			
Passenger Fares	\$1,924,110	\$1,775,723	\$1,729,554
Federal Operating Assistance	78,534	51,350	90,330
Property Tax Revenue	0	0	25
Local Operating Assistance	329,785	333,085	288,072
Non-Transportation Income	131,076	135,563	136,761
Sales Tax Revenue (TDA)	1,710,880	1,676,050	1,790,583
Total Operating Revenue	\$4,174,385	\$3,971,771	\$4,035,325
OPERATING EXPENSE			
Route Operations	\$2,806,171	\$2,834,904	\$2,587,276
Vehicle Maintenance	1,460,984	1,437,093	1,054,894
Passenger Accommodations	381,162	420,007	416,531
General Overhead	581,780	621,137	592,926
Total Operating Expense	\$5,230,097	\$5,313,141	\$4,651,627
CAPITAL REVENUE			
Sales Tax Revenue (TDA)	\$0	\$0	\$0
Other Capital Assistance	0	0	0
State Transit Assistance (TDA)	0	0	0
Federal Capital Assistance	0	0	0
Total Capital Revenue	\$0	\$0	\$0
CAPITAL PROJECTS			
Haley/Calle Real/Fixed Facilities	\$0	\$91,784	\$43,146
Intelligent Transportation Systems	0	0	3,250
Calle Real Development	5,275	6,250	9,951
Management Information Systems	0	8,750	0
Passenger Facilities & Equipment	29,043	31,408	33,263
Service Vehicles	792	0	74,319
Buses	0	0	0
Buses - Radios/Fareboxes/Bike Racks	0	0	0
Revenue Vehicle Improvements	81,141	159,400	57,006
Shop Equipment	1,938	16,250	6,994
Office Furniture & Equipment	527	1,250	0
Total Capital Projects	\$118,716	\$315,091	\$227,929
DEFERRED CREDITS SURPLUS/(DEFICIT)	(\$1,174,428)	(\$1,656,461)	(\$844,231)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

REVENUE VARIANCE REPORT

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
OPERATING REVENUE					
CASH FARES					
Regular Cash Fares	894,041	860,957	33,084	840,322	53,719
	<u>\$ 894,041</u>	<u>\$ 860,957</u>	<u>\$ 33,084</u>	<u>\$ 840,322</u>	<u>\$ 53,719</u>
TICKETS & TOKENS					
Adult Ten Ride Pass Fares	170,892	111,219	59,672	113,599	57,293
Student Ten Ride Pass Fares	68,123	66,143	1,980	62,393	5,730
Senior Ten Ride Pass Fares	10,010	9,682	328	11,245	(1,235)
Mobility 10-Ride Pass Fares	7,675	10,055	(2,380)	9,120	(1,445)
Valley Express 10 Ride Pass Fares	23,520	16,909	6,611	16,940	6,580
Regular Fares - Tokens	10,188	11,755	(1,567)	12,294	(2,106)
Adult 30 Days Passports	144,976	113,124	31,852	107,133	37,843
Student 30 Days Passports	34,816	19,785	15,031	19,904	14,912
Senior 30 Days Passports	13,518	17,174	(3,656)	11,628	1,890
Mobility 30 Days Passports	22,842	17,174	5,669	22,772	70
Valley Express 30 Days Passports	9,000	6,171	2,829	7,560	1,440
	<u>\$ 515,559</u>	<u>\$ 399,191</u>	<u>\$ 116,369</u>	<u>\$ 394,587</u>	<u>\$ 120,972</u>
CONTRACT FARES					
Brooks Institute Contract Fares	1,810	1,140	670	1,668	143
UCSB Contract Fares	66,092	66,449	(357)	66,796	(704)
UCSB TAP Contract	0	0	0	0	0
City Shuttle Contract Fares	297,474	309,771	(12,297)	288,547	8,927
Downtown City My Ride Program Cont	29,960	29,000	960	30,211	(252)
SBCC Contract Revenue	97,633	87,301	10,332	86,893	10,740
Carpinteria Seaside Shuttle Contract F	21,381	21,733	(352)	20,462	919
CA Amtrak Contract Revenue	161	56	105	69	92
Special Event Fares	0	125	(125)	0	0
	<u>\$ 514,511</u>	<u>\$ 515,576</u>	<u>(\$ 1,065)</u>	<u>\$ 494,645</u>	<u>\$ 19,865</u>
OPERATING REVENUE SUBTOTAL	<u>\$ 1,924,110</u>	<u>\$ 1,775,723</u>	<u>\$ 148,387</u>	<u>\$ 1,729,554</u>	<u>\$ 194,556</u>
NON OPERATING REVENUE					
NON TRANSPORTATION REVENUE					
Advertising On Buses	99,367	106,375	(7,009)	110,285	(10,919)
Interest On Investments	28,297	26,688	1,610	15,615	12,682
Gain/(Loss) on Assets Sales	0	0	0	0	0
Miscellaneous Revenue	3,411	2,500	911	10,860	(7,449)
Property Tax Revenue	0	0	0	25	(25)
	<u>\$ 131,075</u>	<u>\$ 135,563</u>	<u>(\$ 4,488)</u>	<u>\$ 136,785</u>	<u>(\$ 5,710)</u>
SALES TAX REVENUE					
SB325 Local Transportation Fund	1,710,880	1,676,050	34,830	1,790,583	(79,703)
Local Operating Assistance	329,785	333,085	(3,300)	288,072	41,713
	<u>\$ 2,040,666</u>	<u>\$ 2,009,135</u>	<u>\$ 31,531</u>	<u>\$ 2,078,655</u>	<u>(\$ 37,990)</u>
FEDERAL ASSISTANCE					
FTA - Operating Assistance	0	0	0	0	0
FTA CMAQ Operating Assistance	78,534	51,350	27,184	90,330	(11,796)
	<u>\$ 78,534</u>	<u>\$ 51,350</u>	<u>\$ 27,184</u>	<u>\$ 90,330</u>	<u>(\$ 11,796)</u>
NON OPERATING REVENUE	<u>\$ 2,250,274</u>	<u>\$ 2,196,048</u>	<u>\$ 54,227</u>	<u>\$ 2,305,770</u>	<u>(\$ 55,496)</u>
GRAND TOTALS	<u><u>\$ 4,174,385</u></u>	<u><u>\$ 3,971,771</u></u>	<u><u>\$ 202,614</u></u>	<u><u>\$ 4,035,325</u></u>	<u><u>\$ 139,060</u></u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

