

**STARK AREA  
REGIONAL TRANSIT AUTHORITY**

Single Audit Report

For the Year Ended December 31, 2003

(With Independent Auditors' Reports Thereon)





**Auditor of State  
Betty Montgomery**

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

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, 2003 through December 31, 2003. 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

November 8, 2004

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# STARK AREA REGIONAL TRANSIT AUTHORITY

## Single Audit Report

For the Year Ended December 31, 2003

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**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, 2003 and have issued our report thereon dated June 16, 2004. As described in note 9 to the financial statements, as of January 1, 2003, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. 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.

### **Compliance**

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 grants, 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*.

### **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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-01.

**Internal Control Over Financial Reporting (continued)**

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. 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 reportable conditions. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the audit 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.

June 16, 2004

*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, 2003. 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, 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, 2003.

### 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.

We noted one matter involving the internal control over compliance and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant design or operation of the internal control over compliance, that, in our judgment, could adversely affect Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-01.

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. 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 reportable conditions. However, we believe that the reportable condition described above is not a material weakness.

### 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, 2003, and have issued our report thereon dated June 16, 2004. As described in note 9 to the financial statements, as of January 1, 2003, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Our audit was performed for the purpose of forming an opinion on the 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 audit committee, Board of Trustee, management, others within the organization and federal awarding agencies 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.

June 16, 2004

*Watson, Rice & Co*



**STARK AREA REGIONAL TRANSIT AUTHORITY  
 SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/Program Title	Federal CFDA Number	Federal Grant Number	Grant Expenditures
<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	\$ 538,092
		OH-90-0326	100,213
		OH-90-0354	1,268,279
		OH-90-0376	29,354
		OH-90-0417	1,542,279
		OH-90-0419	66,575
		OH-90-0434	<u>2,044,816</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$5,589,608</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, 2003**

**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, 2003. 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, 2003**

**Summary of Auditors' Results:**

- > Type of Report issued on the Financial Statements as of and for the Year Ended December 31, 2003 - Unqualified.
- > Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements – Yes. See *Finding 03-01* at page 9 of this report.
- > 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 - Yes. See *Finding 03-01* at page 9 of this report.
- > Type of Report Issued on Compliance for Major Federal Financial Assistance Programs - Unqualified.
- > The audit disclosed one finding required to be reported under Section 510(a) of OMB Circular A-133. See *Finding 03-01* at page 9 of this report.
- > Major Federal Financial Assistance Programs Identified for the Year Ended December 31, 2003:
  - > 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 not 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:**

Yes – One Reportable Condition. See *Finding 03-01* at page 9 of this report.

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

Yes – One Reportable Condition. See *Finding 03-01* at page 9 of this report.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Section II – Financial Statement Findings – Reportable Conditions

*03-01 Ineffective and Inefficient Accounting System*

Condition

The Start Area Regional Transit Authority’s (the “Authority”) Fleet Net accounting system was not capable of segregating and summarizing financial activity for each of its federal grant program revenues, expenses and other financial accounts separately from the consolidated activity of overall total Authority revenues and expenses. Federal grant related activity for each grant had to be developed in separate off-system spreadsheets in order to summarize each grant’s actual revenue and expense activity versus the grant budget necessary in order to fulfill the required Authority monitoring and reporting responsibilities for these federal grant awards. The development of these additional subsidiary accounting records was not only an inefficient use of critical professional accounting personnel time and effort but also increased the probability of accounting errors in the reconciliation process of the important areas of fixed assets, accumulated depreciation and depreciation expense between the subsidiary spreadsheets and the official overall general ledger activity maintained by the Fleet Net accounting system.

Cause

The Fleet Net accounting system was not originally designed to account for numerous large dollar capital and/or operating federal, state and/or local grants and could not be easily modified to account for these grants with accounting software updates.

Effect

The Fleet Net accounting system could not fulfill the overall accounting service needs of the Authority’s Finance Department in an efficient and effective manner.

Criteria

Generally accepted accounting practices as well as OMB Circular A-122, Subpart C, Section 20, require that all government entities have accounting records and accounting systems that adequately support all financial statements issued for both internal and external use. These requirements clearly imply that the overall general ledger accounting system provides these basic accounting records and not that all detail grant program accounting records be maintained separately off system in order to prepare and report the required grant related financial statement activity.

Recommendation

The Authority should either update the current Fleet Net accounting system so that it accurately records and reflects each grant’s revenues and expenses within the Fleet Net accounting system or alternatively procure and implement a new accounting system that reflects accurately, effectively and efficiently summarizes activity for each grant/program separately.

Management Response

See Corrective Action Plan outlined at page 9 of this report.

October 7, 2004

Watson, Rice & Company  
601 Citizens Building  
850 Euclid Avenue  
Cleveland, OH 44114

**Re: Management Response and Plan of Action to Internal Control Issue in Audited Financials for 2003**

Management recognized in 2002 the potential weaknesses in the software system in use. Due to the extensive, all encompassing nature of the replacement software issues identified, the replacement process began as a study of requirements in 2002, while staff continued to maintain control through spreadsheets, and manual fact sheets, as well as monitoring maintenance reports and corroborating data from the system.

In August of 2003, the selection and implementation procedure began with the hire of an outside consulting firm (RNR Consulting). They conducted business systems analyses, and compiled the requirements for the RFP and any changes that would be required to maintain control during and after implementation in conjunction with SARTA's project managers and project team. The various software pieces (Great Plains, Maximus, Time Clock Plus, and Encore) selection was conducted by SARTA and RNR Consulting in October of 2003. The system went live, incrementally, in February and March of 2004. The new system integrates and controls information that previously was controlled and entered manually in the old system, and provides SARTA with audit controls within the system, instead of manual controls.

Management has every confidence that any issues of internal control have been corrected with the implementation of the new software system, which integrates sales, payroll and time, maintenance, human resources and procurement into the accounting general ledger.

Sincerely,



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

CAW/mg

*Come ride with us!*  
**SARCA**



STARK COUNTY, OHIO



**Comprehensive Annual Financial Report  
for the year ended December 31, 2003**



**Comprehensive  
Annual Financial Report  
For the Year Ended  
December 31, 2003**

***Stark  
Area  
Regional  
Transit  
Authority***

**STARK COUNTY, OHIO**

Charles Odimgbe  
Executive Director/CEO

Deion Cash  
President, Board of Trustees

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

**Introductory  
Section  
2003**

# **SARTA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

July 30, 2004

Deion Cash, 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, 2003. This is the first time SARTA has published this 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.

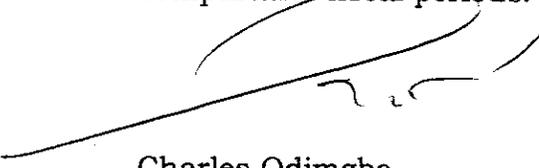
The CAFR is divided into three sections as follows:

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 general-purpose 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

CO/mg

## **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 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

The Stark County Unemployment rate has varied from 4.0% in 2000 to 4.1 in 2001 and a sharp increase to 5.5 in 2002. The unemployment rate for the State of Ohio in 2002 is 5.7%.

The taxable value of real property in Stark County was \$5,315,460,540 in 2002.

**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 2002 and 2003, 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”.
- 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”.
- SARTA’s Executive Director was awarded the 2003 Executive of the Year by the Conference of Minority Transportation Officials during the 2003 Annual Training Conference in Washington D.C.

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.

<u>Year</u>	<u>Fixed</u>	<u>ParaTransit</u>
1994	1,166,334	21,804
1995	1,001,462	20,044
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	1,157,633	112,756

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 eighty-six (86) revenue buses and fourteen (14) service vehicles. The revenue buses are made up of forty-two (42) fixed route buses and forty-four (44) ParaTransit buses.

A new Transfer Facility was completed and became operational in 2003. The Cornerstone Transfer Station is the first permanent bus transfer station in the City of Canton bringing to three the number of transfer stations owned by SARTA within Stark County. The transfer facility offers users a covered bus discharge and boarding platform, men and women restrooms, waiting areas, ticketing and customer service window and other amenities that provide some comfort to public transportation customers, as well as service to Greyhound.

With the installation of bus stops throughout the urban areas in the county, SARTA moved away from flag stops to the use of bus stops as the means to pick up and drop off passengers in the urban area of the county. 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 on vehicles.

## **FUTURE PLANS**

SARTA currently has the following listed in a Capital Improvement Plan that is in place through 2007 to address the future transportation needs of Stark County.

