

**STARK AREA  
REGIONAL TRANSIT AUTHORITY**

Single Audit Report

For the Year Ended December 31, 2004

(With Independent Auditors' Reports Thereon)





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Stark Area Regional Transit Authority  
1600 Gateway Blvd. SE  
Canton, Ohio 44707

We have reviewed the *Independent Auditor's Report* of the Stark Area Regional Transit Authority, Stark County, prepared by Watson, Rice & Co., for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark Area Regional Transit Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 8, 2005

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**STARK AREA REGIONAL TRANSIT AUTHORITY**

Single Audit Report

For the Year Ended December 31, 2004

Table of Contents

	Page
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on the Audit Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Trustees  
Stark Area Regional Transit Authority  
Canton, Ohio

Betty Montgomery, Auditor of State  
Columbus, Ohio

We have audited the financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2004 and have issued our report thereon dated April 23, 2005. 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 the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily describe all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 finance committee, Board of Trustees, management, others within the organization and federal awarding agencies and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

April 23, 2005

*Watson, Rice & Co.*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To The Board of Trustees  
Stark Area Regional Transit Authority  
Canton, Ohio

Betty Montgomery, Auditor of State  
Columbus, Ohio

**Compliance**

We have audited the compliance of the Stark Area Regional Transit Authority (the "Authority") 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 December 31, 2004. The Authority'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 Authority's management. Our responsibility is to express an opinion on the Authority'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 Authority'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 Authority's compliance with those requirements.

In our opinion, the Authority 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 December 31, 2004.



### **Internal Control Over Compliance**

The management of the Authority is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2004, and have issued our report thereon dated April 23, 2005. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the Authority's basic financial statements taken as a whole. 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. 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 of the finance committee, Board of Trustee, management, others within the organization, federal awarding agencies, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Watson, Rice & Co.*

April 23, 2005

**STARK AREA REGIONAL TRANSIT AUTHORITY  
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Federal CFDA Number</b>	<b>Federal Grant Number</b>	<b>Grant Expenditures</b>
Federal Grantor/Program Title			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
FEDERAL TRANSIT CLUSTER			
Direct Program:			
Federal Transit Administration - Capital and Operating Assistance Formula Grants	20.507	OH-03-0204	\$ 452,222
		OH-03-0221	179,083
		OH-03-0235	135,791
		OH-03-0260	1,440
		OH-90-0326	33,636
		OH-90-0934	30,126
		OH-90-0376	462,657
		OH-90-0417	1,681,243
		OH-90-0434	395,380
		OH-90-0474	<u>1,089,737</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$4,461,315</u>

See Note to the Supplemental Schedule of Expenditures of Federal Awards.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**NOTE TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. BASIS OF PRESENTATION:**

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Stark Area Regional Transit Authority under programs financed by the U.S. Government for the year ended December 31, 2004. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**Summary of Auditors' Results:**

- > Type of Report issued on the Financial Statements as of and for the Year Ended December 31, 2004 - Unqualified.
- > Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements – No.
- > Noncompliance Noted that is Material to the Financial Statements of the Authority - None.
- > Reportable Conditions in Internal Control Over Major Federal Financial Assistance Programs Disclosed by the Audit of the Financial Statements - No.
- > Type of Report Issued on Compliance for Major Federal Financial Assistance Programs - Unqualified.
- > The audit disclosed no findings required to be reported under Section 510(a) of OMB Circular A-133.
- > Major Federal Financial Assistance Programs Identified for the Year Ended December 31, 2004:
  - >Federal Transit Cluster
    - > CFDA #20.507: Federal Transit Administration –  
Capital and Operating Assistance Formula Grants
- > Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$300,000.
- > The Authority is considered to be a Low Risk Auditee as defined under OMB Circular A-133.

**Findings Related to the Financial Statements that are Required to be Reported Under *Government Auditing Standards*:**

None.

**Findings and questioned Costs Relating to Federal Awards:**

None.

# STARK AREA REGIONAL TRANSIT AUTHORITY

## Comprehensive Annual Financial Report for the year ended December 31, 2004



Charles Odingbe

Charles DeGraff

**Executive  
Director/CEO**

**President, Board of  
Trustees**

Issued by  
The Department of Finance & Administration  
Carole A. Winchell, CPA, MBA  
Director

STARK COUNTY, OHIO



# SARTA

**Comprehensive Annual Financial Report  
for the year ended December 31, 2004**

STARK COUNTY, OHIO

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**Introductory  
Section  
2004**

# **SARTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b><u>INTRODUCTORY SECTION</u></b>	
Table of Contents	1
Letter of Transmittal	3
Economic Condition and Outlook	7
Organization Charts	13
Board of Trustees and Management	18
Municipalities in Stark County	19
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	21
Management and Discussion Analysis	23
<b>Financial Statements</b>	
Comparative Balance Sheet	31
Comparative Statement of Revenues and Expenses	32
Comparative Statement of Cash Flows	33
Notes to Financial Statements (The notes to the financial statements are an integral part of the basic financial statements)	34

## **STATISTICAL SECTION**

Operating Statistics	44
Revenues and Expenses by Source	45
<b>Graph</b>	
Expenses by Object Class	47
Demographics	53



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FAX: (330) 454-5476 • www.sartaonline.com

June 30, 2005

Charles DeGraff, President

Members, Board of Trustees

Stark Area Regional Transit Authority and Residents of Stark County

It is our pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of Stark Area Regional Transit Authority (SARTA) for the year ended December 31, 2004. This is the second time SARTA has published the report, and anticipates expanding information contained in this report as we progress through future years. We do anticipate, however, that this will be the standard format we will continue to use in presenting the results of SARTA's operations, financial position, cash flows and related statistical information.

This report contains financial statements and statistical data that provide full disclosure of all the material financial operations of SARTA. The financial statements and statistical information are the representations of SARTA management, which bears the responsibility for their accuracy, completeness and fairness. In conformance with generally accepted accounting principles, this report was developed on the accrual basis of accounting, treating SARTA as a single enterprise fund. This CAFR is indicative of SARTA's commitment to provide accurate, concise and high quality financial information to the residents of Stark County and other interested parties.

Management would like to acknowledge and thank the members of the CAFR team, whose tireless efforts made this CAFR possible. The team members were: Randy Cox, Roxanne Carmen, Venetta Tyson, Marie Grealis, Deborah Hill and Carole Winchell.

The CAFR is divided into three sections as follows:

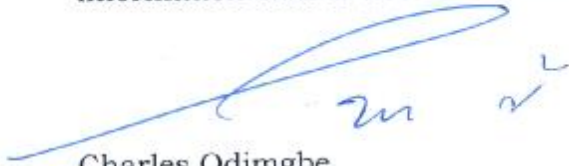
The **INTRODUCTORY SECTION** contains the title page, the table of contents, this letter of transmittal, the SARTA organizational chart, a listing of the members of the Board of Trustees and management of SARTA and a map of the municipalities in Stark County.

The **FINANCIAL SECTION** contains the Independent Auditor's Report, the SARTA comparative financial statements and the notes to the financial statements. The notes to the financial statements are an integral part of the

*Come ride with us!*

basic financial statements. Readers are directed to the Management Discussion and Analysis included in this section.

The **STATISTICAL SECTION** contains financial, economic and demographic information that is useful for indicating trends for comparative fiscal periods.



Charles Odingbe  
Executive Director/CEO/CFO



Government Finance Officers Association  
203 N. LaSalle Street - Suite 2700  
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

March 8, 2005

Deion Cash  
President  
Stark Area Regional Transit Authority  
1600 Gateway Boulevard SE  
Canton OH 44707

Dear Mr. Cash:

We are pleased to notify you that your comprehensive annual financial report for the fiscal year ended **December 31, 2003** qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The Certificate of Achievement plaque will be shipped to:

**Carole A. Winchell, MBA, CPA**  
**Director, Finance & Administration**

under separate cover in about eight weeks. We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. To assist with this, enclosed are a sample new release and the Certificate Program "Results" for reports with fiscal years ended during 2002 representing the most recent statistics available.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,  
Government Finance Officers Association

Stephen J. Gauthier, Director

Technical Services Center

SJG/ds

## **FINANCIAL INFORMATION**

### **Internal Control**

SARTA is responsible for establishing and maintaining an internal control system designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation. The valuation of costs and benefits requires estimates and judgments by management. SARTA's management believes its internal controls are adequate.

### **Basis of Accounting**

SARTA's accounting records are maintained on the accrual basis. The activities are reported through the use of a single enterprise fund.

### **Budgetary Control**

SARTA prepares its annual operating budget and capital budget on the accrual basis of accounting. Department heads submit their budget proposals to the Director of Finance & Administration who assembles the budget, which is then presented to the Executive Team. The Executive Team adjusts and/or approves the budgets, which are then submitted to the Board Finance Committee. The Board Finance Committee submits the Budget to the Board at a public meeting. After a period of open discussion, the annual operating and capital budget is adopted.

Budgetary control is maintained at the department level. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. Budget amendments may be submitted to the Board one or more times throughout the operating year.

Capital purchases may extend beyond the one-year period, and local match funds are identified in each year's budget, even if carried over from prior years. Lead times for buses and construction schedules are examples of two items that may take many months from Board approval to completion.

## ECONOMIC CONDITION AND OUTLOOK

SARTA's service area is within the boundaries of Stark County, Ohio. The County consists of nineteen municipalities (cities and villages) and seventeen townships. The seat of the county government is the City of Canton. Stark County covers an area of 567 square miles, and the 2000 Census population is 378,098 and estimated at 377,940 in 2002.

Stark County's economic development emphasis has been on the non-manufacturing sector in recent years. Several manufacturing companies remain among the largest employers, but now there are also numerous large service industry employers in the county. The Timken Company, Aultman Hospital and Stark County Government are the three largest employers.

The County's economy has grown significantly since the recession of the 1980's. Employment in the County has grown from a low in 1983 of 149,298 to 185,647 in 2002 with the increase attributable in great part to increased employment in non-manufacturing industries.

The County's total work force has exhibited a steady slow growth in recent years as shown in the following:

1998	180,400
1999	179,400
2000	181,800
2001	184,800
2002	185,647
2003	192,735
2004	189,335

The Stark County Unemployment rate was 6.41% and 6.55% in 2003 and 2004, respectively. Stark County did experience a slight decrease in unemployment to 5.4% in 2004.

The taxable value of real property in Stark County was \$5,371,131,720 in 2003 and \$6,015,476,300 in 2004.

**Note:** Statistics obtained from the Ohio Department of Development and the Stark County Auditor's records and are the latest available at the time of publication.



## CURRENT YEAR REVIEW

During the years 2003 and 2004, SARTA received the following awards:

- “First Place” in the Special Events category from the Ohio Department of Transportation (ODOT); Ohio Public Transit Association (OPTA) “Optimist Award”; Special Event Title “Come Ride with Us”;
- First Place in the Best Websites category from the ODOT/OPTA Optimist Award for two years running, Website Address: [www.sartaonline.com](http://www.sartaonline.com).
- First Place in the Audio Visual category from the ODOT/OPTA Optimist Award; Audio Visual Title: “SARTA Open House”;
- First Place in the Electronic Media category from the ODOT/OPTA Optimist Award, Ad Title: “Holiday Promotion”;
- The “2003 Executive of the Year” awarded at the 2003 Annual Training Conference in Washington, DC.
- Best Website for 2004;

Ridership figures for the Agency reflect the population trends in the County. The Ridership figures for the Fixed Route show some fluctuations over the years while that of the Paratransit service shows significant growth during the past ten years and presents the Agency with growth opportunity for future years as the population continues to mature.

<b>Year</b>	<b>Fixed</b>	<b>Paratransit</b>
1994	1,166,334	21,804
1995	1,001,462	20,244
1996	780,054	19,323
1997	734,111	20,804
1998	1,288,012	67,874
1999	1,341,237	88,608
2000	1,260,402	97,155
2001	1,348,906	95,155
2002	1,196,725	105,832
2003	1,371,788	112,756
2004	1,463,250	135,450

The Agency is committed to providing the best and safest overall service to the Stark County residents. To this end, SARTA operates and maintains a comprehensive preventive maintenance schedule on all its revenue and non-revenue vehicles; and also adheres to a 15-year bus replacement plan that monitors the Agency’s planned yearly bus replacement schedule. This plan is in accordance with Federal Transit Administration (FTA) guidelines. The SARTA fleet consists of eight-six (86) revenue buses and fourteen (14) service vehicles. The

revenue buses are composed of forty-two (42) fixed route buses and forty-four (44) Paratransit buses.

With the installation of bus stops throughout the urban areas of the county, SARTA moved away from flag stops to the use of bus stops as the means to pick up and drop off passengers. This does not affect the rural area where flag stops are still permitted. This change will provide more safety to riders, as well as minimizing wear and tear on the vehicles.