OPERATING EXPENDITURES

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
<i>ROUTE OPERATIONS</i>					
DRIVERS	2,175,212	2,163,182	12,030	1,934,374	240,839
DISPATCH & SUPERVISION	123,631	116,111	7,520	119,919	3,712
HIRING & TRAINING	64,226	69,715	(5,489)	64,415	(190)
RISK & SAFETY	312,553	366,456	(53,902)	367,819	(55,266)
CONTRACTED TRANSPORTATION	130,548	119,439	11,109	100,748	29,800
<i>SUBTOTAL</i>	<u>\$ 2,806,171</u>	<u>\$ 2,834,904</u>	(\$ 28,733)	<u>\$ 2,587,276</u>	\$ 218,895
<i>VEHICLE MAINTENANCE</i>					
MECHANICS	252,163	253,471	(1,308)	234,039	18,124
CLEANERS & FUELERS	168,704	164,194	4,510	154,115	14,589
SHOP SUPERVISION	125,315	131,517	(6,202)	115,361	9,954
FUEL, LUBRICANTS AND TIRES	699,388	693,130	6,257	456,795	242,593
VEHICLE PARTS AND SUPPLIES	140,737	185,686	(44,949)	104,514	36,223
OUTSIDE VEHICLE MAINTENANCE	4,720	13,688	(8,967)	14,462	(9,742)
RISK AND SAFETY	69,958	(4,593)	74,550	(24,392)	94,349
<i>SUBTOTAL</i>	<u>\$ 1,460,984</u>	<u>\$ 1,437,093</u>	\$ 23,891	<u>\$ 1,054,894</u>	\$ 406,090
<i>PASSENGER FACILITIES</i>					
PASSENGER FACILITIES	177,121	179,530	(2,409)	169,579	7,542
TRANSIT DEVELOPMENT	79,204	84,570	(5,366)	78,115	1,089
PROMOTION & INFORMATION	86,064	112,052	(25,988)	96,837	(10,772)
FARE REVENUE COLLECTION	38,773	43,854	(5,081)	72,001	(33,228)
<i>SUBTOTAL</i>	<u>\$ 381,162</u>	<u>\$ 420,007</u>	(\$ 38,844)	<u>\$ 416,531</u>	(\$ 35,369)
<i>GENERAL OVERHEAD</i>					
FINANCE	129,475	133,531	(4,056)	107,049	22,426
PERSONNEL	22,891	23,352	(461)	22,641	249
OPERATING FACILITIES	67,956	72,552	(4,595)	65,279	2,678
DISTRICT ADMINISTRATION	307,804	340,953	(33,149)	346,108	(38,304)
UTILITIES	53,653	50,750	2,903	51,848	1,805
<i>SUBTOTAL</i>	<u>\$ 581,780</u>	<u>\$ 621,138</u>	(\$ 39,358)	<u>\$ 592,925</u>	(\$ 11,146)
<i>TOTAL OPERATING COST</i>	<u><u>\$ 5,230,097</u></u>	<u><u>\$ 5,313,141</u></u>	<u><u>(\$83,044)</u></u>	<u><u>\$ 4,651,627</u></u>	<u><u>\$ 578,470</u></u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