1. Bus Replacement Program. This schedule provides a plan for the systematic replacement of SARTA's revenue vehicles at the expiration of their useful life as enumerated by the FTA guidelines. The plan focuses on the needs of an aging community by shifting the load of the new buses to ParaTransit buses with the increasing need for these services.

2. Advance Communications Systems. The Agency plans to replace its old radio system with a new digital radio communications network to blanket the entire Stark County with the best communication amenity available to ensure that all buses are in constant contact with the Dispatch Unit as well as other buses.

3. Installation of Integrated Business Software (IBS). SARTA will complete the installation to replace the current financial accounting software package. This enterprise software networks the different operations of the Agency together to create a seamless unit working in concert as a unified agency. The IBS system links the Maintenance Operations to the Operations department and to the Safety/Claims department and are all connected to Finance, including Payroll, with minimal manual input.

4. Gateway Renovation. The SARTA Gateway facility, which houses the main office and bus garage, is over 23 years old with amenities that require updating. The Gateway facility will undergo a major renovation to update these needs and equipment as well as create more space for SARTA personnel. This project is slated to begin in 2004 at an approximate cost of \$4 million.

5. Fairbox Replacement. The entire fleet's fairboxes are schedule to be replaced in 2005 with state of the art fairbox system. This will accommodate technological improvements that have been implemented in SARTA's operations and improve the services to the residents of Stark County. Current considerations entail the use of 'Smart cards' and thirty day passes, as well as expansion of availability sites for the sale of fare tools. The fairbox system will also allow for electronic recording of types of fare tools and passengers.

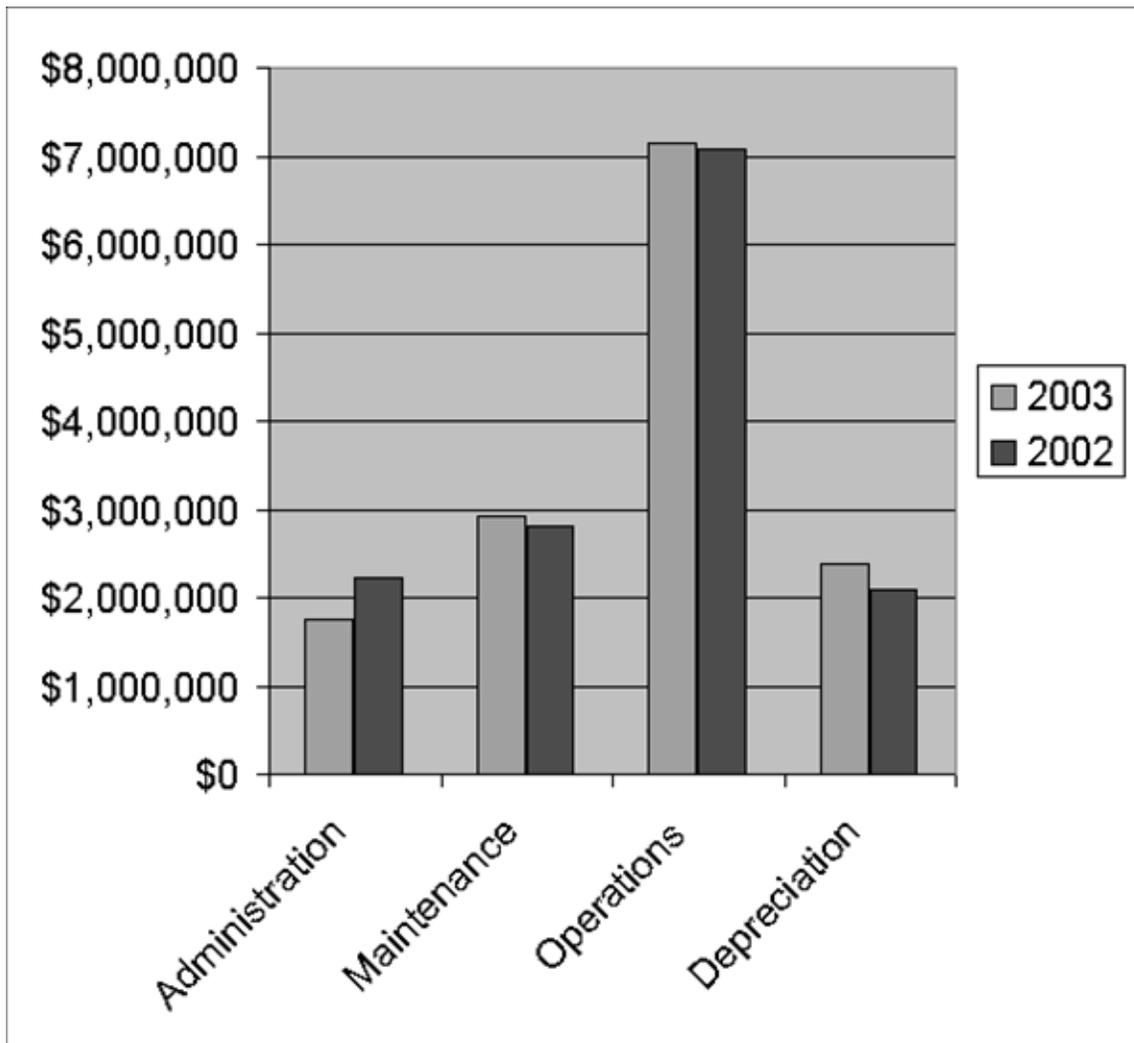
6. Alliance Transfer Center. SARTA will review the adequacy of the transfer center in Alliance, and develop plans to expand its capabilities, both by the agency and the community at large. Currently, those plans encompass utilizing more of the existing site and building, with alternative sites also being considered.

7. Massillon's Transfer Center. Massillon's Transfer Center is being reviewed for additional use by expanding services to that area. Currently considered are additional areas for bus pull offs and additional passenger amenities.

# SARTA

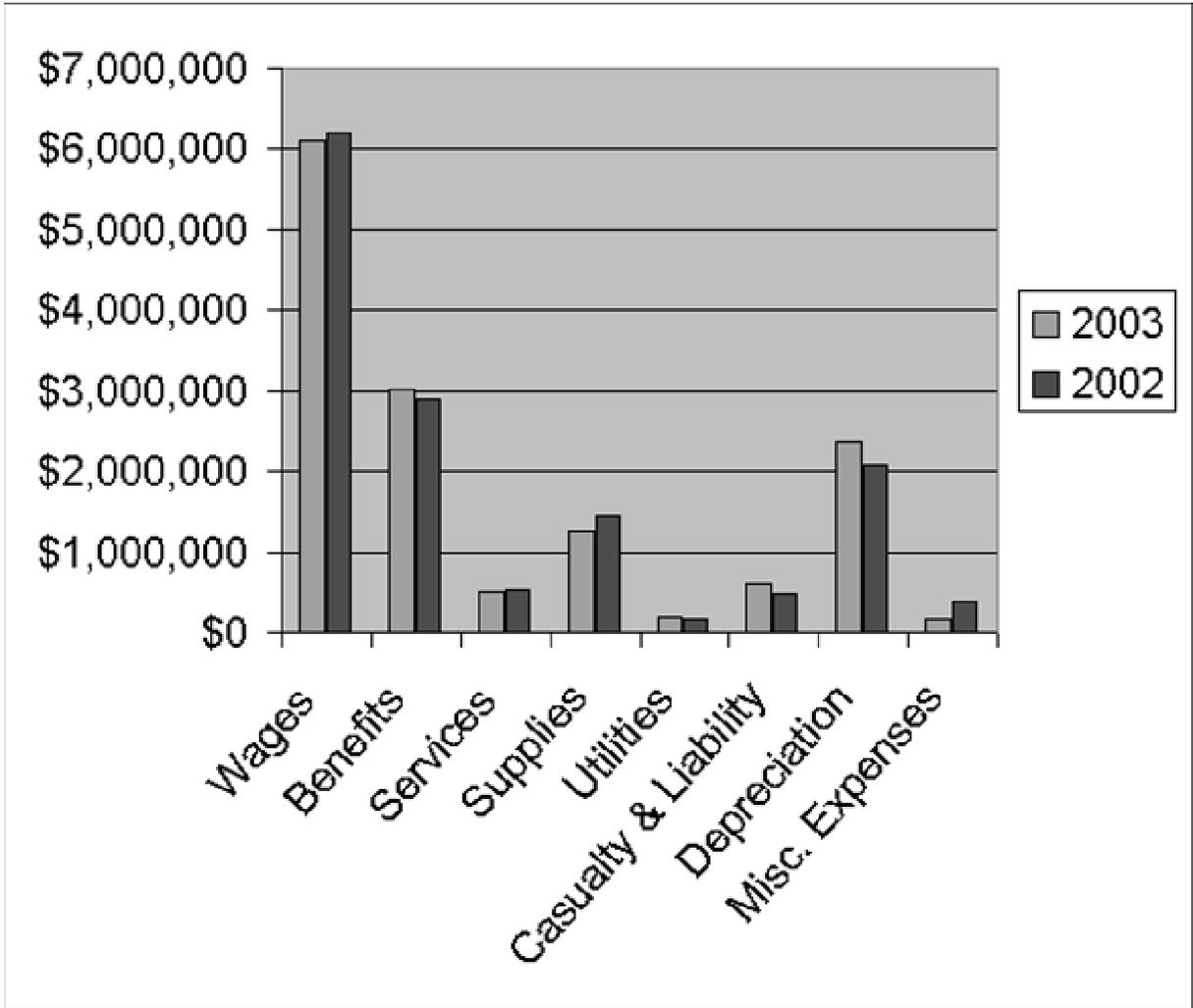
## EXPENSES BY FUNCTION Rounded To The Nearest Dollar