## **FUTURE PLANS**

SARTA continues to look to the future not only for short-term goals but long range planning and projects that would benefit SARTA's clients and the community.

1. Belden Village & Additional Transfer Centers. In order to make the heavily utilized Belden Village area more rider-friendly, a transit transfer site will be placed in immediate proximity to the area of stores and businesses. The site will accommodate the current requirement of six buses pulling in, up to a maximum of ten buses, including circulators for the area. The total time from inception of the project to completion is projected to be three years, due to the land acquisition process. In addition to the Belden Village area, SARTA will explore other heavily utilized areas that could accommodate and benefit from our service.
2. Improved Shelter/Bus Stops. Five shelters with ADA (explain)accessibility and 25 bus stops with lighting and schedules (with Braille).
3. Shelter Estimated Time of Arrival Displays. An Arrival/Departure Information system that would be seen and heard at all transfer centers.
4. Bicycle Racks. Installation of bicycle racks on each bus with the capability.
5. Fare Box Replacement. Replacement of fare boxes in each of the fixed routes and curb-to-curb fleet of 86 buses. A new fare box system will provide SARTA with the opportunity to upgrade the software that generates the necessary fare collection data reports. The current software is DOS driven and the computer equipment itself is antiquated.
6. Lincoln Way Corridor. Bus pull-offs and decorative shelters along the Lincoln Way corridor. This historic roadway extends from Whipple to Jackson Avenue. SARTA, local and state politicians, business owners, residents and engineering experts are working in an effort to design a detailed plan for green-space, drainage and ingress/egress issues along this corridor. SARTA bus routes and customized shelters will be included as development continues.
7. Tri-County Service. Expansion of service to Holmes and Wayne counties including joint operated bus services and transfer locations between counties.
8. Route Timing and Adjustments. Route adjustments, timing and professional services/software needed to assist SARTA staff in planning and development of increased runs and creation of hybrid pulse/pull-through runs.

SARTA currently operates a hub or pulse system that will require future pull-through type modifications due to increased service and bus requirements.

9. Park and Ride. Building of four Park-and-Ride locations including parking lots and coordination with express runs. The Interstate 77 corridor (north and south) would be provided traffic congestion mitigation with Park-and-Ride locations and future consideration given to the Route 30 (east and west) corridor. The Tri-County Service project will include Park-and-Ride services with specialized consideration given to the Amish community requirements.
10. Bus Lanes. Four bus pull-off lanes in high traffic areas. These pull-offs require right-of-way acquisitions, sidewalks, cement pads, shelters and traffic studies to enable SARTA buses egress from high traffic roadways to board and de-board passengers in safe locations along existing SARTA routes.
11. Enhanced Security. Various projects to enhance security within SARTA system including on-board and transit station cameras, security personnel and ongoing SARTA staff training.

### ACKNOWLEDGMENT

This report was organized, prepared, typed, proofread and prepared for printing by Carole A. Winchell, Director, Finance & Administration.

Thanks to the staff of Watson, Rice & Company for their review of the document for completeness.

A handwritten signature in blue ink, consisting of a large, sweeping loop followed by the letters 'CO' and a checkmark.

---

**Charles Odimgbe**  
Executive Director/CEO

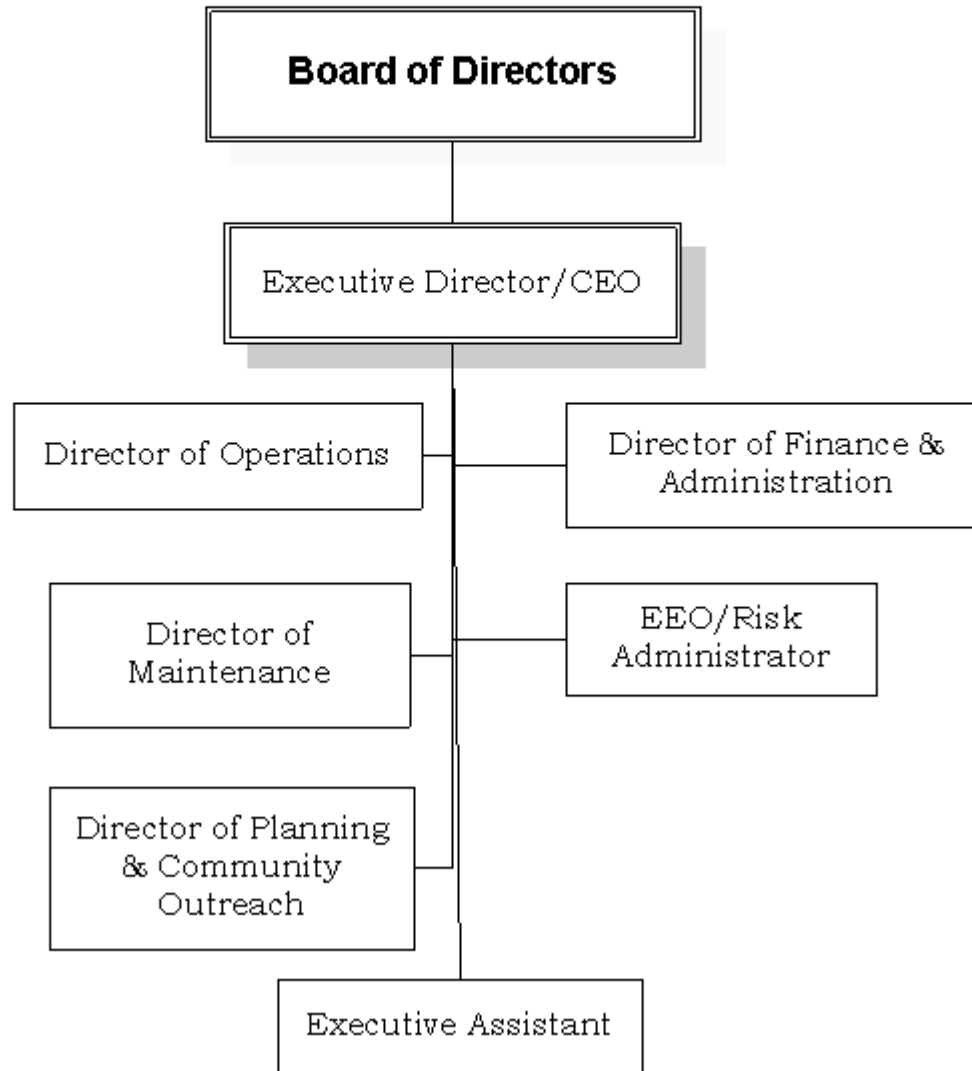
A handwritten signature in blue ink, written in a cursive style that reads 'Carole A. Winchell'.

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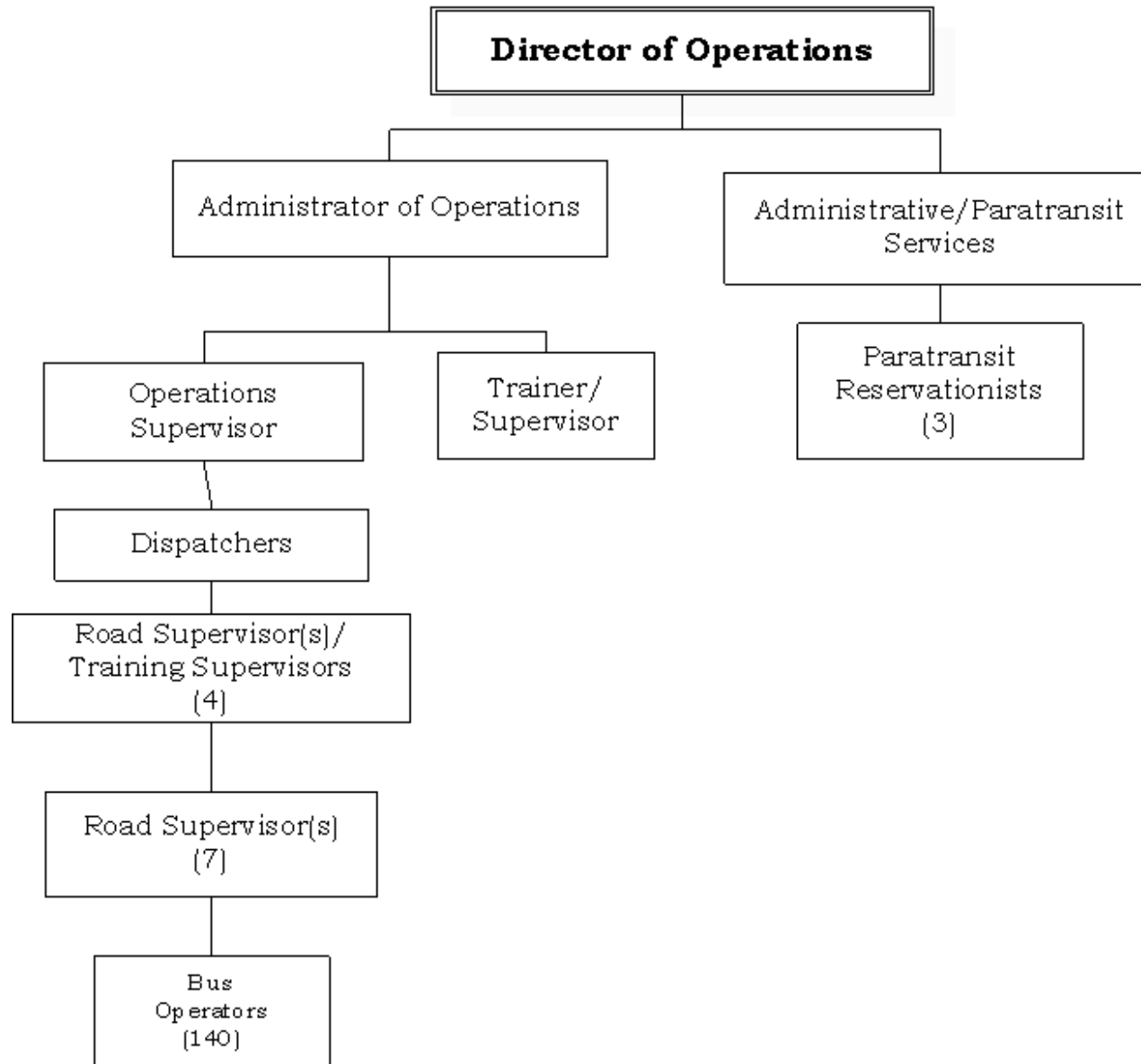
**Carole Winchell, CPA, MBA**  
Director of Finance & Administration