ROUTE OPERATIONS

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
DRIVERS					
WAGES					
Scheduled	1,360,316	1,349,444	10,872	1,211,080	149,236
Scheduled OT	60,580	58,535	2,046	51,506	9,075
Unscheduled	71,319	45,990	25,329	42,922	28,397
Driver Lite Duty	0	2,602	(2,602)	3,962	(3,962)
FRINGE BENEFITS					
FICA - Drivers	127,764	126,630	1,134	110,451	17,313
Pension - Drivers	194,286	198,561	(4,275)	177,655	16,631
Health Insurance - Drivers	191,760	188,352	3,408	186,021	5,739
Sick Pay - Drivers	25,096	34,974	(9,878)	20,466	4,629
Vacation - Drivers	93,065	103,013	(9,948)	79,131	13,934
Holiday Pay - Drivers	40,167	43,795	(3,629)	37,949	2,218
Other Pay - Drivers	3,811	6,000	(2,189)	9,581	(5,770)
Unemployment Insurance - Drivers	433	787	(353)	469	(36)
Uniforms - Drivers	6,615	4,500	2,115	3,181	3,435
	<u>\$ 2,175,212</u>	<u>\$ 2,163,182</u>	<u>\$ 12,030</u>	<u>\$ 1,934,374</u>	<u>\$ 240,839</u>
DISPATCH & SUPERVISION					
WAGES					
Supervisors - Dispatch & Supervision	39,966	33,509	6,457	27,753	12,212
Staff - Dispatch & Supervision	40,889	38,770	2,119	47,246	(6,357)
FRINGE BENEFITS					
FICA - Dispatch & Supervision	6,838	6,443	395	7,837	(999)
Pension - Dispatch & Supervision	8,410	8,519	(108)	7,124	1,286
Health Insurance - Dispatch & Supervi	17,676	17,639	37	16,378	1,297
Sick Pay - Dispatch & Supervision	3,141	1,288	1,853	4,587	(1,446)
Vacation - Dispatch & Supervision	3,944	5,723	(1,779)	5,085	(1,142)
Holiday Pay - Dispatch & Supervision	2,351	2,845	(494)	2,184	168
Other Pay - Dispatch & Supervision	416	1,376	(959)	1,724	(1,308)
	<u>\$ 123,631</u>	<u>\$ 116,111</u>	<u>\$ 7,520</u>	<u>\$ 119,919</u>	<u>\$ 3,712</u>
HIRING & TRAINING					
WAGES					
Staff - Hiring & Training	8,481	8,921	(441)	9,099	(618)
Student Drivers	9,604	13,320	(3,716)	560	9,044
Existing Drivers/Supervisors Training	30,312	23,628	6,684	22,655	7,656
FRINGE BENEFITS					
FICA - Hiring & Training	3,395	3,747	(352)	2,920	475
Pension - Hiring & Training	3,338	3,371	(34)	3,638	(301)
Health Insurance - Hiring & Training	4,717	5,512	(795)	4,603	114
Sick Pay - Hiring & Training	44	574	(530)	294	(250)
Vacation - Hiring & Training	1,922	1,052	870	5,055	(3,133)
Holiday Pay - Hiring & Training	918	919	(1)	1,141	(223)
Other Pay - Hiring & Training	103	333	(229)	442	(338)
Medical/Driving Exams & DMV Fees (	645	6,025	(5,380)	10,960	(10,315)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