	2003	2002	Increase/Decrease	
			Amount	Per Cent
Administration	\$1,744,065	\$2,226,203	-482138.00	-21.66%
Maintenance	\$2,932,224	\$2,816,821	115403.00	4.10%
Operations	\$7,155,872	\$7,075,275	80597.00	1.14%
Depreciation	\$2,376,075	\$2,087,004	289071.00	13.85%
	\$14,208,236	\$14,205,303	2933.00	0.02%



**SARTA**  
**EXPENSES BY OBJECT CLASS**  
Rounded To The Nearest Dollar

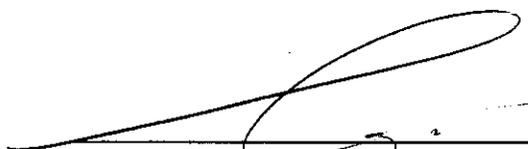
	2003	2002	Increase/Decrease	
			Amount	Per Cent
Wages	\$6,103,474	\$6,215,003	-111528.64	-1.79%
Benefits	\$3,009,814	\$2,888,719	121095.00	4.19%
Services	\$497,825	\$524,720	-26895.00	-5.13%
Supplies	\$1,254,734	\$1,449,992	-195258.00	-13.47%
Utilities	\$194,100	\$164,305	29795.00	18.13%
Casualty & Liability	\$609,618	\$478,313	131305.00	27.45%
Depreciation	\$2,376,075	\$2,087,004	289071.00	13.85%
Misc. Expenses	\$162,596	\$397,247	-234651.00	-59.07%
	\$14,208,236	\$14,205,303	2933.36	0.02%



## ACKNOWLEDGMENT

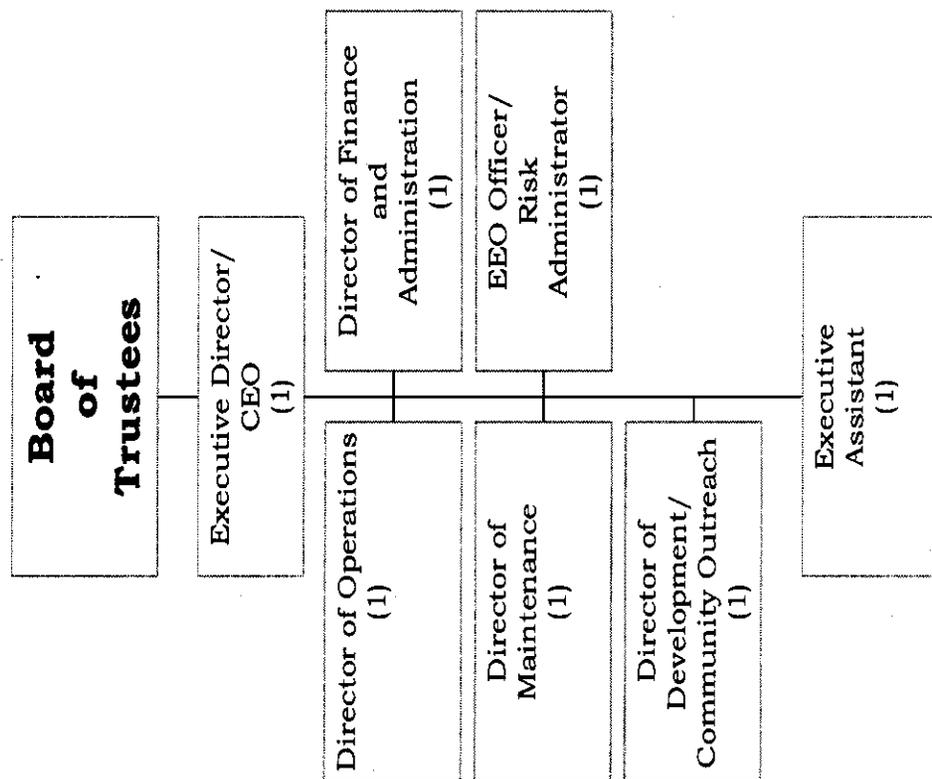
This report is organized, prepared, typed, proofread and prepared for printing by Carole A. Winchell, Director, Finance & Administration.