# Stark Area Regional Transit Authority

## Board of Trustees 2004

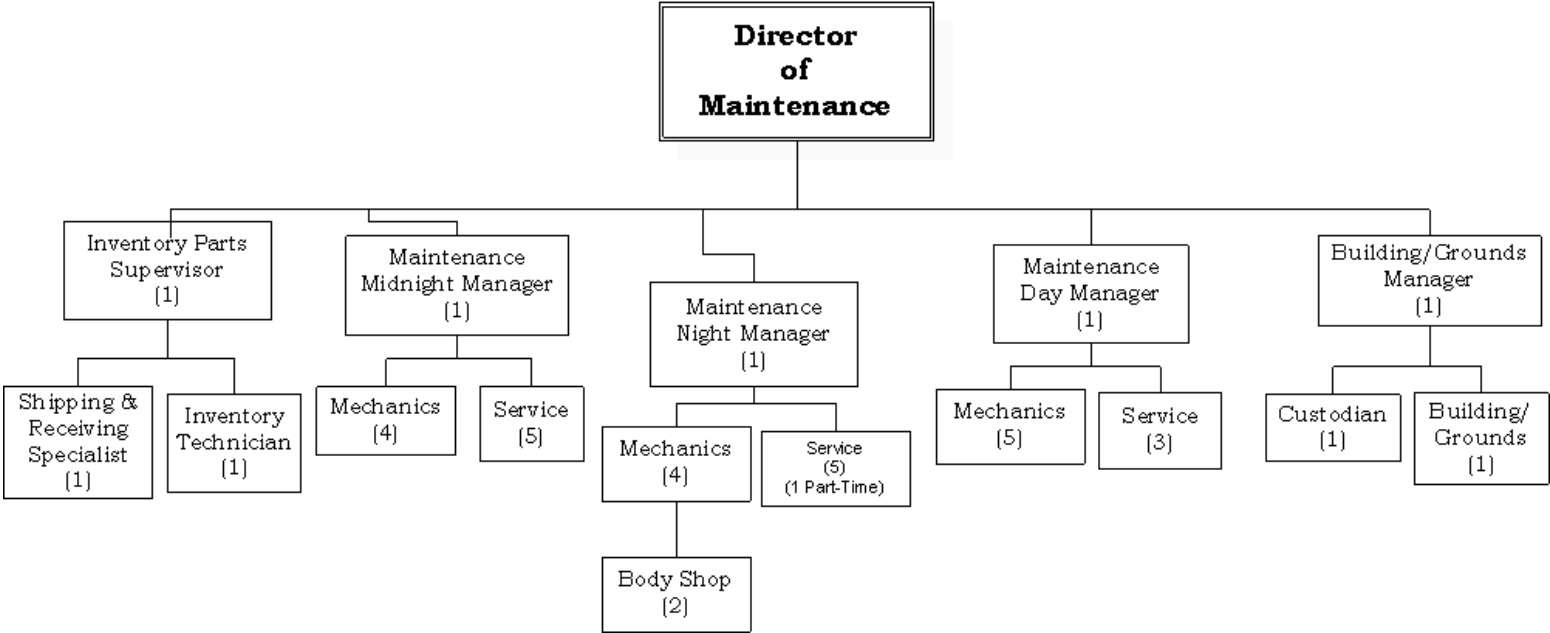


# Stark Area Regional Transit Authority Operations 2004



# Stark Area Regional Transit Authority

## Maintenance 2004

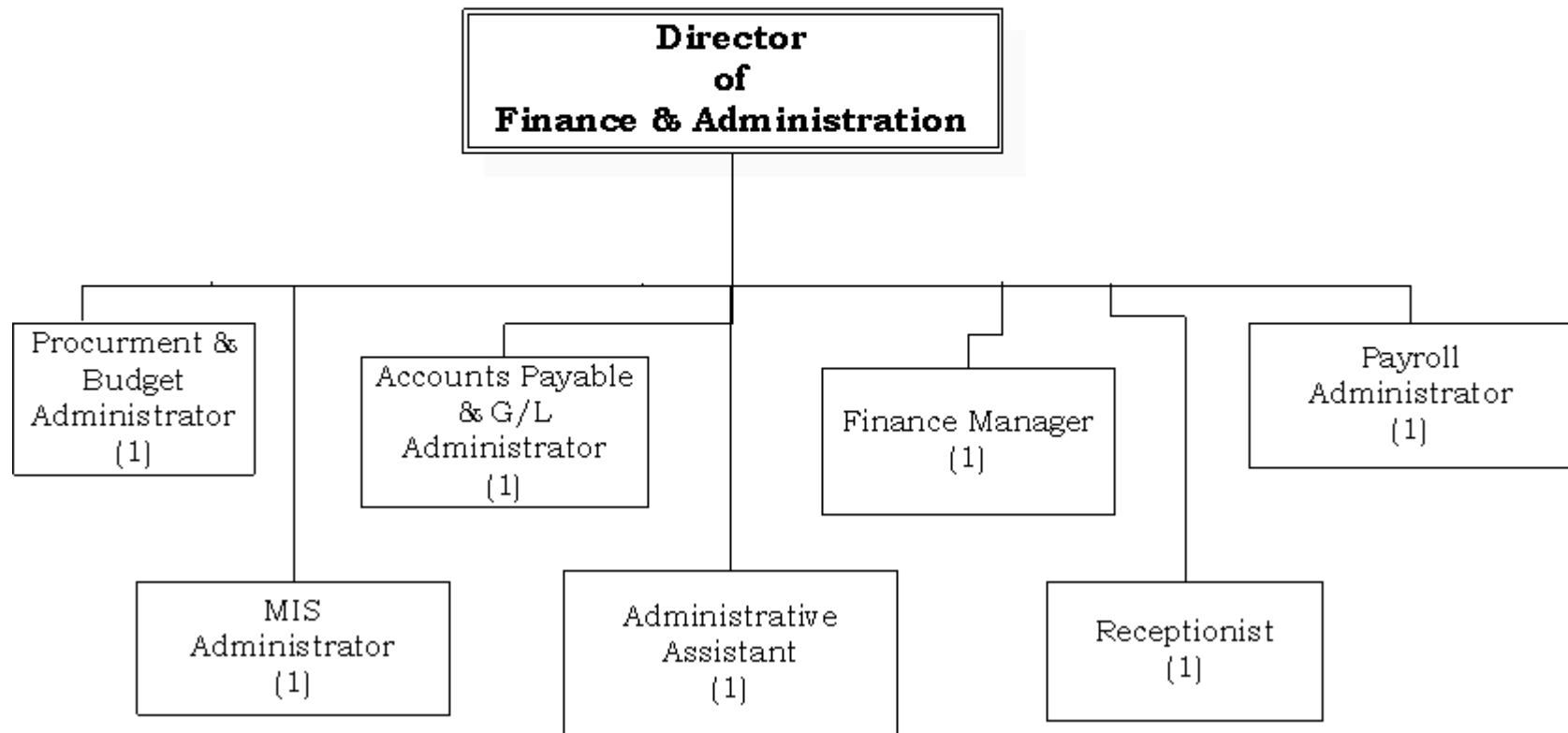




# Stark Area Regional Transit Authority

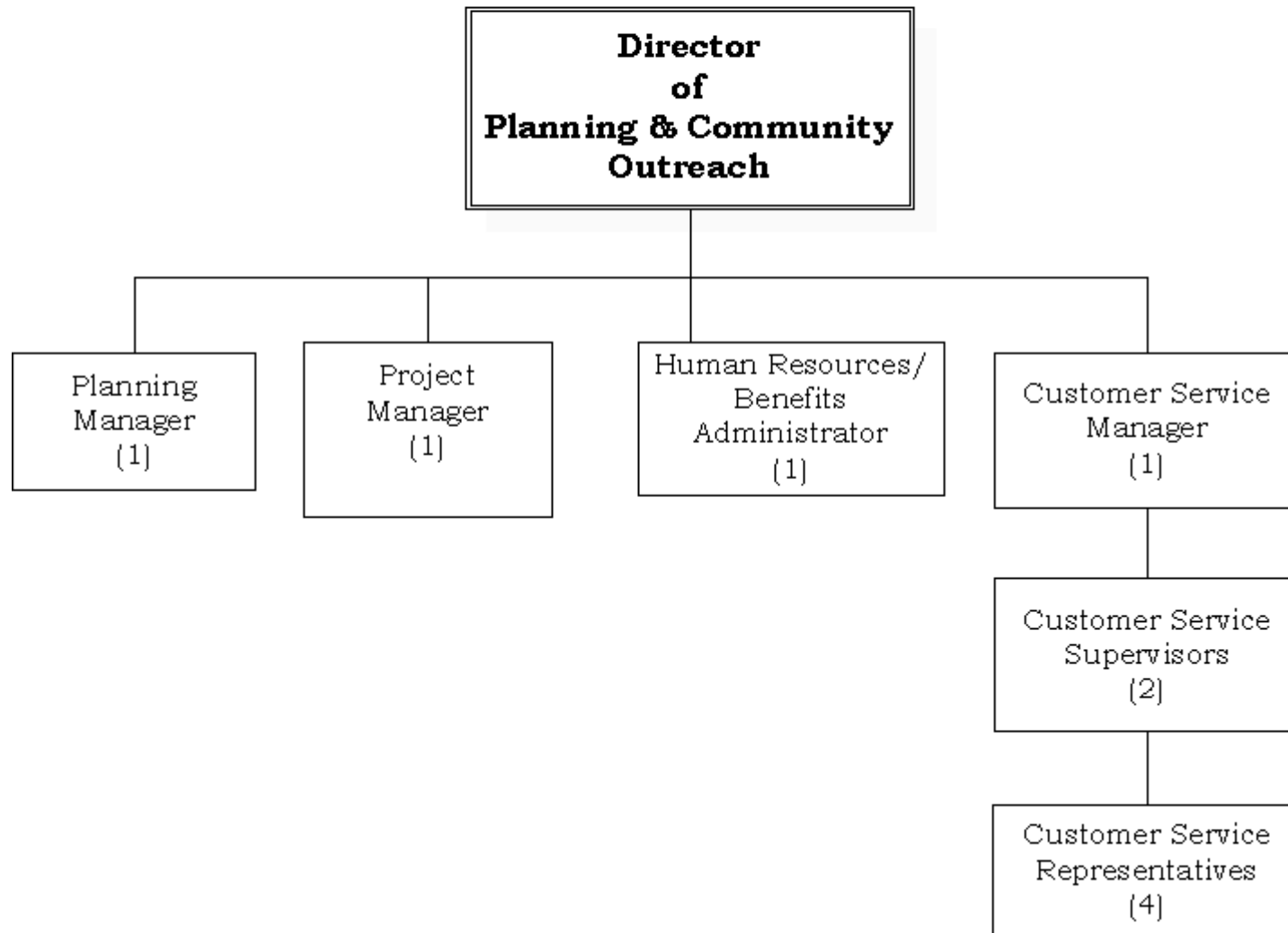
## Finance and Administration

### 2004



# Stark Area Regional Transit Authority

## Planning and Community Outreach 2004



**SARTA**

**BOARD OF TRUSTEES AND  
MANAGEMENT**

As of December 31, 2004

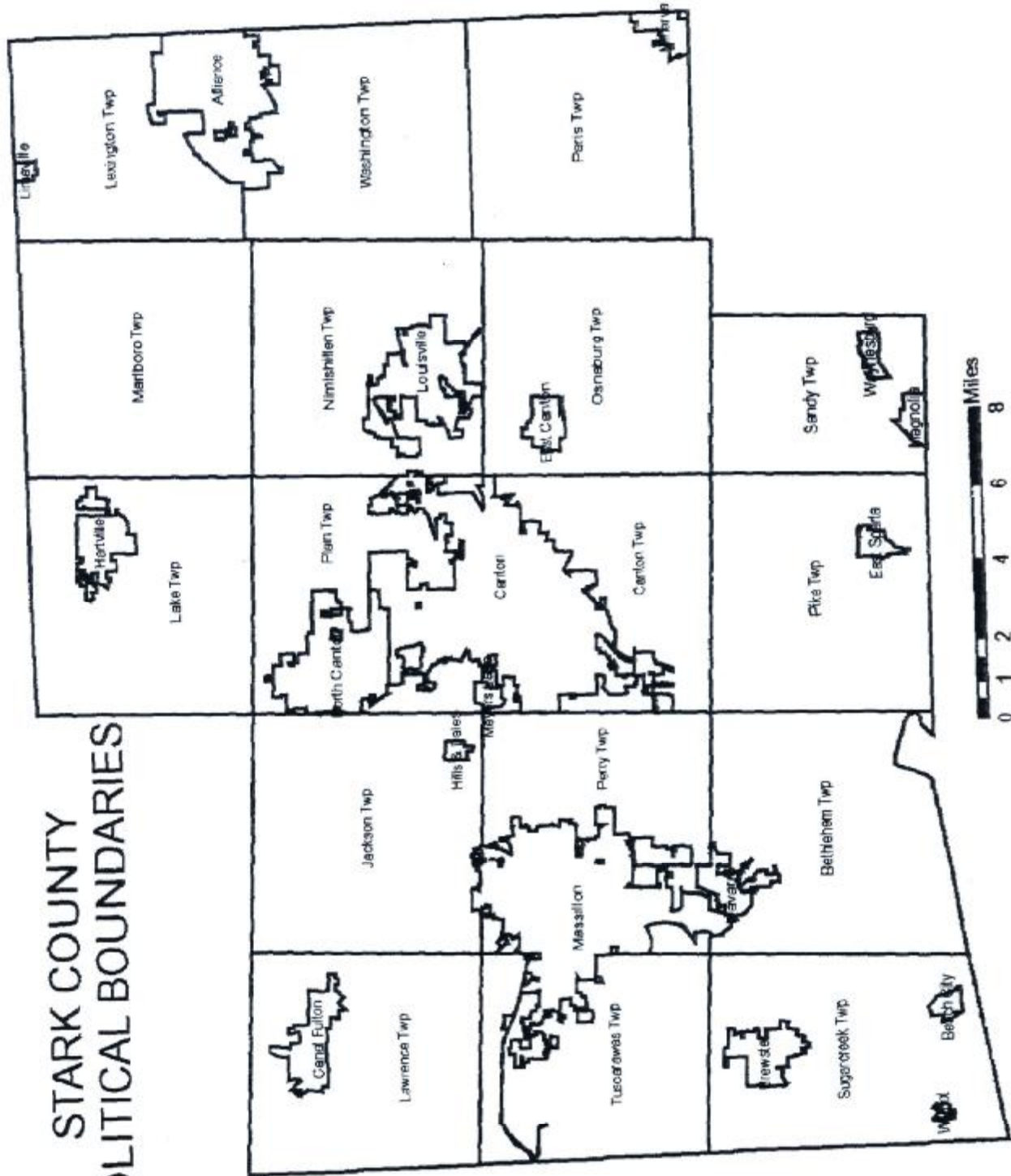
**BOARD OF TRUSTEES**

President	Charles DeGraff
Vice President	Nancy Johnson
Trustees	Gerald Bixler Phyllis Beyers Randy Bond Amanda Fletcher Fredrick Allen Moor William Rudner Chet Warren