ROUTE OPERATIONS

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
Employment Ads	0	1,238	(1,238)	2,026	(2,026)
Training, Travel & Meetings (RO)	748	1,075	(327)	1,022	(273)
	<u>\$ 64,226</u>	<u>\$ 69,715</u>	<u>(\$ 5,489)</u>	<u>\$ 64,415</u>	<u>(\$ 190)</u>
RISK & SAFETY					
WAGES					
Staff - Risk & Safety	15,188	15,416	(228)	13,878	1,311
Supervisors - Risk & Safety	50,824	50,892	(67)	67,716	(16,891)
Driver Accident Pay	515	271	244	358	157
FRINGE BENEFITS					
FICA - Risk & Safety	5,197	5,461	(264)	6,833	(1,637)
Pension - Risk & Safety	7,262	6,748	514	2,271	4,991
Health Insurance - Risk & Safety	10,717	8,644	2,072	6,778	3,939
Sick Pay - Risk & Safety	1,103	761	341	750	353
Vacation - Risk & Safety	5,320	3,123	2,196	4,133	1,187
Holiday Pay - Risk & Safety	2,061	1,897	163	500	1,561
Other Pay - Risk & Safety	755	504	251	177	578
Unemployment Insurance - Risk & Saf	3	0	3	0	3
LIABILITY COSTS					
Liability - Professional Services	12,590	35,353	(22,763)	23,324	(10,733)
Liability Insurance	55,937	60,141	(4,204)	53,258	2,678
Liability CY Payouts	611	5,000	(4,389)	1,347	(735)
Liability CY Reserves	19,639	6,250	13,389	4,650	14,989
Liability PY Payouts	0	50,000	(50,000)	27,000	(27,000)
Change in PY Liability Reserves	(14,500)	(40,000)	25,500	(10,500)	(4,000)
WORKERS COMP COSTS					
WC Professional Services (RO)	44,925	48,983	(4,058)	40,715	4,210
WC Insurance (RO)	7,621	13,386	(5,765)	8,044	(423)
WC CY Incident Payouts (RO)	20,808	6,250	14,558	1,279	19,530
WC CY Incident Reserves (RO)	30,472	16,250	14,222	13,826	16,646
WC PY Incidents Payouts (RO)	48,685	81,250	(32,565)	54,165	(5,481)
Change In WC PY Incident Reserves (	(16,720)	(12,500)	(4,220)	45,981	(62,701)
Miscellaneous Risk & Safety	3,541	2,375	1,166	1,337	2,203
CONTRACTED TRANSPORTATION					
Paratransit Subsidy	130,548	119,439	11,109	100,748	29,800
	<u>\$ 443,101</u>	<u>\$ 485,895</u>	<u>(\$ 42,794)</u>	<u>\$ 468,567</u>	<u>(\$ 25,466)</u>
ROUTE OPERATIONS	<u>\$ 2,806,171</u>	<u>\$ 2,834,904</u>	<u>(\$ 28,733)</u>	<u>\$ 2,587,276</u>	<u>\$ 218,895</u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

VEHICLE MAINTENANCE

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
MECHANICS					
WAGES					
Mechanics	164,823	171,899	(7,076)	160,319	4,504
Less Mechanics Labor for Capitalizatio	(8,389)	(9,795)	1,406	(5,874)	(2,515)
Mechanics-Overtime	1,003	980	23	1,246	(244)
FRINGE BENEFITS					
FICA - Mechanics	15,107	15,176	(69)	13,782	1,325
Pension - Mechanics	21,338	21,227	111	19,302	2,036
Health Insurance - Mechanics	20,463	22,780	(2,317)	21,688	(1,225)
Sick Pay - Mechanics	7,145	4,571	2,574	1,881	5,264
Vacation - Mechanics	18,430	13,258	5,172	11,138	7,292
Holiday Pay - Mechanics	5,349	5,851	(502)	5,242	107
Other Pay - Mechanics	731	366	365	0	731
Uniforms - Mechanics	2,863	3,000	(137)	2,614	249
Tool Allowance - Mechanics	3,300	4,158	(858)	2,700	600
	<u>\$ 252,163</u>	<u>\$ 253,471</u>	(\$ 1,308)	<u>\$ 234,039</u>	<u>\$ 18,124</u>
CLEANERS & FUELERS					
WAGES					
Service Workers - Cleaners & Fuelers	106,155	101,783	4,372	96,643	9,512
FRINGE BENEFITS					
FICA - Cleaners & Fuelers	8,817	8,436	382	8,162	656
Pension - Cleaners & Fuelers	17,504	18,323	(820)	15,846	1,658
Health Insurance - Cleaners & Fuelers	25,782	23,010	2,772	21,688	4,094
Sick Pay - Cleaners & Fuelers	974	1,691	(717)	906	68
Vacation - Cleaners & Fuelers	3,878	4,541	(663)	4,353	(475)
Holiday Pay - Cleaners & Fuelers	3,575	3,709	(135)	3,254	320
Other Pay - Cleaners & Fuelers	375	176	198	151	224
Uniforms - Cleaners & Fuelers	1,481	1,690	(209)	1,352	129
Medical Exams/DMV Fees (VM)	163	834	(672)	1,760	(1,597)
	<u>\$ 168,704</u>	<u>\$ 164,194</u>	\$ 4,510	<u>\$ 154,115</u>	<u>\$ 14,589</u>
SHOP SUPERVISION					
WAGES					
Staff - Maintenance Supervision	79,504	80,272	(768)	65,824	13,679
FRINGE BENEFITS					
FICA - Supervision Vehicle Mainten	6,761	6,864	(103)	5,956	805
Pension - Supervision Vehicle Maint	8,847	8,972	(126)	7,632	1,215
Health Insurance - Supervision/Vehicle	20,796	23,378	(2,583)	17,884	2,912
Sick Pay - Supervision Vehicle Mainte	479	427	52	0	479
Vacation - Supervision Vehicle Mainte	5,041	4,755	286	8,445	(3,404)
Holiday Pay - Supervision Vehicle Mai	2,681	2,278	403	2,252	428
Other Pay - Supervision & Vehicle Mai	885	1,424	(539)	1,332	(447)
Unemployment Insurance - Supervisio	0	22	(22)	71	(71)
Training, Travel & Meetings (VM)	323	3,125	(2,802)	5,966	(5,643)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