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

 7/30/04  
**Charles Odimgbe**  
Executive Director/CEO

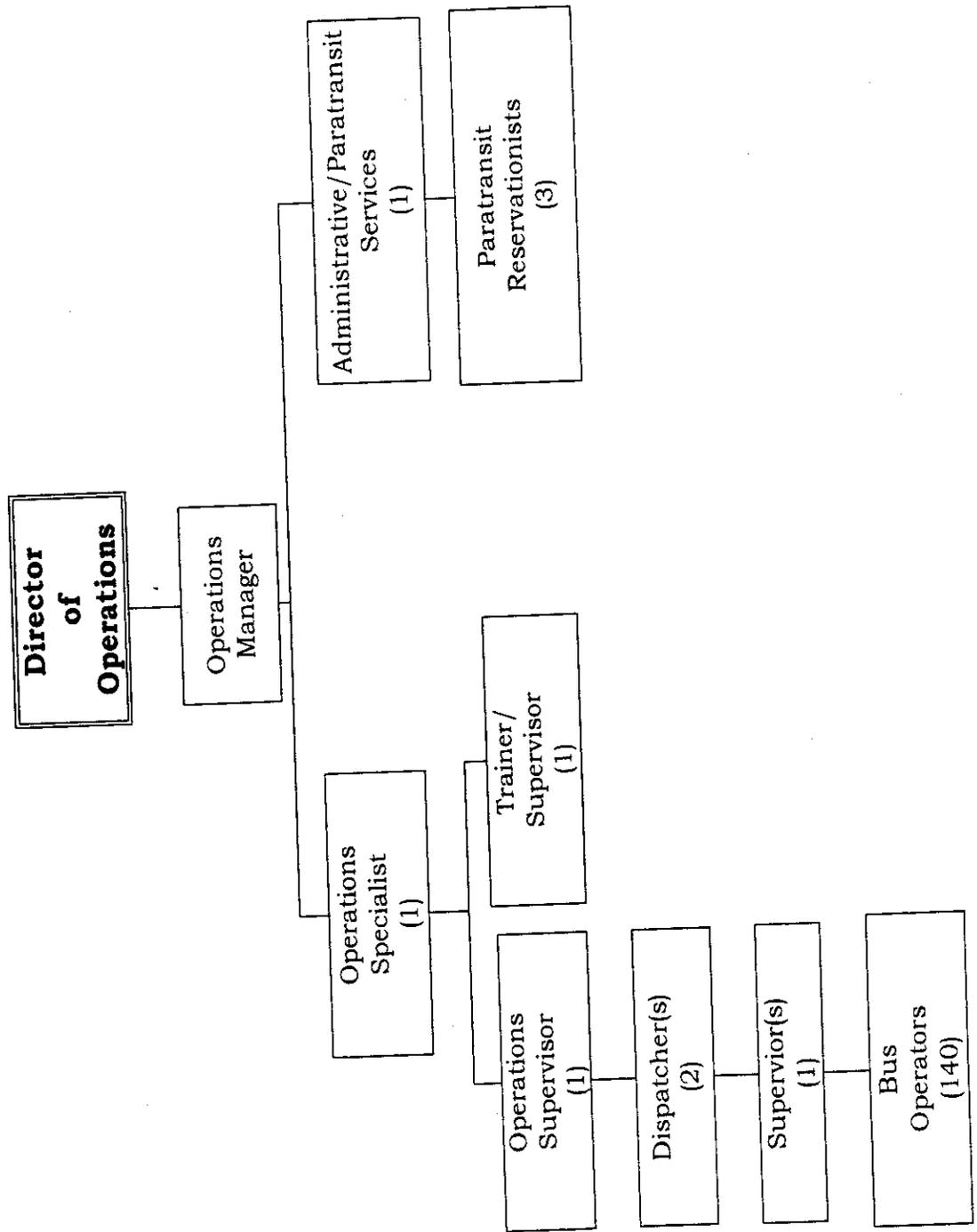
  
**Carole Winchell, CPA, MBA**  
Director of Finance & Administration

# Stark Area Regional Transit Authority Board of Trustees 2003

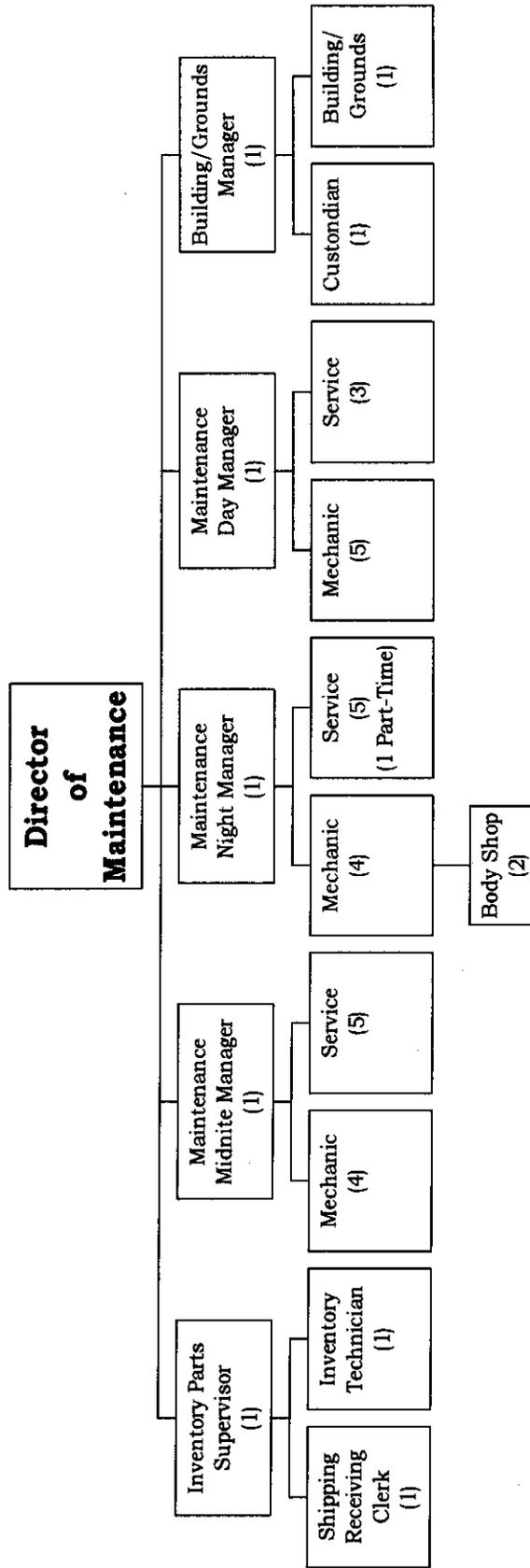


# Stark Area Regional Transit Authority

## Operations 2003

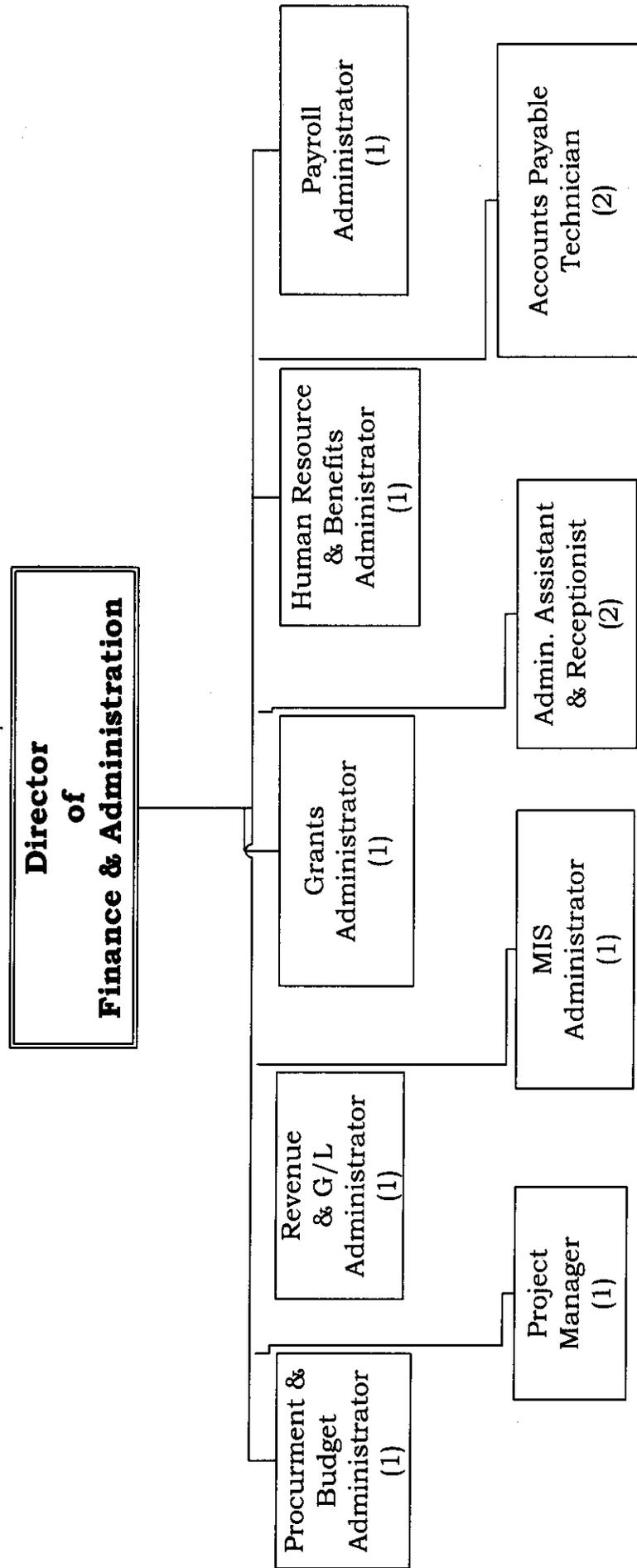