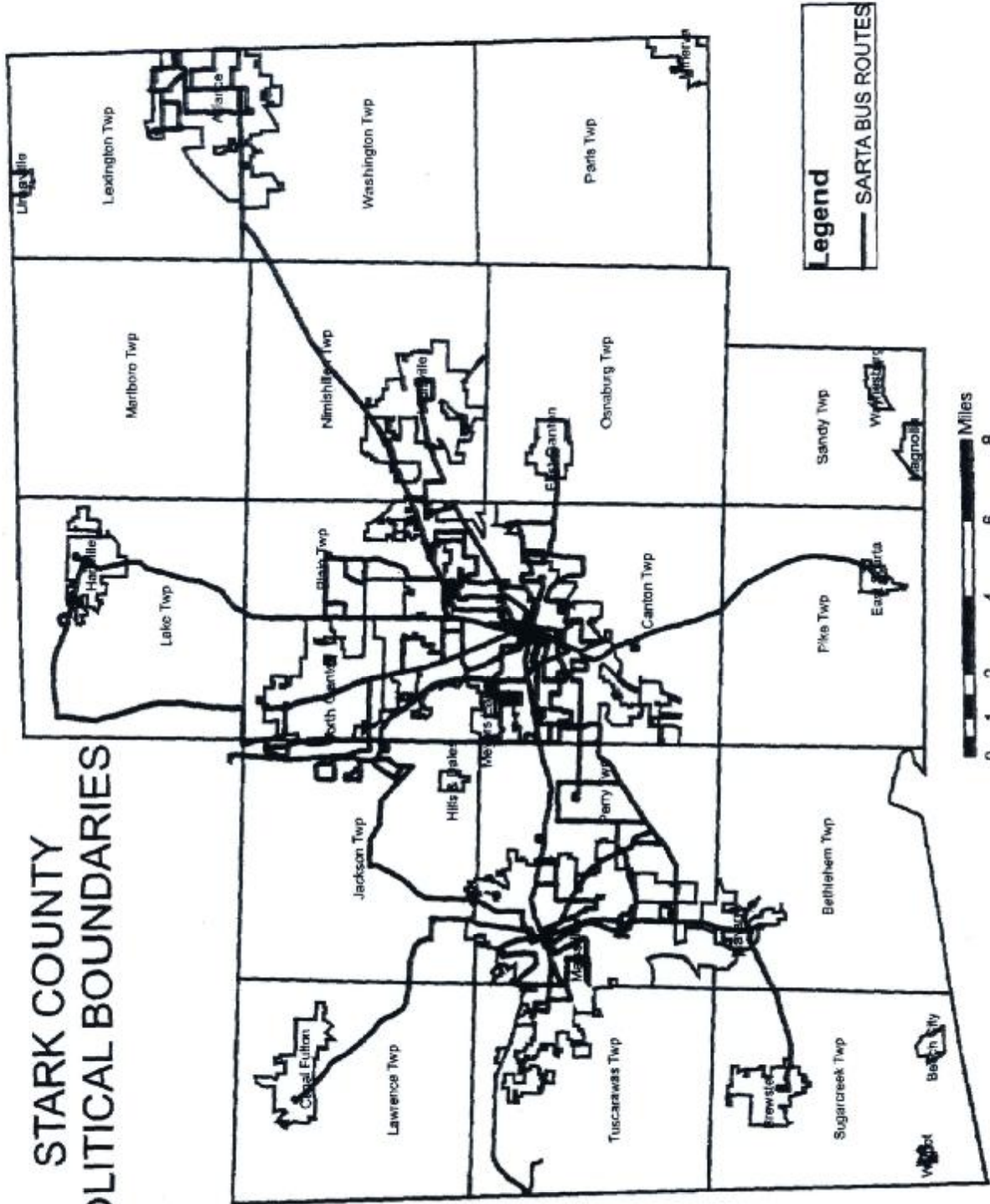
**MANAGEMENT**

Executive Director/CEO	Charles Odingbe
Director of Operations	Jerry Shilling
Director of Finance and Administration	Carole Winchell
Director of Maintenance EEO/Safety and Risk Administrator	Epifanio Zayas
Customer Service Manager	Theo Efobi Jack Thompson

# STARK COUNTY POLITICAL BOUNDARIES



# STARK COUNTY POLITICAL BOUNDARIES



**Financial  
Section  
Basic Financial  
Statements & Notes  
2004**

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Stark Area Regional Transit Authority  
Canton, Ohio

Betty Montgomery, Auditor of State  
Columbus, Ohio

We have audited the accompanying basic financial statements of the Stark Area Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2004 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Authority as of December 31, 2004 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2005 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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.

The Management's Discussion and Analysis on pages 23 through 30 is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements. The introductory section, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

April 23, 2005

*Watson, Rice & Co.*



## **Stark Area Regional Transit Authority Management Discussion and Analysis**

As the financial management of the Stark Area Regional Transit Authority (Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

### **Financial Highlights**

- ✓ The Authority's total net assets increased \$1,189,782 or 6% over the course of the year's operations. This increase was principally due to federal and state capital funding grants for preventative maintenance; the construction of the new transfer center, Cornerstone; and acquisition of buses.
- ✓ The Authority's operating expenses, excluding depreciation, in 2004 were \$902,007 higher than 2003, a 7.4% increase, due to budgeted increases in wages, health care premiums and liability insurance premiums.
- ✓ Operating income for the Authority was \$50,417 higher in 2004, primarily due to increases in total collections of fare revenues from fare box revenues, pass and ticket sales and special event fares.
- ✓ Sales tax revenues for the Authority were \$691,216 higher than 2003, a 6.44% increase over 2003. As sales tax revenues account for approximately 68% of all funding, it is important that inflationary increases are realized year by year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. This report contains supplementary information concerning the Authority's net assets and changes in net assets in addition to the basic financial statements themselves.

### **Required Financial Statements**

The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector business.

The balance sheets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, results in increased net assets, which indicate improved financial position.

The statements of revenues, expenses, and changes in net assets present information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### **Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of this year's activities?" The statement of net assets and the statement of revenues, expenses and changes in net assets report information about the Authority's activities in a way that will help answer this question. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population decline or growth and new or changed governmental legislation.

## Stark Area Regional Transit Authority's Net Assets

	2003	2004
Current assets	\$ 6,664,633	\$ 7,049,322
Capital assets, net	<u>\$14,524,021</u>	<u>\$15,566,390</u>
Total assets	\$21,188,654	\$22,615,712
Current liabilities	\$ 1,385,190	\$ 1,622,466
Total liabilities	\$ 1,385,190	\$ 1,622,466
Net assets:		
Invested in capital assets	\$14,524,021	\$15,566,390
Restricted for capital assets	\$ 211,276	\$ 529,449
Unrestricted	<u>\$ 5,068,167</u>	<u>\$ 4,897,408</u>
Total net assets	\$19,803,464	\$20,993,246

As can be seen from the table above, net assets increased \$1,189,782 to \$20,993,246 in 2004 up from \$19,803,464 in 2003. The 6% increase was principally due to capital funding to purchase buses, equipment, and renovate the Gateway facility.

By far, the largest portion of the Authority's net assets reflects investment in capital assets (e.g., diesel buses, operating facilities including three transfer centers and the garage/maintenance and administrative building). The Authority uses these capital assets to provide public transportation service for Stark County citizens. These assets are not available to liquidate liabilities or to cover other spending.

For more information on capital assets, readers are referred to the Notes to the Financial Statements.

## CHANGE IN NET ASSETS

	2004	2003
Operating revenues		
Passenger fares	\$ 797,554	\$ 788,246
Special transit fares	146,432	122,500
Auxiliary transportation revenue	57,483	40,306
Total operating revenues	<u>1,001,469</u>	<u>951,052</u>
Operating expenses		
Labor	6,381,800	5,680,342
Fringe benefits	3,652,213	3,810,667
Materials & supplies	1,207,937	998,117
Services	434,678	378,009
Utilities	203,814	194,100
Casualty & liability	671,035	577,728
Leases & rentals	5,456	5,810
Miscellaneous	539,293	549,446
Total operating expenses before depreciation	<u>13,096,226</u>	<u>12,194,219</u>
Operating loss before depreciation expense	<u>(12,094,757)</u>	<u>(11,243,167)</u>
Depreciation expense	<u>2,425,655</u>	<u>2,636,151</u>
Operating Loss	(14,520,412)	(13,879,318)
Non-operating revenues (expenses):		
Sales tax proceeds	11,430,900	10,739,684
Federal preventative maintenance	775,000	1,614,143
State preventative maintenance	240,000	320,001
Elderly and disabled assistance	48,290	83,680
Federal planning grants		37,699
State planning grants	5,966	36,773
Local grants	6,820	17,500
Investment/Interest income	24,751	15,785
Gain/(loss) on disposal	1,567	(38,807)
Non-transportation revenues	40,933	11,041
Non-operating revenues/expenses - net	<u>11,559,227</u>	<u>12,826,458</u>
Capital grant revenue		
Federal Capital Grant	2,669,397	3,128,956
Federal Preventive Maintenance Grant	775,000	1,614,143
State Preventive Maintenance Grant	240,000	320,001
State Capital Grants	540,873	592,098
Total preventive maintenance & capital grants	<u>4,225,270</u>	<u>5,655,198</u>
<b>Change in net assets</b>	<b><u>1,189,782</u></b>	<b><u>3,068,738</u></b>
Net assets, beginning of year	19,803,464	16,734,726
Net assets, end of year	20,993,246	19,803,464

Summary of Revenues:	2004	2003
Operating Revenues	\$ 1,001,469	\$ 951,052
Non-Operating Revenues	\$ 11,559,227	\$ 12,826,458
Grant Revenues	\$ 4,225,270	\$ 5,655,198
Total Revenues	\$ 16,785,966	\$ 19,432,708

Summary of Expenses	2004	2003
Operating Expenses	\$ 13,096,226	\$ 12,194,219
Depreciation Expenses	\$ 12,094,757	\$ 11,243,167
Total Expenses	\$ 25,190,983	\$ 23,437,386

The Authority's operating revenues increased \$50,417 (5.3%) to \$1,001,469 in 2004 (\$797,554 ordinary passenger fares, \$146,432 in special event fares, and \$57,483 in bus side advertising and miscellaneous sales). Operating revenues are generated mainly from pass sales, ticket sales, special event fares and fare box cash paid by riders/passengers, and a small amount of revenue is generated by the sale of advertising space on the exteriors and interiors of buses. Operating expenses, excluding depreciation, increased \$902,007 or slightly more than 7% as compared to the prior year, mainly due to rising insurance and medical insurance costs, and increases in wages. Depreciation expense decreased by \$210,496, or as the Authority sought in 2003 to recognize total mileage usage per FTA standards, thereby increasing that year's expenses over prior years. In 2004, this shift to mileage usage continued, as the small buses were used more extensively for both fixed routes and special events.

The 2004 decrease in other non-operating revenues of \$1,267,231, or 9.8%, is primarily related to the authority's increasing use of federal and state grant dollars for assets, thereby decreasing overall funding availability for preventative maintenance and planning activities, which was not offset by the increase in sales tax revenues.