VEHICLE MAINTENANCE

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
FUEL, LUBRICANTS AND TIRES					
Bus Tire Mounting	2,478	2,500	(22)	1,797	680
Fuel and Lubes - Buses	637,728	629,438	8,290	396,225	241,503
Electric Bus Power	28,931	22,725	6,206	30,365	(1,434)
Lease Cost - Tires Buses	30,251	38,468	(8,216)	28,408	1,844
VEHICLE PARTS AND SUPPLIES					
Vehicle Parts - Buses	121,336	162,686	(41,350)	80,087	41,249
Shop Supplies	16,264	15,000	1,264	15,300	964
Bus Cleaning Supplies	2,724	3,500	(776)	3,045	(321)
Hazmat Disposal/Tank Tests	413	4,500	(4,087)	6,082	(5,669)
OUTSIDE VEHICLE MAINTENANC					
Vendor Vandalism Repairs	4,362	4,688	(325)	5,243	(880)
Vendor Accident Repairs	2,021	3,375	(1,354)	0	2,021
Less Monies Collected/Accident Collec	(6,300)	(1,875)	(4,425)	0	(6,300)
Vendor Bus Repairs	4,637	7,500	(2,863)	9,219	(4,582)
RISK AND SAFETY					
WC Professional Services (VM)	607	2,578	(1,971)	4,009	(3,402)
WC Insurance (VM)	401	704	(303)	423	(22)
WC CY Payouts (VM)	4,047	375	3,672	0	4,047
WC CY Incident Reserves (VM)	51,070	500	50,570	750	50,320
WC PY Incident Payouts (VM)	14,250	6,250	8,000	6,595	7,655
Change in WC PY Incident Reserves (	(418)	(15,000)	14,582	(36,169)	35,751
	<u>\$ 1,040,118</u>	<u>\$ 1,019,428</u>	<u>\$ 20,690</u>	<u>\$ 666,740</u>	<u>\$ 373,378</u>
VEHICLE MAINTENANCE	<u><u>\$ 1,460,984</u></u>	<u><u>\$ 1,437,093</u></u>	<u><u>\$ 23,891</u></u>	<u><u>\$ 1,054,894</u></u>	<u><u>\$ 406,090</u></u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

PASSENGER FACILITIES

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
PASSENGER FACILITIES					
WAGES					
Supervisors - Passengers Facilities	46,802	46,493	308	49,461	(2,660)
TC Advisors	26,744	26,083	660	22,752	3,992
Staff - Passenger Facilities (Bus Stop)	31,431	29,906	1,526	31,118	313
FRINGE BENEFITS					
FICA - Passenger Facilities	8,841	8,722	119	7,868	973
Pension - Passenger Facilities	10,924	9,122	1,802	5,427	5,497
Health Insurance - Passenger Facilitie	23,654	26,598	(2,944)	17,485	6,169
Sick Pay - Passenger Facilities	4,076	2,172	1,905	461	3,616
Vacation - Passenger Facilities	3,397	5,467	(2,070)	4,261	(864)
Holiday Pay - Passenger Facilities	3,065	3,068	(3)	2,564	501
Other Pay - Passenger Facilities	20	697	(677)	0	20
Unemployment Insurance - Passenger	16	75	(59)	102	(86)
BUILDINGS AND GROUNDS					
Property Insurance (PF)	358	362	(4)	364	(5)
Contract Maint-PF	14,256	13,040	1,216	13,882	374
B&G Repairs & Supplies (PF)	2,149	2,500	(351)	5,540	(3,392)
Bus Stop Repairs & Supplies	1,389	5,225	(3,836)	8,294	(6,905)
	<u>\$ 177,121</u>	<u>\$ 179,530</u>	<u>(\$ 2,409)</u>	<u>\$ 169,579</u>	<u>\$ 7,542</u>
TRANSIT DEVELOPMENT					
WAGES					
Staff - Transit Development	51,185	51,867	(682)	47,323	3,862
FRINGE BENEFITS					
FICA - Transit Development	4,437	4,456	(18)	4,227	211
Pension - Transit Development	5,800	5,825	(24)	5,525	275
Health Insurance - Transit Developme	10,290	10,064	226	8,988	1,302
Sick Pay - Transit Development	2,156	538	1,618	1,562	594
Vacation - Transit Development	2,906	3,824	(918)	4,310	(1,404)
Holiday Pay - Transit Development	1,758	1,075	683	1,700	58
Other Pay - Transit Development	0	672	(672)	356	(356)
SERVICE PLANNING					
Planning Studies & Surveys	672	5,000	(4,328)	4,125	(3,453)
Training, Travel & Meetings (TD)	0	1,250	(1,250)	0	0
	<u>\$ 79,204</u>	<u>\$ 84,570</u>	<u>(\$ 5,366)</u>	<u>\$ 78,115</u>	<u>\$ 1,089</u>
PROMOTION & INFORMATION					
WAGES					
Staff - Promotion & Information	15,221	19,687	(4,466)	22,273	(7,052)
FRINGE BENEFITS					
FICA - Promotion & Information	1,232	1,599	(368)	2,007	(776)
Pension - Promotion & Information	1,625	2,090	(466)	2,048	(424)
Health Insurance - Promotion & Inform	3,809	3,999	(190)	7,030	(3,222)
Sick Pay - Promotion & Information	0	131	(131)	192	(192)
Vacation - Promotion & Information	438	559	(120)	635	(196)
Holiday Pay - Promotion & Information	438	210	229	808	(369)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