# Stark Area Regional Transit Authority Maintenance 2003



# Stark Area Regional Transit Authority

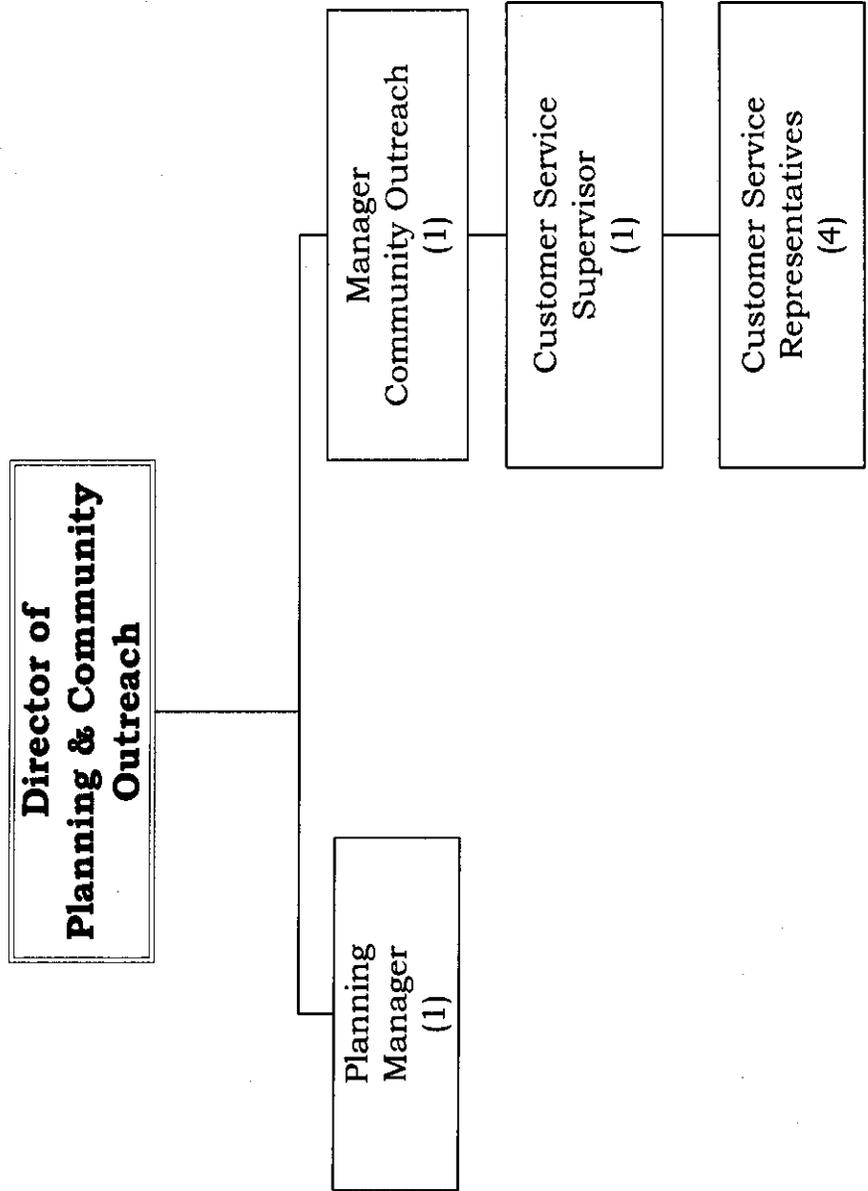
## Finance and Administration 2003



# Stark Area Regional Transit Authority

## Planning and Community Outreach

2003



**SARTA**

**BOARD OF TRUSTEES AND MANAGEMENT**

As of December 31, 2003

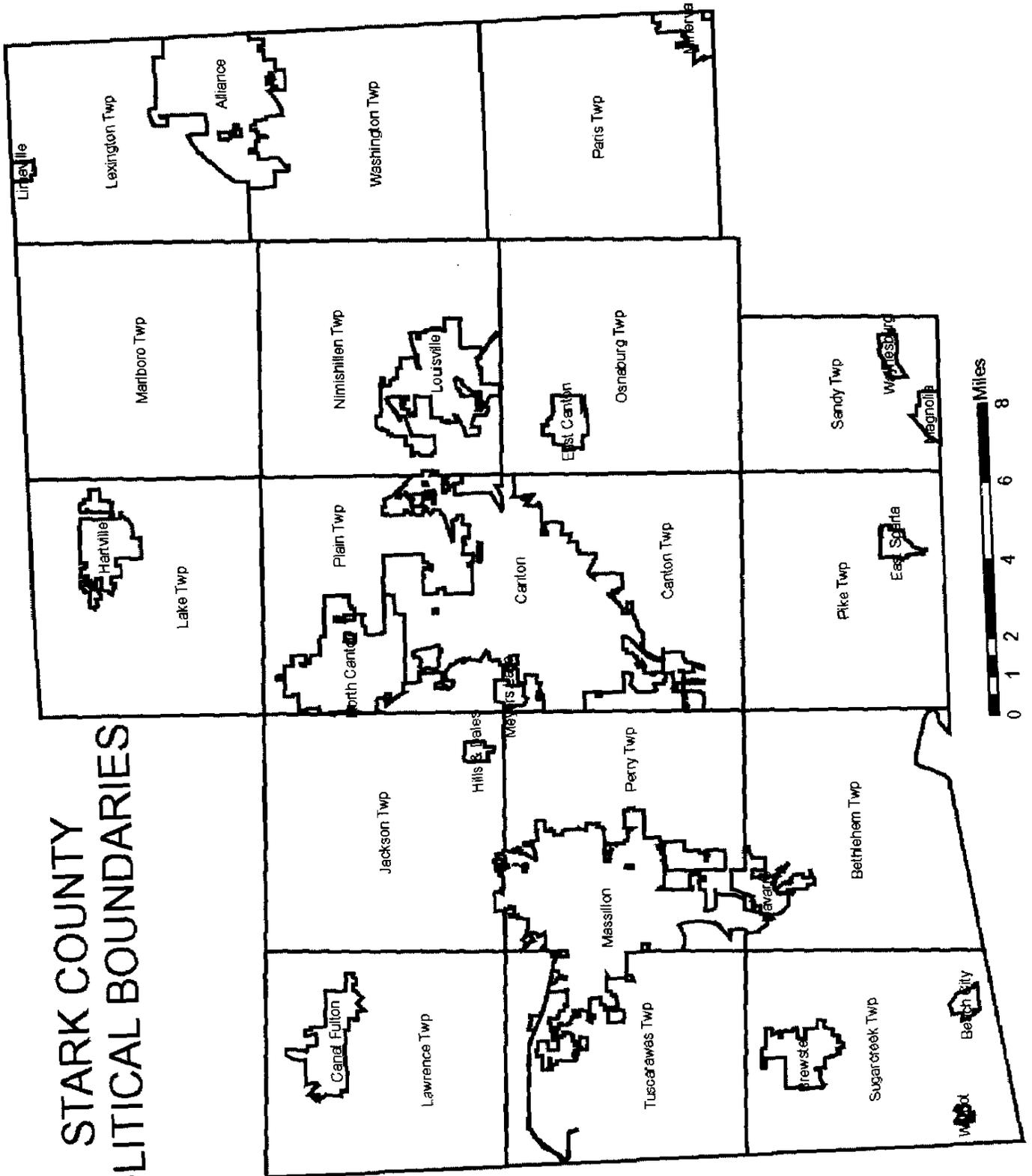
**BOARD OF TRUSTEES**

President	Deion Cash
Vice President	Phyllis Beyers
Trustees	Thomas Bernabei Gerald Bixler Charles DeGraff Rick Gatien Nancy Johnson William Rudner Chet Warren