## Changes in Cash Flow

	<u>2003</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	967,029	934,396
Cash payments to suppliers for goods & services	(2,713,694)	(3,176,526)
Cash payments to employees for salaries and wages	(5,625,977)	(6,411,203)
Cash payments to employees for benefits	(4,028,017)	(3,663,689)
Net cash used in operating activities	<u>(11,400,659)</u>	<u>(12,317,022)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received	10,601,662	11,223,493
Operating & Preventive maintenance grants received	2,060,819	1,068,332
Other	11,041	40,933
Net cash provided by noncapital financing activities	<u>12,673,522</u>	<u>12,332,758</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal Capital Grant Revenue	3,450,108	2,582,041
State Capital Grant Revenue	278,353	93,143
Acquisition of fixed assets & work in process	(3,700,821)	(3,463,998)
Proceeds from sale of fixed assets		<u>1,567</u>
Net cash used in capital and related financing activities	<u>27,640</u>	<u>(787,247)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received from investments	<u>15,785</u>	<u>24,751</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,316,288</b>	<b>(746,760)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>1,409,094</u></b>	<b><u>2,725,382</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u><u>2,725,382</u></u></b>	<b><u><u>1,978,622</u></u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	(13,879,318)	(14,520,412)
Adjustments to reconcile operating loss to Net cash used in operating activities:		
Depreciation	2,636,151	2,425,655
Change in assets and liabilities:	2003	2004
(Increase) Decrease in Accounts receivable - trade	15,996	(67,073)
(Increase) Decrease in Materials and supplies inventory	115,088	22,240

(Increase) Decrease in Prepaid expenses and other assets	516	(348,053)
(Increase) Decrease in Accounts payable	64,454	277,120
(Increase) Decrease in Accrued payroll	54,384	(29,403)
(Increase) Decrease in Accrued payroll taxes	(197,280)	(11,476)
(Increase) Decrease in Deferred Revenue	(20,070)	(14678)
(Increase) Decrease in Other current liabilities	(190,580)	(50,942)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(11,400,659)</b>	<b>(12,317,022)</b>

## Cash Flows

Net cash used for operating activities increased by \$916,363 (8% increase) in 2004 as a result of decreased passenger fare revenues and increased expenses mainly due to health benefits, liability insurance premiums, fuel costs and wage increases. Net cash provided by non-capital financing activities decreased by \$340,764 (approximately 2.7% net decrease) due to less federal and state grant funds available for preventative maintenance, this funding declining by \$992,487 and not completely offset by the \$621,831 increase in sales tax receipts. Net cash used in capital and related financing activities decreased by \$814,887 due to decreased state match for buses and increasing match costs at the agency level to complete projects. Cash and cash equivalents decreased in 2004 over 2003 by \$746,760, approximately a 27% increase in the use of cash.

## Capital Assets

The Authority's investment in capital assets amounts to \$15,566,390, net of accumulated depreciation as of December 31, 2004, a net increase of \$1,042,369, 7% over 2003, primarily due to the addition of Cornerstone, buses, support vehicles, bus shelters and signs, beginning the Gateway facility reconstruction and IBS software. Capital assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment and software licenses. Major capital asset expenditures during the current fiscal year included the following:

- ✓ Cornerstone Transfer Center constructed, totaling \$2,358,897 (not all in 2004).
- ✓ Buses, support vehicles and passenger amenities (bus shelters and bus stop signs) \$1,350,116,
- ✓ Completion of installation of software system, totaling \$1,081,145,
- ✓ Equipment for Cornerstone, \$29,508;

- ✓ Engineering and design of radio system, to be installed in 2005, totaling \$270,985;
- ✓ Gateway renovations begun, \$1,592,975, project to be completed mid-2005.

The Notes to the Financial Statements provide additional information on capital assets.

### **Long-term Debt**

The Authority has no long-term debt.

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in such. The reader is directed to the Basic Financial Statements and Notes to Financials, immediately following, for further information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance and Administration  
Stark Area Regional Transit Authority  
1600 Gateway Blvd., S.E.  
Canton, Ohio 44707



**STARK AREA REGIONAL TRANSIT AUTHORITY  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(With Comparative Totals for the Year Ended December 31, 2003)**

	2004	2003
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$1,658,911	\$2,514,106
Receivables:		
Trade	134,360	67,287
Sales tax (Notes 1 and 3)	3,103,828	2,896,421
State capital grant and special fare assistance	858,986	403,512
Federal capital and planning grants	347,882	272,200
Local Grants	15,000	15,000
Materials and supplies inventory	239,816	262,056
Prepaid expenses and other assets	370,828	22,775
Restricted for Capital Assets:		
Cash and Cash Equivalents	319,711	211,276
Total current assets	7,049,322	6,664,633
<b>CAPITAL ASSETS: (Note 4)</b>		
Land	238,243	238,243
Buildings and improvements	9,291,196	6,926,369
Transportation equipment	14,564,482	13,540,575
Other equipment	2,849,956	1,496,024
Construction and work in progress	2,000,891	3,601,730
Total Capital Assets	28,944,768	25,802,941
Less accumulated depreciation	(13,378,378)	(11,278,920)
Capital assets - Net	15,566,390	14,524,021
<b>TOTAL ASSETS</b>	<b>\$22,615,712</b>	<b>\$21,188,654</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$630,171	\$274,722
Accrued payroll	472,246	501,649
Accrued payroll taxes and withholdings payable	415,855	427,331
Federal reimbursement payable		11,674
Other Current Liabilities	48,181	99,123
Deferred revenues	56,013	70,691
Total Current Liabilities	1,622,466	1,385,190
<b>TOTAL LIABILITIES</b>	1,622,466	1,385,190
<b>NET ASSETS:</b>		
Invested in Capital assets (Note 1):	15,566,390	14,524,021
Restricted for Expendable Capital Assets	319,711	211,276
Unrestricted	5,107,145	5,068,167
<b>TOTAL NET ASSETS</b>	20,993,246	19,803,464
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$22,615,712</b>	<b>\$21,188,654</b>

The accompanying footnotes are an integral part of the financial statements.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**COMPARATIVE STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(With Comparative Totals for the Year Ended December 31, 2003)**

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES:</b>		
Passenger fares	\$797,554	\$788,246
Special transit fares	146,432	122,500
Auxillary transportation revenue	57,483	40,306
Total operating revenues	<u>1,001,469</u>	<u>951,052</u>
<b>OPERATING EXPENSES:</b>		
Labor	6,381,800	5,680,342
Fringe benefits (Note 5)	3,652,213	3,810,667
Materials and supplies	1,207,937	998,117
Services	434,678	378,009
Utilities	203,814	194,100
Casualty and liability	671,035	577,728
Leases and rentals	5,456	5,810
Miscellaneous	539,293	549,446
Total Operating Expenses Excluding Depreciation	<u>13,096,226</u>	<u>12,194,219</u>
<b>OPERATING LOSS BEFORE DEPRECIATION EXPENSE</b>	<u>(12,094,757)</u>	<u>(11,243,167)</u>
<b>DEPRECIATION EXPENSE (Note 1):</b>	(2,425,655)	(2,636,151)
<b>OPERATING LOSS</b>	<u>(14,520,412)</u>	<u>(13,879,318)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Sales tax revenues (Note 3)	11,430,900	10,739,684
Federal planning grant		37,699
State planning grant	5,966	36,773
State operating grants, reimbursements and special fare assistance (Note 7)	48,290	83,680
Interest income	24,751	15,785
Local grant	6,820	17,500
Gain (Loss) on disposal of fixed assets	1,567	(49,848)
Nontransportation revenues	40,933	11,041
Total nonoperating revenues - net	<u>11,559,227</u>	<u>10,892,314</u>
<b>NET LOSS BEFORE CAPITAL GRANT REVENUE</b>	(2,961,185)	(2,987,004)
<b>CAPITAL GRANT REVENUE (Note 1):</b>		
Federal Capital Grant	2,669,397	3,128,956
Federal Preventive Maintenance Grant	775,000	1,614,143
State Preventive Maintenance Grant	240,000	320,001
State Capital Grants	540,873	592,098
Total preventive maintenance & capital grant revenues	<u>4,225,270</u>	<u>5,655,198</u>
<b>INCREASE IN NET ASSETS</b>	1,264,085	2,668,194
Prior Period Audit Adjustments (Note 11)	(74,303)	400,544
Net Assets, Beginning of Year	<u>19,803,464</u>	<u>16,734,726</u>
Net Assets, End of Year	<u>\$20,993,246</u>	<u>\$19,803,464</u>

The accompanying footnotes are an integral part of the financial statements.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(With Comparative Totals for the Year Ended December 31, 2003)**

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Gross cash received from customers	\$934,396	\$967,029
Gross cash payments to suppliers for goods & services	(3,176,526)	(2,713,694)
Gross cash payments to employees for salaries and wages	(6,411,203)	(5,625,977)
Gross cash payments to employees for benefits	(3,663,689)	(4,028,017)
Net cash used in operating activities	(12,317,022)	(11,400,659)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Gross sales taxes received	11,223,493	10,601,662
Gross operating & Preventive maintenance grants received	1,068,332	2,060,819
Gross other	40,933	11,041
Net cash provided by noncapital financing activities	12,332,758	12,673,522
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Gross Federal Capital Grant Revenue	2,582,041	3,450,108
Gross State Capital Grant Revenue	93,143	278,353
Gross acquisition of fixed assets & work in process	(3,463,998)	(3,700,821)
Gross proceeds from sale of fixed assets	1,567	
Net cash used in capital and related financing activities	(787,247)	27,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gross interest received from investments	24,751	15,785
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(746,760)	1,316,288
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,725,382	1,409,094
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	1,978,622	2,725,382
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	(14,520,412)	(13,879,318)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,425,655	2,636,151
Change in assets and liabilities:		
(Increase) Decrease in Accounts receivable - Trade	(67,073)	15,996
(Increase) Decrease in Materials and supplies inventory	22,240	115,088
(Increase) Decrease in Prepaid expenses	(348,053)	516
Increase (Decrease) in Accounts payable - Operations	277,120	64,454
Increase (Decrease) in Accrued payroll	(29,403)	54,384
Increase (Decrease) in Accrued payroll taxes	(11,476)	(197,280)
Increase (Decrease) in Deferred Revenue	(14,678)	(20,070)
Increase (Decrease) in Other current liabilities	(50,942)	(190,580)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(\$12,317,022)	(\$11,400,659)

The accompanying footnotes are an integral part of the financial statements.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

**Organization and Operations**

Stark Area Regional Transit Authority (the "Authority") was created pursuant to Section 306.30 through 306.711 of the Ohio Revised Code for the purpose of providing public transportation in the Stark County, Ohio area. As a political subdivision, it is distinct from and not an agency of the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 79 percent of the Authority's employees at December 31, 2004 were subject to a collective bargaining agreement that expires on January 4, 2007. The collective bargaining agreement was approved by the Union on February 8, 2004 and accepted by the Board of Trustees on February 25, 2004.

Under Ohio law, the Authority is authorized to levy a sales tax and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 3). On May 7, 2002, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations for an additional five years.

**Reporting Entity**

The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board ("GASB") regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units and is not considered to be a component unit of any other entity.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor are any entities accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

**Basis of Accounting**

The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

In accordance with Statement No. 20 of the GASB, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue applying all applicable pronouncements issued by the GASB.

**Cash and Cash Equivalents**

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

**Investments**

The Authority's investments (including cash equivalents) are recorded at fair value.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

The Authority has invested funds in the State Treasury Asset Reserve of Ohio (“STAROhio”). STAROhio is an investment pool managed by the State Treasurer’s office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price that is the price at which the investment could be sold.

**Materials and Supplies Inventory**

Materials and supplies inventory are stated at the cost determined using the first-in, first-out valuation method. Inventory generally consists of maintenance parts, supplies for rolling stock and other transportation equipment, fuel and lubricants, office supplies and supplies to maintain the buildings.

**Property and Depreciation**

Property, facilities and equipment are stated at historical cost. The cost of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Fixed assets at an initial cost of \$50 or more are deemed depreciable and added to fixed assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

<b>Description</b>	<b>Years</b>
Buildings	40
Transportation Equipment	5-12
Other Equipment	4 - 8

Transportation equipment is depreciated on the straight-line method for the useful lives described above unless the total mileage allowed per the FTA guidelines for depreciation occurs first. In this case the FTA unit mileage depreciation method is used. Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions is closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to net assets.

**Classifications of Revenues**

The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares and advertising revenues. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants and contracts.

**Recognition of Revenue, Receivables and Deferred Revenues**

Passenger fares are recorded as revenue at the time services are performed.

The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

1. **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

grants) are recorded as grants receivables and credited to non-operating revenues when the related capital expenditures are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred.

When assets acquired with capital grants funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or, alternatively, remitted to the granting federal agency.

**Federal and State Operating and Preventative Maintenance Assistance Funds**

Federal and state operating and preventative maintenance assistance funds to be received by the Authority are recorded and reflected as income in the period to which they are applicable.

**Sales tax revenues**

Sales tax revenues are recognized by the Authority when the underlying sales transaction occurs.

**Compensated Absences**

The Authority accrues vacation and sick pay benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service. Administrative employees are paid accrued sick days upon separation from service at fifty percent value, at current earnings rate.

**New Accounting Standard**

Effective January 1, 2001, the Authority implemented GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. In a non-exchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The Authority's principle non-exchange transactions involve the receipt of sales and use tax monies from the State of Ohio Department of Taxation, along with federal, state, and local grants for operating assistance as well as the acquisition of property, facilities and equipment. Substantially all of the Authority's non-exchange transactions represent reimbursement-type grants and sales tax revenues. The reimbursement-type grants are recorded as revenue in the period in which the related expenditures are incurred. Sales tax revenues are recorded as revenue in the months in which the underlying sales transactions occur.