PASSENGER FACILITIES

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
Other Pay - Promotion & Information	0	262	(262)	748	(748)
PROMOTIONS					
Media Ad Placement (MA)	11,581	32,000	(20,419)	28,318	(16,737)
Training, Travel & Meetings (PI)	0	1,125	(1,125)	69	(69)
INFORMATION					
Other Promotions (OP)	707	1,250	(543)	2,503	(1,796)
Route Schedules & Information (RI)	51,013	49,140	1,873	30,205	20,808
	<u>\$ 86,064</u>	<u>\$ 112,052</u>	<u>(\$ 25,988)</u>	<u>\$ 96,837</u>	<u>(\$ 10,772)</u>
FARE REVENUE COLLECTION					
WAGES					
Staff - Fare Revenue Collection	14,575	15,550	(976)	19,456	(4,881)
FRINGE BENEFITS					
FICA - Fare Revenue & Collection	1,188	1,334	(145)	3,486	(2,298)
Pension - Fare Revenue Collection	1,549	1,743	(194)	3,915	(2,366)
Health Insurance - Fare Revenue Coll	5,898	6,106	(208)	2,265	3,634
Sick Pay - Fare Revenue Collection	108	213	(105)	17,335	(17,227)
Vacation - Fare Revenue & Collection	0	819	(819)	6,144	(6,144)
Holiday Pay - Fare Revenue Collection	458	60	398	575	(116)
Other Pay - Fare Revenue Collection	413	278	135	1,082	(669)
Farebox Parts & Repairs	6,810	17,500	(10,690)	17,563	(10,753)
Fare Processing	7,772	250	7,522	179	7,593
	<u>\$ 38,773</u>	<u>\$ 43,854</u>	<u>(\$ 5,081)</u>	<u>\$ 72,001</u>	<u>(\$ 33,228)</u>
PASSENGER FACILITIES	<u><u>\$ 381,162</u></u>	<u><u>\$ 420,007</u></u>	<u><u>(\$ 38,844)</u></u>	<u><u>\$ 416,531</u></u>	<u><u>(\$ 35,369)</u></u>

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

GENERAL OVERHEAD

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
FINANCE					
WAGES					
Staff - Accounting	87,702	82,776	4,926	72,157	15,545
FRINGE BENEFITS					
FICA - Accounting	7,197	7,404	(207)	5,765	1,432
Pension - Accounting	9,482	9,679	(197)	6,275	3,207
Health Insurance - Accounting	17,770	20,376	(2,606)	17,568	202
Sick Pay - Accounting	916	760	156	462	454
Vacation - Accounting	2,729	7,548	(4,820)	1,711	1,018
Holiday Pay - Accounting	2,867	3,040	(174)	2,206	661
Other Pay - Accounting	812	1,900	(1,088)	721	91
Unemployment Insurance - Accounting	0	47	(47)	185	(185)
	<u>\$ 129,475</u>	<u>\$ 133,531</u>	(\$ 4,056)	<u>\$ 107,049</u>	<u>\$ 22,426</u>
PERSONNEL					
WAGES					
Staff - Personnel	14,666	15,129	(463)	13,878	788
FRINGE BENEFITS					
FICA - Personnel	1,298	1,331	(33)	1,248	50
Pension - Personnel	1,688	1,739	(51)	2,375	(688)
Health Insurance - Personnel	2,905	3,025	(120)	2,701	204
Sick Pay - Personnel	804	498	306	750	54
Vacation - Personnel	727	967	(240)	1,189	(462)
Holiday Pay - Personnel	523	531	(8)	500	23
Other Pay - Personnel	281	133	148	0	281
UTILITIES					
Telephone & Data Communication	8,706	13,750	(5,044)	14,886	(6,180)
Power, Water, and Trash	41,248	30,750	10,498	33,305	7,942
Two-Way Radios	3,700	6,250	(2,550)	3,657	43
	<u>\$ 76,544</u>	<u>\$ 74,102</u>	\$ 2,442	<u>\$ 74,489</u>	<u>\$ 2,055</u>
OPERATING FACILITIES					
WAGES					
Staff - Operations/Facilities	9,522	9,881	(359)	9,477	45
FRINGE BENEFITS					
FICA - Operating Facilities	837	834	2	842	(5)
Pension - Operating Facilities & Equip	1,100	1,091	9	1,090	10
Health Insurance - Operating Facilities	3,720	3,936	(217)	3,398	322
Sick Pay - Operating Facilities & Equip	329	164	165	1,207	(878)
Vacation - Operating Facilities & Equip	823	411	412	0	823
Holiday Pay - Operating Facilities & Eq	329	329	0	319	10
Other Pay - Operating Facilities & Equi	0	41	(41)	0	0
SERVICE VEHICLES					
Service Vehicle Parts & Repairs	4,009	5,000	(991)	4,290	(281)
Fuel - Services Vehicles	14,786	12,500	2,287	10,482	4,305
BUILDINGS & GROUNDS					