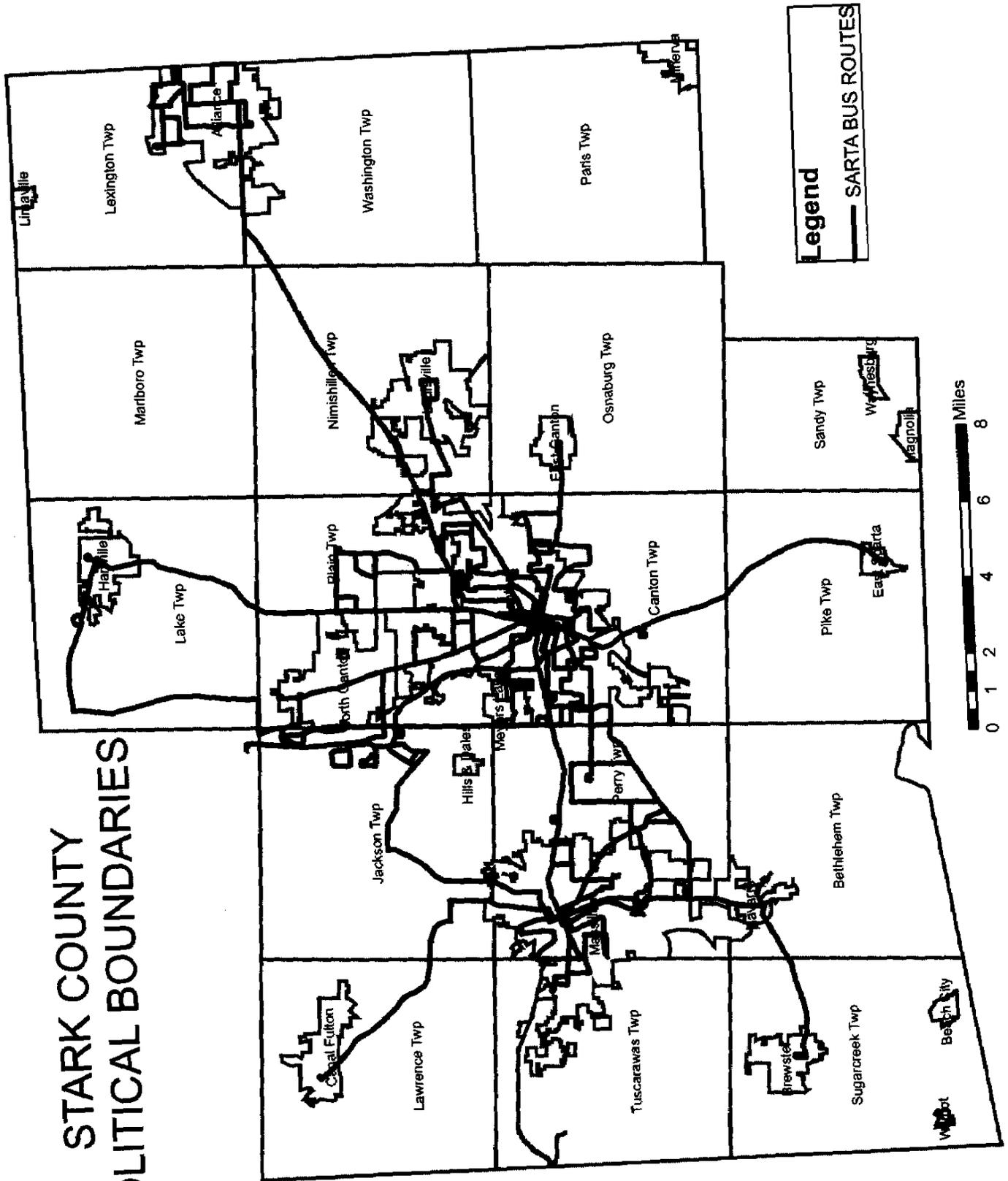
**MANAGEMENT**

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

# STARK COUNTY POLITICAL BOUNDARIES



# STARK COUNTY POLITICAL BOUNDARIES



# **Financial Section**

**General Purpose Financial Statements and Notes**

**2003**

## 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, 2003 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, 2003 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.

As discussed in note 9 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* effective January 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2004 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 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.

June 16, 2004

*Watson, Rice & Co.*



1600 GATEWAY BLVD. SE • CANTON, OHIO 44707

PHONE: (330) 454-6132 • 1-800-379-3661

FAX: (330) 454-5476 • [www.sartaonline.com](http://www.sartaonline.com)

## **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, 2003. 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 3,068,738 or 18% 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 2003 were \$436,047 higher than 2002, a 3.7% increase, due to budgeted increases in wages, health care premiums and liability insurance premiums.
- ❖ Operating income for the Authority was \$51,168 lower than in 2002, primarily due to decreases in fare revenues.
- ❖ Sales tax revenues for the Authority were \$136,466 higher than 2002, a 1.3% increase over 2002. As sales tax revenues account for approximately 61% 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 creased 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	2002
Current assets	\$ 6,664,633	\$ 5,300,334
Capital assets, net	<u>\$14,524,021</u>	<u>\$13,108,674</u>
Total assets	\$21,188,654	\$18,409,008
Current liabilities	\$ 1,385,190	\$ 1,674,282
Total liabilities	\$ 1,385,190	\$ 1,674,282
Net assets:		
Invested in capital assets	\$14,524,021	\$13,108,674
Restricted for capital assets	\$ 211,276	\$ 314,757
Unrestricted	<u>\$ 5,068,167</u>	<u>\$ 3,311,295</u>
Total net assets	\$19,803,464	\$16,734,726

As can be seen from the table above, net assets increased \$3,068,738 to \$19,803,464 in 2003 up from \$16,734,726 in 2002. The 18% increase was principally due to capital funding to purchase buses, equipment, land, and to construct a transfer 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 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.

## Changes in Net Assets

	2003	2002
Operating revenues	\$ 951,052	\$ 1,002,220
Operating expenses excluding depreciation	\$ 12,194,219	\$ 11,758,172
Depreciation expense	\$ 2,636,151	\$ 1,784,152
Operating Loss	\$(13,879,318)	\$(12,540,104)
Net non-operating revenues:		
Sales tax proceeds	\$ 10,739,684	\$ 10,603,218
Federal preventative maintenance	\$ 1,614,143	\$ 323,025
State preventative maintenance	\$ 320,001	\$ -
Elderly and disabled assistance	\$ 83,680	\$ 96,231
Federal planning grants	\$ 37,699	\$ -
State planning grants	\$ 36,773	\$ -
Local grants	\$ 17,500	\$ -
Investment/Interest income	\$ 15,785	\$ 17,607
Other (non-transportation, loss on disposal)	\$ (38,807)	\$ 4,212
Non-operating revenues total	\$ 12,826,458	\$ 11,044,293
Capital grant revenue	\$ 3,721,054	\$ 686,680
Change in net assets	\$ 3,068,738	\$ (1,674,282)
Net assets, beginning of year	\$ 16,734,726	\$ 18,409,008
Net assets, end of year	\$ 19,803,464	\$ 16,734,726

The Authority's operating revenues decreased \$51,168 to \$951,052 in 2003. This 5% decrease results from the April 2002 reduction in frequency of service in order to balance the budget. Operating expenses, excluding depreciation increased \$436,047 as compared to the prior year. Depreciation expense increased by \$851,999, as the authority sought to recognize total mileage usage per FTA standards.

The 2003 increase in other non-operating revenues of \$171,046 is primarily related to the authority's increasing use of federal and state grant dollars for planning, and the increase in sales tax revenues.

## Changes in Cash Flow

	2003		2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	967,029	\$	1,325,282
Cash payments to suppliers for goods & services	(2,713,694)	\$	(5,886,644)
Cash payments to employees for salaries and wages	(5,625,977)	\$	(6,125,695)
Cash payments to employees for benefits	(4,028,017)		Included in above
Net cash used in operating activities	<u>(11,400,659)</u>		<u>-10,687,057</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Sales taxes received	10,601,662	\$	10,619,401
Operating & Preventive maintenance grants received	2,060,819	\$	394,105
Other	11,041	\$	19,080
Net cash provided by noncapital financing activities	<u>12,673,522</u>		<u>11,032,586</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Federal Capital Grant Revenue	3,450,108	\$	846,073
State Capital Grant Revenue	278,353		
Acquisition of fixed assets & work in process	(3,700,821)	\$	(992,339)
Proceeds from sale of fixed assets			
Net cash used in capital and related financing activities	<u>27,640</u>		<u>-146,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	15,785	\$	17,563
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	1,316,288	\$	216,826
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			
	<u>1,409,094</u>	\$	1,192,268
CASH AND CASH EQUIVALENTS, END OF YEAR			
	<u>2,725,382</u>	\$	<u>1,409,094</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:			
Operating loss	(13,879,318)	\$	(12,540,100)
Adjustments to reconcile operating loss to Net cash used in operating activities:			

Depreciation	2,636,151	\$	1,784,152
Change in assets and liabilities:			
Accounts receivable - trade	15,996	\$	13,432
Materials and supplies inventory	115,088	\$	(19,951)
Prepaid expenses and other assets	516	\$	124,225
Accounts payable	64,454	\$	(219,359)
Accrued payroll	54,384	\$	11,119
Accrued payroll taxes	(197,280)	\$	84,999
Deferred Revenue	(20,070)		
Other current liabilities	(190,580)	\$	74,426
NET CASH USED IN OPERATING ACTIVITIES	(11,400,659)		(10,687,057)

### **Cash Flows**

Net cash used for operating activities increased by \$713,602 in 2003 as a result of decreased passenger fare revenues and increased expenses due to health benefits, liability insurance premiums and wage increases. Net cash provided by non-capital financing activities increased by \$1,640,936 due to full year activity in preventative maintenance draws against grants. Net cash used in capital and related financing activities increased by \$173,906 due to increased state match for buses and Cornerstone Transfer Center construction costs. Cash and cash equivalents increased in 2003 over 2002 by \$1,316,288.

### **Capital Assets**

The Authority's investment in capital assets amounts to \$14,524,021, net of accumulated depreciation as of December 31, 2003, an increase of \$1,415,347, an increase of 10.8% over 2002. 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 \$2,318,836 (not all in 2003).
- ❖ Integrated Business System, \$599,489,
- ❖ ParaTransit buses purchased, totaling \$969,752,
- ❖ Maintenance equipment/equipment purchased, totaling \$83,467,
- ❖ Software upgrades/replacements and hardware, totaling \$111,497.