The principle changes in accounting that resulted from GASB Statement No. 33 are the requirements that the Authority prospectively report grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the month the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio. Accordingly, during the year ended December 31, 2004, \$4,286,346 in federal, state and local capital planning and operating contributions was recognized as revenue in the statement of revenue and expenses.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**2. CASH AND CASH EQUIVALENTS:**

The provisions of the Ohio Revised Code govern the investment and deposit of Authority monies. In accordance with these statutes only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, saving accounts, money market accounts (STAROhio), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding 30 days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specified government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instruments, contracts, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

**Deposits**

The carrying amount of the Authority's deposits was \$1,961,496 at December 31, 2004 with a \$2,405,508 bank balance. Deposits of \$100,000 were covered by federal depository insurance at December 31, 2004. The \$2,305,508 remaining balance was uncollateralized, as defined by GASB. However, all of this balance except \$100,860 was collateralized with securities held by the pledging financial institution, but not in the Authority's name.

**Investments**

Governmental Accounting Standards Board Statement No. 3 ("GASB") has established credit risk categories for investments as follows:

- |            |  |
|------------|--|
| Category 1 | Insured or registered, or securities held by the Authority or its agent in the Authority's name.   |
| Category 2 | Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Authority's name.                 |
| Category 3 | Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the Authority's name. |

Investments in STAROhio are unclassified investments since STAROhio represents an investment pool managed by another governmental unit and investments therein are not evidenced by securities that exist in physical or book entry form. The Authority's investments are detailed below and are categorized to give an indication of the level of credit risk assumed as of year-end.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**2. CASH AND CASH EQUIVALENTS (CONT.):**

	Risk Category			Carrying/ Fair Value
	1	2	3	
STAROhio				17,126
Total investments				17,126

**3. TAX REVENUES:**

On May 7, 2002, the voters of Stark County renewed the .25 percent sales tax levy. The renewed levy will expire in June 2007. Revenue can be used for operating or capital purposes. The Authority receives cash from sales tax levies when the related sales tax collections are distributed by the State of Ohio.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

<i>Capital Assets &amp; Depreciation Balances</i>	Balance 1/1/04	Additions	CIP Transfers & Disposals	Balance 12/31/2004
<i>Capital Assets Not Being Depreciated:</i>				
Land	238,243	-	-	238,243
Construction in Progress	3,601,730	2,066,176	3,667,015	2,000,891
<b>Total Capital Assets Not Depreciated</b>	<b>3,839,973</b>	<b>2,066,176</b>	<b>3,667,015</b>	<b>2,239,134</b>
<i>Capital Assets Being Depreciated:</i>				
Buildings & Improvements	6,926,369	2,364,827	-	9,291,196
Transportation Equipment	13,540,575	1,350,116	326,209	14,564,482
Other Equipment	1,496,024	1,428,223	74,291	2,849,956
<b>Total Capital Assets being Depreciated</b>	<b>21,962,968</b>	<b>5,143,166</b>	<b>400,500</b>	<b>26,705,634</b>
<b>Total Capital Assets</b>	<b>25,802,941</b>	<b>7,209,342</b>	<b>4,067,515</b>	<b>28,944,768</b>
<i>Less: Accumulated Depreciation</i>				
Buildings & Improvements	2,670,190	244,650		2,914,840
Transportation Equipment	7,699,079	1,615,631	326,209	8,988,501
Other Equipment	909,651	639,677	74,291	1,475,036
<b>Total Accumulated Depreciation</b>	<b>11,278,920</b>	<b>2,499,958</b>	<b>400,500</b>	<b>13,378,378</b>
<b>Total Capital Assets, Net</b>	<b>14,524,021</b>	<b>4,709,384</b>	<b>3,667,015</b>	<b>15,566,390</b>



**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**5. RETIREMENT BENEFITS:**

**Plan Description**

A. All employees of the Authority are required to be members of the Ohio Public Employees Retirement System ("OPERS"). OPERS administers three separate pension plans:

- (1) The Traditional Pension Plan (TP) - a cost sharing multiple employer defined benefit pension plan;
- (2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- (3) The Combined Plan (CO) – a cost sharing multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system (OPERS) to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government units, such as Stark Area Regional Transit Authority, the employer rate was 13.55% of covered payroll for the years ending of December 31, 2003 and 2004

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

D. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans. The Authority's rate for 2004 for member contributions was 8.5%. The 2004 employer contribution rate for local government employer units was 13.55% of covered payroll. The Authority, due to contractual agreement with the Union, pays the employee contribution for the union employees. Additionally, the Authority funds the employee contribution amounts for non-union employees. For local government units, the employer contribution rate was 13.55 percent of covered payroll for 2004, 2003, and 2002. The Authority's total contributions to OPERS for pension benefits (excluding the amount related to post-retirement benefits) for the years ended December 31, 2004, 2003, and 2002 were approximately \$991,785, \$1,120,236, and \$1,061,121, respectively.

F. Total required employer contributions for all plans are equal to 100% of employer charges.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**5. RETIREMENT BENEFITS (CONT.):**

**Other Post-Employment Benefits Provided Through OPERS**

A. OPERS administers three separate pension plans:

(1) The Traditional Pension Plan (TP) - a cost sharing multiple employer defined benefit pension plan;

(2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

(3) The Combined Plan (CO) – a cost sharing multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system (OPERS) to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits as well as post retirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55% of covered payroll for the years ending December 31, 2003 and 2004. Of the 13.55%, 4% was used to fund health care for the 2004 year.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

C. Summary of Assumptions:

**Actuarial Review** – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2003.

**Funding Method** – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfounded actuarial accrued liability.

**Assets Valuation Method** – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**5. RETIREMENT BENEFITS (CONT.):**

**Investment Return** – The investment assumption rate for 2003 was 8.00%.

**Active Employee Total Payroll** – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

**Health Care** – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

D. OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:

1. At year-end 2004, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,885.
2. The rates stated in Section A, above, are the actuarially determined contribution requirements for OPERS. The amount of \$10.5 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2003.
3. The actuarially accrued liability and the un-funded actuarially accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

E. OPERS Retirement Board adopts a Health Care Preservation Plan

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

The Authority's contributions for post-employment benefits to OPERS for the years ended December 31, 2004, 2003, and 2002, respectively, were approximately \$415,402, \$335,092, and \$310,629, respectively, equal to 100 per cent of the contributions for each year.

**6. CONTINGENCIES AND COMMITMENTS:**

The Authority is a defendant in a number of lawsuits pertaining to matters that are incidental to performing its operations. Management believes that ultimate settlement of all outstanding litigation and claims will not result in a material adverse effect on the Authority's financial position. The Authority experienced two major accidents in 2004, but expects that all costs in relation to these accidents will be covered through their insurance.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**6. CONTINGENCIES AND COMMITMENTS (CONT'D):**

**Federal and State Grants**

Under the terms of various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2004 there were no significant questioned costs that had not been resolved with the applicable federal and state agencies.

Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

**Commitments**

The Authority had outstanding commitments to complete the re-construction of the Gateway Facility for \$2,647,240.

**7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE:**

Grants, reimbursements and special fare assistance included in the statements of revenues and expenses for the years ended December 31 consists of the following:

	<u>2004</u>
STATE PLANNING GRANT	\$ 5,966
STATE OPERATING GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE:	
ODOT Elderly Fare Assistance	\$ 48,290
ODOT Fuel Tax Expense	<u>\$ 136,961</u>
TOTAL	<u>\$ 191,217</u>

**8. RISK MANAGEMENT:**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment-related matters, injuries to employees and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for 11 member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage and quarterly pays into a loss and administration fund pursuant to OTRP's bylaws. The Agreement of Formation of the OTRP provides that OTRP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and all liability claims in excess of \$250,000 for each insured occurrence. The Authority is responsible for the first each \$1,000 of any property and liability claim or occurrence and amounts in excess of \$10 million for liability claims.

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**9. NEW ACCOUNTING STANDARDS:**

The GASB has issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statements No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus:* and Statement No.

38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. These statements change the Authority's presentation of net assets and require inclusion of management's discussion and analysis. All three statements are effective for the year ending December 31, 2003.

**10. TRANSFER STATION LEASES:**

The Authority has the following transfer leases outstanding as of December 31, 2004:

(A) The Authority in January 1999 entered into a ten-year lease with Verner A. Bonfert for the use of transfer station in Alliance, Ohio. As part of this agreement monthly lease payments will be \$375 in 2003 and \$450 per month for the years 2004 and \$475 in 2005 and \$500 per month for the years 2006 through 2008. In addition, the Authority agreed to contribute \$175,000 in the form of improvements at the transfer station.

(B) The Authority entered into a fifty-nine (59) year lease with Charles Street Associates, LTD in July 1998, for a transfer station in Massillon, Ohio. The Authority has two additional options for 20 years each to extend the lease with the lessor. Annual rental is \$1.00 during the primary term of the lease. The Authority agreed to contribute \$2,000,000 for leasehold improvements at the facility.

**11. PRIOR PERIOD ADJUSTMENTS:**

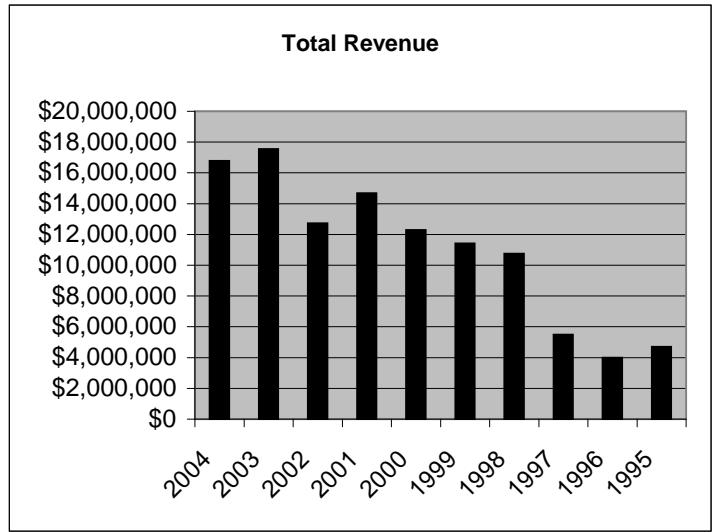
The 2003 audited financial statements understated the combined employer and employee PERS payable by \$74,303. The increase of this 2003 liability decreased the ending net assets by the same amount.

**Statistical  
Section  
2004**

<b>SARTA</b>											
<b>OPERATING STATISTICS</b>											
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	
<b><u>System Ridership</u></b>											
Fixed Route	1,001,462	780,054	734,111	1,288,012	1,341,237	1,260,402	1,348,906	1,196,725	1,157,633	1,299,848	
Paratransit	20,044	19,323	20,804	67,874	88,608	97,155	95,558	105,832	112,756	135,450	
Shuttles and Specials	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,952	
<b><u>Average Weekday</u></b>											
<b><u>System Ridership</u></b>											
Fixed Route	3,943	2,533	2,391	4,388	4,369	4,092	4,394	3,898	3,771	3,561	
Paratransit	79	63	68	248	289	315	326	345	367	371	
<b><u>Average Weekday</u></b>											
<b><u>Miles Operated</u></b>											
Fixed Route	3,039	2,358	2,607	11,616	10,485	10,641	10,407	8,825	7,083	6,954	
Paratransit	479	411	482	2,256	2,800	3,057	3,320	3,641	2,836	4,455	
<b><u>Revenue Miles</u></b>											
Fixed Route	874,526	726,155	800,381	2,825,427	3,218,969	3,277,323	3,194,896	2,709,275	2,528,612	2,414,981	
Paratransit	130,376	126,604	147,864	617,418	859,498	941,631	1,019,258	1,117,699	1,012,374	1,097,628	
<b><u>Passenger Miles</u></b>											
Fixed Route	3,518,240	2,730,189.0	2,275,744	4,037,371	4,157,835	3,907,246	4,181,609	3,590,175	3,472,899	3,899,544	
Paratransit	137,576	133,329	143,548	433,561	611,395	670,370	659,350	730,241	778,016	1,140,136	
<b><u>Energy Consumption</u></b>											
<b>Gallons of diesel</b>	261,222	211,620	227,909	598,874	855,243	860,298	780,699	674,334	607,845	566,079	
<b>Cost</b>	\$172,264	\$140,198	\$167,880	\$449,156	\$465,164	\$916,031	\$897,023	\$706,363	\$604,601	705,429	
<b>Cost per Gallon</b>	\$0.66	\$0.66	\$0.74	\$0.75	\$0.54	\$1.06	\$1.15	\$1.05	\$0.99	1.25	
<b><u>Fleet Requirement</u></b>											
Fixed Route	26	26	40	55	56	58	53	53	36	36	
Paratransit	4	4	11	18	25	26	42	42	42	44	
<b><u>Total Active Vehicles</u></b>											
Fixed Route	33	33	47	65	58	68	95	71	49	49	
Paratransit	10	12	24	24	27	31	42	42	42	44	
<b><u>Number of Employees</u></b>											
Full Time Equivalent	93	82	131	234	224	222	226	194	199	202	