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

GENERAL OVERHEAD

For the 3-month Period Ending September 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VAR (\$)</u>	<u>PRIOR</u>	<u>VAR (\$)</u>
Property Insurance (OF)	3,224	3,263	(38)	3,273	(49)
Contract Maint-OF	15,529	15,100	429	15,197	332
B&G Repairs & Supplies-(OF)	13,747	20,000	(6,253)	15,703	(1,956)
	<u>\$ 67,956</u>	<u>\$ 72,552</u>	(\$ 4,595)	<u>\$ 65,279</u>	<u>\$ 2,678</u>
DISTRICT ADMINISTRATION					
WAGES					
Staff - District Administration	110,634	108,624	2,010	104,138	6,495
Bus Ad Revenue Placement	2,752	1,477	1,275	1,801	951
FRINGE BENEFITS					
FICA - District Administration	9,384	9,581	(197)	8,853	531
Pension - District Administration	12,652	12,524	128	11,680	973
Health Insurance - District Administrati	26,957	25,418	1,538	21,471	5,485
Health Insurance - Retiree & Cobra	20,627	20,858	(231)	17,889	2,738
Sick Pay - District Administration	2,329	1,754	574	628	1,700
Vacation - District Administration	6,509	8,525	(2,015)	8,646	(2,137)
Holiday Pay - District Administration	3,792	3,863	(72)	3,588	204
Other Pay - District Administration	1,317	1,509	(193)	1,063	254
Unemployment - District Administratio	6	18	(12)	27	(21)
ADMINISTRATIVE SERVICES					
Public Official Insurance	7,380	7,806	(426)	6,727	653
Legal Counsel	15,535	14,250	1,285	28,228	(12,693)
Pension Administration	2,009	2,975	(966)	1,400	609
Audit - Public Costs	11,000	21,000	(10,000)	23,000	(12,000)
Directors Fees	3,480	3,780	(300)	2,220	1,260
Office Machines Repair & Maintenanc	17,318	20,411	(3,093)	24,307	(6,989)
Miscellaneous Services	40,562	29,410	11,152	39,871	691
MISCELLANEOUS EXPENSES					
Training, Conferences & Meetings	628	2,750	(2,122)	2,714	(2,086)
Bus Ad Revenue Program (BA)	0	375	(375)	689	(689)
Mandated Fees and Permits	(13,613)	11,675	(25,288)	12,074	(25,687)
Office & Computer Supplies	10,825	14,500	(3,675)	16,583	(5,758)
Dues & Subscriptions	8,068	9,269	(1,201)	4,880	3,188
Employee Relations	975	3,600	(2,625)	2,287	(1,313)
Miscellaneous Expenses	2,271	3,750	(1,479)	1,343	927
Environmental Cleanup Costs	4,409	0	4,409	0	4,409
Overpass Site Materials	0	1,250	(1,250)	0	0
	<u>\$ 307,804</u>	<u>\$ 340,953</u>	(\$ 33,149)	<u>\$ 346,108</u>	(\$ 38,304)
GENERAL OVERHEAD	<u>\$ 581,780</u>	<u>\$ 621,138</u>	(\$ 39,358)	<u>\$ 592,925</u>	(\$ 11,146)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

BALANCE SHEET

For the 3-month Period Ending September 30, 2008

ASSETS

CURRENT ASSETS

CASH & CASH ITEMS	6,246,001	
SHORT TERM INVESTMENTS	2,013,164	
RECEIVABLES	1,393,610	
MATERIALS & SUPPLIES INVENTORY	1,237,202	
PREPAYMENTS	<u>129,263</u>	
		11,019,241