### **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. 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  
BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>ASSETS</b>	2003
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents (Note 2)	2,514,106
Receivables:	
Trade	67,287
Sales tax (Notes 1 and 3)	2,896,421
State capital grant and special fare assistance	403,512
Federal capital and planning grants	272,200
Local Grants	15,000
Materials and supplies inventory	262,056
Prepaid expenses and other assets	22,775
Restricted for Capital Assets:	
Cash and Cash Equivalents	211,276
Total current assets	6,664,633
 <b>CAPITAL ASSETS: (Note 4)</b>	
Land	238,243
Buildings and improvements	6,926,369
Transportation equipment	13,540,575
Other equipment	1,496,024
Construction and work in progress	3,601,730
Total Capital Assets	25,802,941
Less accumulated depreciation	(11,278,920)
Capital assets - Net	14,524,021
 <b>TOTAL ASSETS</b>	 <b>\$21,188,654</b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	274,722
Accrued payroll	501,649
Accrued payroll taxes and withholdings payable	427,331
Federal reimbursement payable	11,674
Other Current Liabilities	99,123
Deferred revenues	70,691
Total current Liabilities	1,385,190
 <b>NET ASSETS:</b>	
Invested in Capital assets (Note 1):	14,524,021
Restricted for Capital Assets	211,276
Unrestricted	5,068,167
 <b>TOTAL NET ASSETS</b>	 <b>19,803,464</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$21,188,654</b>

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

**STARK AREA REGIONAL TRANSIT AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003
<b>OPERATING REVENUES:</b>	
Passenger fares	\$788,246
Special transit fares	122,500
Auxillary transportation revenue	40,306
Total operating revenues	951,052
<b>OPERATING EXPENSES:</b>	
Labor	5,680,342
Fringe benefits (Note 5)	3,810,667
Materials and supplies	998,117
Services	378,009
Utilities	194,100
Casualty and liability	577,728
Leases and rentals	5,810
Miscellaneous	549,446
Total Operating Expenses Excluding Depreciation	12,194,219
<b>OPERATING LOSS BEFORE DEPRECIATION EXPENSE</b>	<b>(11,243,167)</b>
<b>DEPRECIATION EXPENSE (Note 1):</b>	<b>(2,636,151)</b>
<b>OPERATING LOSS</b>	<b>(13,879,318)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Sales tax revenues (Note 3)	10,739,684
Federal planning grant	37,699
State planning grant	36,773
State operating grants, reimbursements and special fare assistance (Note 7)	83,680
Interest income	15,785
Local grant	17,500
(Loss) on disposal of fixed assets	(49,848)
Nontransportation revenues	11,041
Total nonoperating revenues - net	10,892,314
<b>NET LOSS BEFORE CAPITAL GRANT REVENUE</b>	<b>(2,987,004)</b>
<b>CAPITAL GRANT REVENUE (Note 1):</b>	
Federal Capital Grant	3,128,956
Federal Preventive Maintenance Grant	1,614,143
State Preventive Maintenance Grant	320,001
State Capital Grants	592,098
Total preventive maintenance & capital grant revenues	5,655,198
<b>INCREASE IN NET ASSETS</b>	<b>2,668,194</b>
Prior Period Audit Adjustments (Note 11)	400,544
Net Assets, Beginning of Year	16,734,726
Net Assets, End of Year	<b>\$19,803,464</b>

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, 2003**

	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$967,029
Cash payments to suppliers for goods & services	(2,713,694)
Cash payments to employees for salaries and wages	(5,625,977)
Cash payments to employees for bebefits	(4,028,017)
Net cash used in operating activities	(11,400,659)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Sales taxes received	10,601,662
Operating & Preventive maintenance grants received	2,060,819
Other	11,041
Net cash provided by noncapital financing activities	12,673,522
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Federal Capital Grant Revenue	3,450,108
Statel Capital Grant Revenue	278,353
Acquisition of fixed assets & work in process	(3,700,821)
Proceeds from sale of fixed assets	
Net cash used in capital and related financing activities	27,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received from investments	15,785
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,316,288
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,409,094
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$2,725,382</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss	(13,879,318)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,636,151
Change in assets and liabilities:	
Accounts receivable - trade	15,996
Materials and supplies inventory	115,088
Prepaid expenses and other assets	516
Accounts payable	64,454
Accrued payroll	54,384
Accrued payroll taxes	(197,280)
Deferred Revenue	(20,070)
Other current liabilities	(190,580)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(\$11,400,659)</u>

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

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

**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, 2003 were subject to a collective bargaining agreement that expires on January 4, 2004. A new 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 YEARS ENDED DECEMBER 31, 2003**

**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 average cost determined using the first-in, first-out method. Inventory generally consists of maintenance parts, supplies for rolling stock and other transportation equipment, fuel and lubricants, 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.

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.

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

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

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

The Federal Transit Administration (“FTA”) and the Ohio Department of Transportation (“ODOT”) provide financial assistance and make grants directly to the Authority for operations and acquisitions 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 period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and are credited to revenue when the related qualified expenditures are incurred.

**Compensated Absences**

The Authority accrues vacation and sick pay benefits as earned by its employees.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

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

**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, 2003, \$5,830,850 in federal, state and local capital planning and operating contributions was recognized as revenue in the statement of revenue and expenses.

**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.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

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

**Deposits**

The carrying amount of the Authority's deposits was \$1,750,181 at December 31, 2003 with a \$1,722,162 bank balance. Deposits of \$100,000 were covered by federal depository insurance at December 31, 2003. The \$1,622,162 remaining balance was uncollateralized, as defined by GASB. However, all of this balance except \$940 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.

	Risk Category			Carrying/ Fair Value
	1	2	3	
Repurchase agreements			<u>\$958,292</u>	\$958,292
STAROhio				<u>16,909</u>
Total investments				<u>\$975,201</u>

**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.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	CIP Transfers/Disposals	Balance December 31, 2003
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 238,243			\$ 238,243
<i>Capital Assets Being Depreciated:</i>				
Buildings & Improvements	6,926,369			6,926,369
Transportation Equipment	14,200,479	\$ 635,036	\$(1,294,940)	13,540,575
Other Equipment	1,261,886	234,138		1,496,024
Construction in Progress	<u>770,083</u>	<u>2,831,647</u>		<u>3,601,730</u>
Total Capital Assets Being Depreciated	<u>23,158,817</u>	<u>3,700,821</u>	<u>(1,294,940)</u>	<u>25,564,698</u>
<i>Less: Accumulated Depreciation</i>				
Buildings & Improvements	(2,584,991)	(85,199)		(2,670,190)
Transportation Equipment	(6,958,174)	(1,966,417)	1,225,512	(7,699,079)
Other Equipment	(745,221)	(164,430)		(909,651)
Total Accumulated Depreciation	<u>(10,288,386)</u>	<u>(2,216,046)</u>	<u>1,225,512</u>	<u>(11,278,920)</u>
<i>Total Capital Assets, Net</i>	<u>\$13,108,674</u>	<u>\$1,484,775</u>	<u>(\$69,428)</u>	<u>\$14,524,021</u>

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

**5. RETIREMENT BENEFITS:**

**Plan Description**

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

- (1) The Traditional Pension Plan (TP) - a cost sharing multiple employer benefit pension plan.
- (2) The Member-Directed Plan (MD) – a defined 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. Under the Combined Plan, employer contributions are invested by the retirement system 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 and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

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

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) 227-6705 or 1-800-222-PERS (7377).

**Funding Policy**

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). For 2003, employees are required to contribute 8.5 percent of their covered payroll to OPERS. 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 2003, 2002, and 2001, respectively, including 5.0 percent that it used to fund post-retirement, health care benefits. The Authority's total contributions to OPERS for pension benefits (excluding the amount related to post-retirement benefits) for the years ended December 31, 2003, 2002, and 2001 were approximately \$1,067,867, \$1,061,121 and \$1,149,000, respectively.

Total required employer contributions for all plans (TP, MD and CO) are equal to 100% of employer charges.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

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

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

In addition to the pension benefits described previously, OPERS provides post-employment benefits to eligible participants. OPERS administers three separate pensions: The Traditional Plan (TP) – a cost sharing multiple-employer defined benefit pension plan; the Member Directed Plan (MD) – a defined contribution plan; and 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.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and Combined Plans; however, health care benefits are not statutorily guaranteed. 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 must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (“OPEB”) as described in GASB Statement No. 12.