**SARTA**  
**REVENUES BY SOURCE - LAST TEN YEARS**  
Rounded to The Nearest Dollar

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
FARES	\$1,001,469	\$951,052	\$1,002,220	\$1,074,349	\$1,053,891	\$967,475	\$704,657	\$515,903	\$522,959	\$468,213
SALES TAX	\$11,430,900	\$10,739,684	\$10,603,218	\$10,237,386	\$10,765,546	\$9,876,829	\$9,071,557	\$3,600,439	\$0	\$0
FEDERAL :										
Operating Grants		\$37,699	\$0	\$25,512	\$54,488			\$528,973	\$539,119	\$998,478
Capital Grant Reimbursements	\$3,444,397	\$4,743,099	\$966,450	\$2,213,401	\$0	\$0	\$0	\$0	\$0	\$0
State :										
Operating Grants & Special Fare Assistance	\$54,256	\$120,453	\$96,231	\$227,279	\$224,542	\$355,426	\$674,756	\$699,101	\$311,133	\$788,051
Capital Grant Reimbursements	\$780,873	\$912,099	\$43,255	\$795,504	\$0	\$0	\$0	\$0	\$0	\$0
Local :										
Operating grants & Reimbursement	\$6,820	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,583
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$87,455	\$108,117	\$2,574,676	\$2,394,203
Nontransportation	\$40,933	\$11,041	\$4,212	\$19,421	\$10,096	\$48,799	\$44,084	\$2,837	\$2,079	\$14,682
Misc Income	\$26,318	\$15,785	\$17,607	\$82,739	\$172,612	\$166,252	\$159,496	\$41,854	\$34,766	\$35,269
	\$16,785,966	\$17,548,412	\$12,733,193	\$14,675,591	\$12,281,175	\$11,414,781	\$10,742,005	\$5,497,224	\$3,984,732	\$4,703,479





**SARTA**  
**EXPENSES BY SOURCE - LAST TEN YEARS**  
Rounded To The Nearest Dollar

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Labor	\$6,381,800	\$5,680,342	\$5,545,835	\$6,172,965	\$6,475,880	\$5,646,888	\$4,550,270	\$2,191,556	\$1,897,824	\$2,046,122
Fringe Benefits	\$3,652,213	\$3,810,667	\$3,728,101	\$3,534,124	\$3,311,312	\$3,005,366	\$2,297,587	\$1,099,617	\$1,168,947	\$1,233,210
General & Administrative	\$3,062,213	\$2,703,210	\$2,484,236	\$3,169,170	\$3,614,388	\$2,136,009	\$2,064,671	\$1,298,444	\$1,051,846	\$1,279,719
Depreciation	\$2,425,655	\$2,636,151	\$1,784,152	\$1,867,846	\$1,356,297	\$1,200,171	\$1,030,704	\$880,478	\$881,300	\$784,896
	\$15,521,881	\$14,830,370	\$13,542,324	\$14,744,105	\$14,757,877	\$11,988,434	\$9,943,232	\$5,470,095	\$4,999,917	\$5,343,947

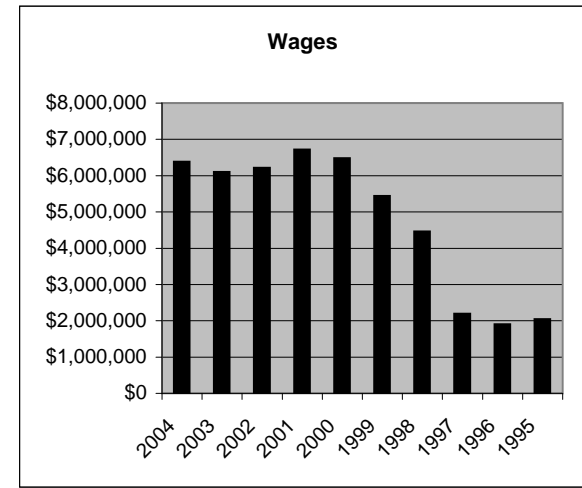
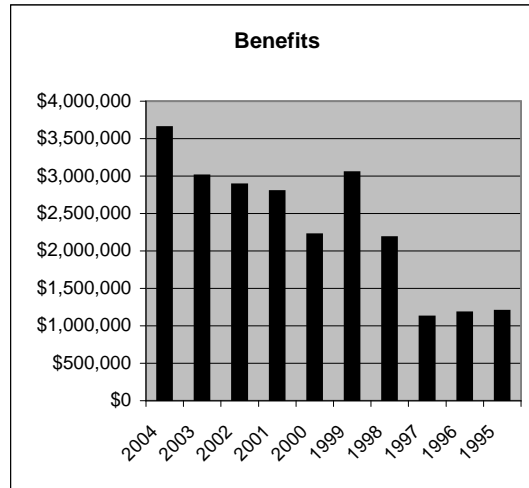
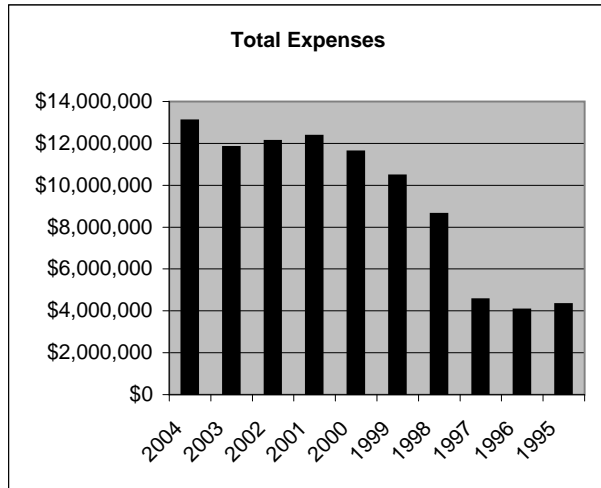
# SARTA

## EXPENSES BY OBJECT CLASS

Rounded to the nearest dollar

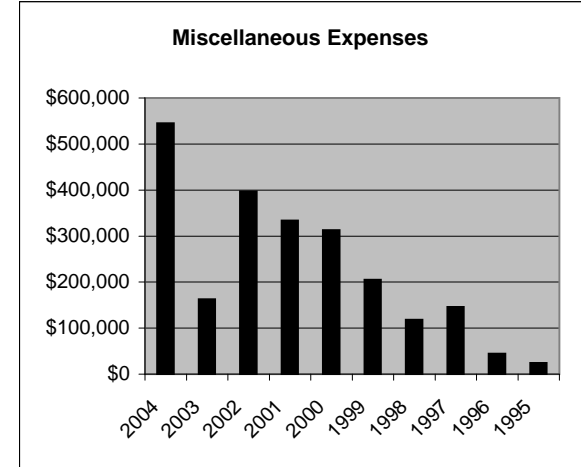
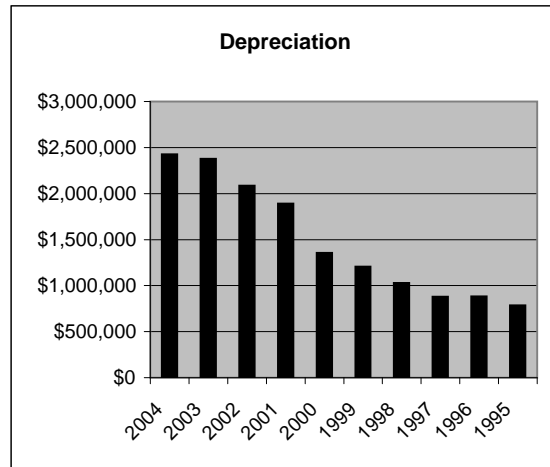
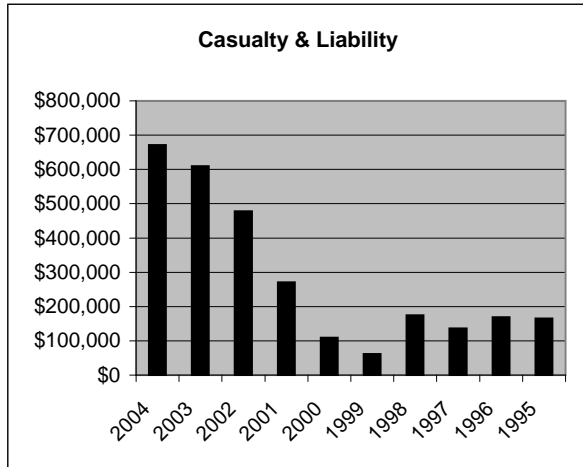
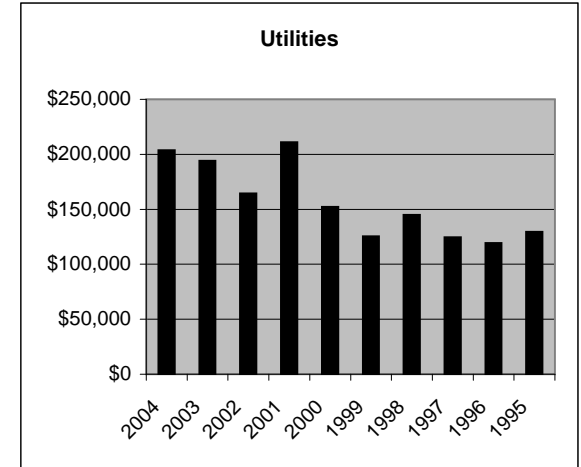
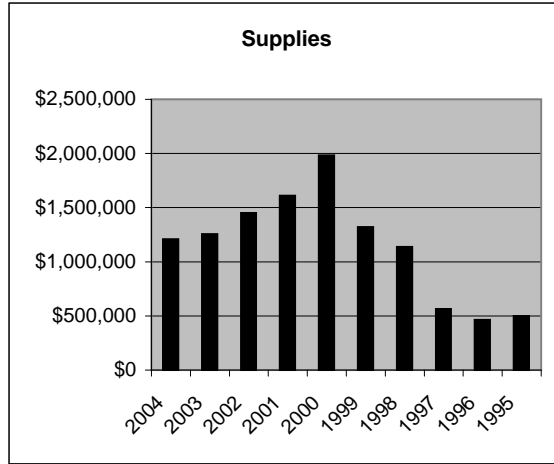
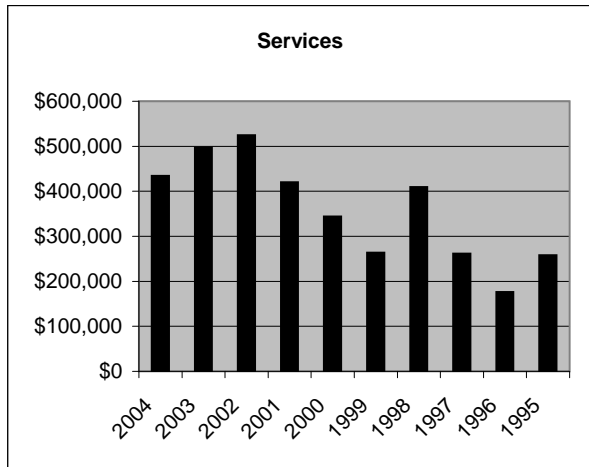
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Wages	\$6,381,800	\$6,103,474	\$6,215,003	\$6,718,353	\$6,484,155	\$5,445,046	\$4,465,273	\$2,193,622	\$1,908,820	\$2,044,537
Benefits	\$3,652,213	\$3,009,814	\$2,888,719	\$2,801,036	\$2,223,928	\$3,052,789	\$2,184,141	\$1,123,551	\$1,178,050	\$1,200,352
Services	\$434,676	\$497,825	\$524,720	\$420,426	\$343,924	\$263,813	\$409,607	\$261,490	\$176,593	\$258,161
Supplies	\$1,207,937	\$1,254,734	\$1,449,992	\$1,610,892	\$1,983,377	\$1,320,628	\$1,137,479	\$565,553	\$463,688	\$499,086
Utilities	\$203,814	\$194,100	\$164,305	\$210,971	\$152,247	\$125,449	\$144,840	\$124,626	\$119,304	\$129,641
Casualty & Liability	\$671,035	\$609,618	\$478,313	\$270,863	\$109,505	\$61,181	\$174,561	\$135,957	\$169,376	\$165,457
Depreciation	\$2,425,655	\$2,376,075	\$2,087,004	\$1,891,548	\$1,357,415	\$1,205,201	\$1,030,704	\$880,478	\$881,300	\$784,896
Miscellaneous Expenses	\$544,751	\$162,596	\$397,247	\$333,442	\$313,166	\$205,345	\$118,484	\$145,722	\$44,413	\$24,307
<b>Total Expenses</b>	<b>\$13,096,226</b>	<b>\$11,832,161</b>	<b>\$12,118,299</b>	<b>\$12,365,983</b>	<b>\$11,610,302</b>	<b>\$10,474,251</b>	<b>\$8,634,385</b>	<b>\$4,550,521</b>	<b>\$4,060,244</b>	<b>\$4,321,541</b>

Depreciation totals are not reflected in the Total Expenses. This category is used for accounting purposes.