NON-CURRENT ASSETS

WORK IN PROCESS	412,428	
LAND	5,596,297	
FIXED FACILITIES	12,381,234	
BUSES	30,243,927	
NON-REVENUE VEHICLES	610,659	
SHOP EQUIPMENT	495,703	
OFFICE FIXTURES/EQUIPMENT	1,404,038	
BUS STOP EQUIPMENT	866,599	
EV RESEARCH & DEVELOPMENT	386,489	
ACCUMULATED DEPRECIATION	<u>22,017,820</u>	
		30,379,555

TOTAL ASSETS

\$41,398,795

LIABILITIES

CURRENT LIABILITIES

TRADE PAYABLES	434,868	
PAYROLL LIABILITIES	1,316,541	
OTHER CURRENT LIABILITIES	<u>3,973,838</u>	
		5,725,247

NON-CURRENT LIABILITIES

TDA DEFERRED CREDITS	<u>7,413,921</u>	
		7,413,921

TOTAL LIABILITIES

\$13,139,168

CAPITAL

FEDERAL CAPITAL

FEDERAL GRANTS	<u>27,699,666</u>	
		27,699,666

TDA & OTHER CAPITAL

TDA & OTHER CAPITAL	<u>1,615,674</u>	
		1,615,674

TOTAL CAPITAL

\$29,315,340

YTD NET GAIN (LOSS)

(\$1,055,712)

TOTAL LIABILITIES & CAPITAL

\$41,398,795

To: Chair Britton
Members of the Board of Directors
From: Sherrie Fisher, General Manager
Date: 12/11/08
Subject: Administrative Update

Happy Holidays to all readers from MTD!

Please note, that the December 30, 2008 regular MTD Board meeting has been cancelled. MTD's next regular Board meeting will take place on January 13, 2009.

Holiday greetings to the community from MTD's Board of Directors and Employees have been recorded and will air on KTYD & KLITE, beginning this weekend through the January 1st.

MTD's participation in Peoples Self Help Housing (PSHH) annual Holiday Toy Drive "Stuff the Bus" toy collection is scheduled to take place on December 17th from 9:00 AM to 12:00 PM. New unwrapped toys may be brought through December 16th to MTD's Administration building located at 550 Olive Street (hours are Monday through Friday, 8:00 AM-5:00 PM).

New bus passes will be made available to the public for purchase effective Monday, December 15th. Staff is working with businesses and agencies that have historically purchased passes in bulk to help with the transition period.

Additionally, the Accounting department and the Marketing department are working collaboratively to inform our passengers of the transition process for the new passes. Old passes will be honored through the end of January 2009.

The Santa Barbara County Association of Governments (SBCAG) has approved MTD's application to allocate the FY 08-09 Prop 1B Transit Capital Investment funds to the purchase of seven replacement buses. Staff is awaiting final approval from Caltrans to proceed before entering into a contract for the production of these buses.

The "Riders Welcome" campaign is in the final design stages and will launch in early January. The campaign will have print, radio, television, and movie theatre components. The campaign will feature MTD riders.

As a member of the Santa Barbara Transit Advisory Council (SBTAC), David Damiano has been working on a new county wide transit resource guide. The guide should be printed and ready for distribution In January 2009.

There was no service on Thanksgiving Day and day after Thanksgiving (running on a Sunday service schedule) was completed with no incident. The day before Thanksgiving, MTD increased booster service on lines that travel on the freeway to improve schedule adherence. Historically, this is the most difficult day on 101.

The December 5th State Street Parade caused only minor detours and road closures. MTD's operations department was aware of this parade route (and others) and planned necessary detours.

MTD vehicles are being featured with holiday décor on Coast Village Road on Dec. 11th, in the Old Time Milpas Street Holiday Parade on Dec. 12th with Danny Villa as driver. And, in the Carpinteria Spirit Parade on Dec. 13th

The Driver Winter Bid took effect on last Monday.

Congratulations to new Driver, Chris Trevino, who just completed his training. Keep an eye out for him along your favorite routes. Driver trainees, Misael Rodriguez and Alex Ramirez are doing well in their training.

Bus #413 is down for an engine overhaul.

The test of the Donaldson two-stage diesel particulate filter (DPF) and NOx catalyst combination exhaust muffler system on MCI #800 continues with no significant events to reports at this time.

Rebuild of Charger #14 is in progress as time allows. In the interim EV #14 is being charged with spare Charger RCXX.

On December 11th, Bus #900 will be taken to National Auto Body for body damage repair of rear right side.

Work on one of Buses #429 - #433 for modification of the HVAC system to activate heater mode is tentatively rescheduled for December 12th.

Tiara Lakey and I attended the Partners in Education, President's Council Breakfast Wednesday morning joined by Goleta Mayor & MTD Board Director, Roger Aceves. We joined MTD Chair John Britton at Southern California Edison's table. The event recommended many ways that local business can assist area students, from mentoring, donations to its programs, gardening and reading with students.