# SARTA

## EXPENSES BY OBJECT CLASS



## **TOP TEN STARK COUNTY MAJOR EMPLOYERS**

<b>COMPANY NAME</b>	<b>DESCRIPTION</b>	<b>EMPLOYEES</b>
The Timken Company	Manufacturer, Steel and Tapered Roller Bearings	6212
Aultman Hospital	Health Care	4500
Stark County Government	Government	2600
Mercy Medical Center	Hospital	2140
Maytag Corporation	Manufacturer, Floor Care Appliances	1500
Diebold, Inc.	Computer Services, Finance	1000
Fisher Foods Marketing, Inc.	Grocery Chain	940
Workshops, Inc.	Health and Rehabilitation Services	929
Alliance Community Hospital	Hospital	900
Freshmark, Inc.	Meat Processing	800

**Stark County (Ohio) - Business Profile**  
**Business Statistics**

**Total Number of Mid-March Employees**

Year	Forestry, Fishing, Hunting and Agriculture Support	Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Warehousing
1998	17	562	1,047	8,150	41,001	8,270	23,494	2,167
1999	0	467	1,064	7,848	39,969	8,451	22,356	2,193
2000	16	535	1,017	8,613	42,235	8,489	23,204	1,898
2001	11	542	1,996	7,971	40,459	8,601	22,833	2,266

Year	Information	Finance and Insurance	Real Estate and Rental Leasing	Professional, Scientific and Technical Services	Mgt. of Companies & Enterprises	Admin. Support, Waste Mgt. Remediation Services	Educational Services	Health Care & Social Assistance
1998	2,703	5,567	1,461	4,011	2,725	7,378	3,649	23,933
1999	2,108	5,599	1,435	4,454	2,896	7,250	3,731	23,121
2000	2,074	5,584	1,436	4,525	2,060	9,013	3,129	24,607
2001	2,477	5,682	1,488	4,641	2,520	9,393	3,146	25,335

Year	Arts, Entertainment and Recreation	Accommodation and Food Services	Other Services (except Public Administ ration	Auxiliaries (except Corporate, Subsidiary & Regional Mgt.)	Unclassified Establishments	Total
1998	2,078	13,863	8,543	840	37	161,496
1999	2,067	13,693	8,636	594	0	157,932
2000	2,205	14,357	8,794	626	69	164,486
2001	2,285	13,874	8,940	695	70	165,225

**Stark County (Ohio) - Business Profile**  
**Business Statistics**

**Total Number of Establishment**

Year	Forestry, Fishing, Hunting and Agriculture Support	Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Warehousing
1998	7	56	21	1,107	644	502	1,565	208
1999	6	56	26	1,107	646	501	1,547	206
2000	5	53	27	1,106	635	492	1,547	203
2001	4	62	23	1,071	620	509	1,545	210

Year	Information	Finance and Insurance	Real Estate and Rental Leasing	Professional, Scientific and Technical Services	Mgt. of Companies & Enterprises	Admin. Support, Waste Mgt. Remediation Services	Educational Services	Health Care & Social Assistance
1998	89	547	273	693	30	494	85	884
1999	95	578	280	713	38	491	84	877
2000	96	581	273	723	38	507	80	906
2001	104	578	266	719	41	495	76	919

Year	Arts, Entertainment & Recreation	Accommodation & Food Services	Other Services (except Public Administ ration	Auxiliaries (except Corporate, Subsidiary & Regional Mgt.)	Unclassified Establishments	Total
1998	128	760	1,205	14	50	9,362
1999	129	765	1,204	15	68	9,432
2000	131	766	1,207	14	87	<b>9,477</b>
2001	128	774	1,191	16	62	9,413

**Stark County (Ohio) - Business Profile**  
**Business Statistics**

**Total Annual Payroll (\*\$1,000)**

Year	Forestry, Fishing, Hunting and Agriculture Support	Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Warehousing
1998	143	17,588	48,203	290,031	1,440,897	278,325	383,071	59,486
1999	0	14,893	51,577	294,178	1,397,672	288,300	391,613	61,467
2000	96	19,997	53,142	300,433	1,488,887	309,898	411,619	51,640
2001	105	29,046	89,696	288,049	1,412,696	312,480	430,903	64,722

Year	Information	Finance and Insurance	Real Estate and Rental Leasing	Professional, Scientific and Technical Services	Mgt. of Companies & Enterprises	Admin. Support, Waste Mgt. Remediation Services	Educational Services	Health Care & Social Assistance
1998	69,245	179,105	28,488	129,636	184,693	146,599	45,916	599,274
1999	60,877	191,218	29,058	140,555	166,324	153,759	47,383	603,929
2000	66,636	192,225	31,136	147,412	168,851	181,545	50,751	684,194
2001	76,575	199,447	31,762	156,829	182,627	181,435	52,956	741,190

Year	Arts, Entertainment & Recreation	Accommodation & Food Services	Other Services (except Public Administ ration	Auxiliaries (except Corporate, Subsidiary & Regional Mgt.)	Unclassified Establishments	Total
1998	23,248	119,750	129,630	31,584	1,038	<b>4,215,363</b>
1999	24,484	123,710	140,207	28,645	0	4,209,849
2000	25,831	135,188	148,555	26,298	2,710	4,497,044
2001	26,395	133,678	156,426	32,344	1,759	4,601,120

## SARTA STARK COUNTY DEMOGRAPHICS

### SCHOOL ENROLLMENT

	Number	Percent
<b>Population 3 years and over enrolled in school</b>	<b>94,779</b>	<b>100%</b>
Nursery school, preschool	7,059	7.40%
Kindergarten	4,671	4.90%
Elementary school (grades 1-8)	45,013	47.50%
High school (grades 9-12)	21,340	22.50%
College or graduate school	16,696	17.60%

### EDUCATIONAL ATTAINMENT

	Number	Percent
<b>Population 25 years and over</b>	<b>252,971</b>	<b>100%</b>
Less than 9th grade	10,447	4.13%
9th to 12th grade, no diploma	31,465	12.44%
High school graduate (includes equivalency)	104,333	41.24%
Some college, no degree	47,919	18.94%
Associate degree	13,410	5.30%
Bachelor's degree	30,035	11.87%
Graduate or professional degree	15,362	6.07%
Percent high school graduate or higher		83.40%
Percent bachelor's degree or higher		17.90%

### GRANDPARENTS AS CAREGIVERS

	Number	Percent
<b>Grandparent responsible for grandchildren</b>	<b>6,042</b>	<b>100%</b>
	2,771	45.86%

### VETERAN STATUS

	Number	Percent
<b>Civilian population 18 years and over</b>	<b>284,292</b>	<b>100%</b>
Civilian veterans	40,385	14.21%

### DISABILITY STATUS OF THE CIVILIAN NONINSTITUTIONALIZED POPULATION

	Number	Percent
<b>Population 5 to 20 years</b>	<b>83,523</b>	<b>100.00%</b>
With a disability	5,971	7.15%

	Number	Percent
<b>Population 21 to 64 years</b>	<b>212,038</b>	<b>100%</b>
With a disability	35,784	16.88%
Percent employed		55.20%
No disability	176,254	83.12%
Percent employed		80.00%

	Number	Percent
<b>Population 65 years and over</b>	<b>53,255</b>	<b>100.00%</b>
With a disability	19,995	37.55%



**SARTA**  
**STARK COUNTY DEMOGRAPHICS**

	<b>Number</b>	<b>Percent</b>
<b>Population 16 years and over</b>	<b>295,090</b>	<b>100%</b>
In labor force	189,219	64.12%
Civilian labor force	189,161	64.10%
Employed	180,590	61.20%
Unemployed	8,571	2.90%
Percent of civilian labor force		4.50%
Armed Forces		58.00%
Not in labor force	105,871	35.88%
<b>Females 16 years and over</b>	<b>156,418</b>	<b>100%</b>
In labor force	89,507	57.22%
Civilian labor force	89,500	57.22%
Employed	85,719	54.80%
<b>Own children under 6 years</b>	<b>27,324</b>	<b>100%</b>
All parents in family in labor force	17,329	63.42%
<b>COMMUTING TO WORK</b>		
<b>Workers 16 years and over</b>	<b>177,234</b>	<b>100%</b>
Car, truck, or van -- drove alone	152,750	86.19%
Car, truck, or van -- carpooled	13,906	7.85%
Public transportation (including taxicab)	1,896	1.07%
Walked	3,408	1.92%
Other means	1,167	0.66%
Worked at home	4,107	2.32%
Mean travel time to work (minutes)	21.3	N/A
<b>Employed civilian population 16 years and over</b>	<b>180,590</b>	<b>100%</b>
<b>OCCUPATION</b>		
Management, professional, and related occupations	51,810	28.69%
Service occupations	26,278	14.55%
Sales and office occupations	48,044	26.60%
Farming, fishing, and forestry occupations	541	0.30%
Construction, extraction, and maintenance occupations	15,172	8.40%
Production, transportation, and material moving occupations	38,745	21.45%

## SARTA STARK COUNTY DEMOGRAPHICS

<b>INDUSTRY</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining	1,558	9.00%
Construction	10,739	5.90%
Manufacturing	42,454	23.50%
Wholesale trade	6,943	380.00%
Retail trade	22,753	12.60%
Transportation and warehousing, and utilities	7,798	4.30%
Information	3,243	1.80%
Finance, insurance, real estate, and rental and leasing	9,733	5.40%
Professional, scientific, mgt., administrative, & waste mgt. services	12,086	6.70%
Educational, health and social services	35,820	19.80%
Arts, entertainment, recreation, accommodation and food services	12,825	7.10%
Other services (except public administration)	9,437	5.20%
Public administration	5,201	2.90%

### **CLASS OF WORKER**

Private wage and salary workers	152,979	84.70%
Government workers	17,527	9.70%
Self-employed workers in own not incorporated business	9,611	5.30%
Unpaid family workers	473	3.00%

### **INCOME IN 1999**

<b>Households</b>	<b>148,323</b>	<b>100%</b>
Less than \$10,000	12,250	8.26%
\$10,000 to \$14,999	10,105	6.81%
\$15,000 to \$24,999	20,744	13.99%
\$25,000 to \$34,999	21,309	14.37%
\$35,000 to \$49,999	27,793	18.74%
\$50,000 to \$74,999	30,062	20.27%
\$75,000 to \$99,999	13,287	8.96%
\$100,000 to \$149,999	8,342	5.62%
\$150,000 to \$199,999	2,050	1.38%
\$200,000 or more	2,381	1.61%
Median household income (dollars)	39,824	N/A

### **POVERTY STATUS IN 1999 (below poverty level)**

<b>Families</b>	<b>7,008</b>	<b>N/A</b>
Percent below poverty level	N/A	6.80%
With related children under 18 years	5,613	N/A
Percent below poverty level	N/A	11.30%
With related children under 5 years	2,952	N/A
Percent below poverty level	N/A	16.20%

**SARTA**  
**STARK COUNTY DEMOGRAPHICS**

**Population by Age / Race - 2000**

<b>Age Breakdown</b>		<b>Race Breakdown</b>	
Total Population	378,098	One Race White	341,342
Total Male Population	181,588	One Race Black	27,219
Total Female Population	196,510	American	920
Under 5 years old	24,167	One Race Asian	2,059
5 - 9 years old	26,387	Hispanic	3,492
10-14 years old	27,196		
15-19 years old	26,446		
20-24 years old	21,069		
25-34 years old	46,097		
35-44 years old	59,031		
45-54 years old	54,624		
55-59 years old	19,823		
60-64 years old	16,204		
65-74 years old	29,055		
75-84 years old	21,204		
85+ years old	6,795		
<b>Median Age</b>	<b>38</b>		

**Census Figures**

1900	94,747
1910	122,987
1920	177,218
1930	221,784
1940	234,887
1950	283,194
1960	340,345
1970	372,210
1980	378,823
1990	367,585
2000	378,098





**Auditor of State  
Betty Montgomery**

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**STARK AREA REGIONAL TRANSIT AUTHORITY**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 4, 2005**