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 employer units, such as the Stark Area Regional Transit Authority, the employer rate was 13.55% of covered payroll for the years ended December 31, 2002 and 2003. Of the 13.55%, 5.00% was used to fund health care for the year.

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

The assumptions and calculations noted in the following paragraphs below are based on the System’s latest Actuarial Review performed as of December 31, 2002. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB’s. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed approach is used. Under this approach, assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment return assumption rate for 2002 was 8.00 percent. An annual increase of 4.00 percent 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 percent base increase were assumed to range from .50 percent to 6.3 percent. Health care costs were assumed to increase 4.00 percent annually.

OPEB’s are advance-funded on an actuarially determined basis. At year-end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The Authority’s contributions for post-employment benefits to OPERS for the years ended December 31, 2003, 2002, and 2001 were approximately \$313,158, \$310,629 and \$335,000 respectively, equal to 100 percent of the contributions for each year.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

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

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

The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002 (latest information available) was \$10.0 billion. The actuarial accrued liability and the un-funded actuarial accrued liability, based on the actuarial costs method used, were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired in an OPERS covered-position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

In response to adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

**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 2003, but expects that all costs in relation to these accidents will be covered through their insurance.

***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, 2003 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 purchase 5-30 foot buses for \$1,245,000, which originated in 2002, and to complete the purchase and implementation of Integrated Business Software for \$412,839.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

**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>2003</u>
STATE PLANNING GRANT	\$ 36,773
FEDERAL PLANNING GRANT	37,699
STATE OPERATING GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE:	
ODOT Elderly Fare Assistance	83,680
ODOT Fuel Tax Expense	<u>134,772</u>
TOTAL	<u>\$292,924</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.

**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.

**STARK AREA REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003**

**10. TRANSFER STATION LEASES:**

The Authority has the following transfer leases outstanding as of December 31, 2003:

(A) The Authority in January 1999 entered into a ten-year lease with Verner A. Bonfeit 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 2005 and \$475 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 audit report understated the ending net assets for the following items:

(A) The 2002 audited financial statements understated federal maintenance grants receivable and the revenue by \$167,750. The ending balance for 2002 was increased to reflect this grants receivable.

(B) The 2002 audited financial statements overstated the accrued workers' compensation liability by \$144,610. The reduction of this prior year liability increased the ending net assets by this amount.

(C) The 2002 audited financial statements overstated the year end employer and employee PERS payable by \$88,184. The reduction of this prior year liability increases the 2002 ending net assets by this amount.

**Statistical  
Section  
2003**

**SARTA  
OPERATING STATISTICS**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b><u>System Ridership</u></b>										
Fixed Route	1,166,334	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
Para Transit	21,804	20,044	19,323	20,804	67,874	88,608	97,155	95,558	105,832	112,756
<b><u>Average Weekday</u></b>										
<b><u>System Ridership</u></b>										
Fixed Route	4,030	3,943	2,533	2,391	4,388	4,369	4,092	4,394	3,898	3,771
Para Transit	80	79	63	68	248	289	315	326	345	367
<b><u>Average Weekday</u></b>										
<b><u>Miles Operated</u></b>										
Fixed Route	3,590	3,039	2,358	2,607	11,616	10,485	10,641	10,407	8,825	7,083
Para Transit	580	479	411	482	2,256	2,800	3,057	3,320	3,641	2,836
<b><u>Revenue Miles</u></b>										
Fixed Route	1,091,040	874,526	726,155	800,381	2,825,427	3,218,969	3,277,323	3,194,896	2,709,275	2,528,612
Para Transit	152,098	130,376	126,604	147,864	617,418	859,498	941,631	1,019,258	1,117,699	1,012,374
<b><u>Passenger Miles</u></b>										
Fixed Route	4,093,086	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
Para Transit	147,935	137,576	133,329	143,548	433,561	611,395	670,370	659,350	730,241	778,016
<b><u>Energy Consumption</u></b>										
Gallons of diesel	319,062	261,222	211,620	227,909	598,874	855,243	860,298	780,699	674,334	607,845
Cost	\$207,232	172,264	\$140,198	\$167,880	\$449,156	\$465,164	\$916,031	\$897,023	\$706,363	\$604,601
Cost per Gallon	\$0.65	\$0.66	\$0.66	\$0.74	\$0.75	\$0.54	\$1.06	\$1.15	\$1.05	\$0.99
<b><u>Fleet Requirement</u></b>										
Fixed Route	29	26	26	40	55	56	58	53	53	36
Para Transit	5	4	4	11	18	25	26	42	42	42
<b><u>Total Active Vehicles</u></b>										
Fixed Route	29	33	33	47	65	58	68	95	71	49
Para Transit	5	10	12	24	24	27	31	42	42	42
<b><u>Number of Employees</u></b>										
Full Time Equivalent	95	93	82	131	234	224	222	226	194	199

# SARTA

## REVENUES BY SOURCE-LAST TEN YEARS

Rounded To The Nearest Dollar

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
FARES	\$951,052	\$1,002,220	\$1,074,349	\$1,053,891	\$967,475	\$704,657	\$515,903	\$522,959	\$468,213	\$464,986	\$433,872
SALES TAX	\$10,739,684	\$10,603,218	\$10,237,386	\$10,765,546	\$9,876,829	\$9,071,557	\$3,600,439	\$0	\$0	\$0	\$0
FEDERAL :											
Operating Grants & Capital Grant Reimbursement	\$37,699	\$0	\$25,512	\$54,488	\$0	\$0	\$528,973	\$539,119	\$998,478	\$1,152,000	\$1,089,091

State :

Local :

Operating grants & Reimbursement	\$120,453	\$96,231	\$227,279	\$224,542	\$355,426	\$674,756	\$699,101	\$311,133	\$788,051	\$855,498	\$803,407
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Special Fare Assistance & Capital Grant Reimbursement	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,583	\$15,287	\$31,858
Operating grants & Reimbursement	\$0	\$0	\$0	\$0	\$0	\$87,455	\$108,117	\$2,574,676	\$2,394,203	\$2,529,090	\$2,510,533
Property Tax	\$11,041	\$4,212	\$19,421	\$10,096	\$48,799	\$44,084	\$2,837	\$2,079	\$14,682	\$6,893	\$6,653
Nontransportation	\$15,785	\$17,607	\$82,739	\$172,612	\$166,252	\$159,496	\$41,854	\$34,766	\$35,269	\$18,012	\$14,543
Misc Income	\$11,893,214	\$11,723,488	\$11,666,686	\$12,281,175	\$11,414,781	\$10,742,005	\$5,497,224	\$3,984,732	\$4,703,479	\$5,041,766	\$4,889,957

## EXPENSES BY SOURCE-LAST TEN YEARS

Rounded To The Nearest Dollar

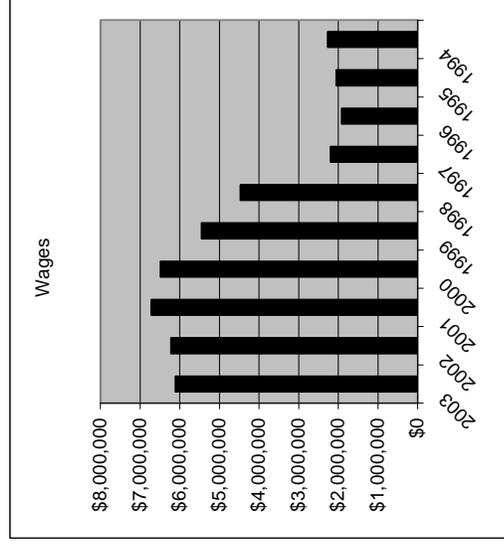
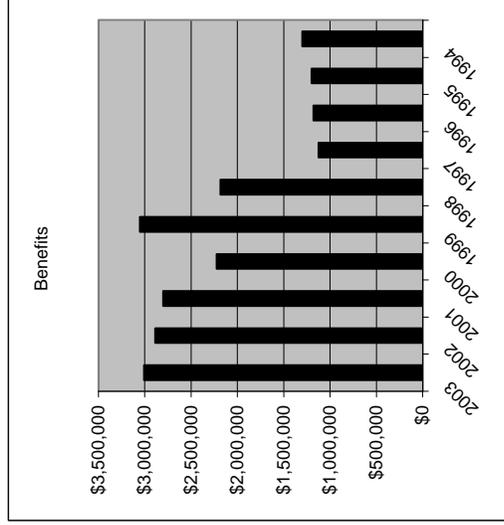
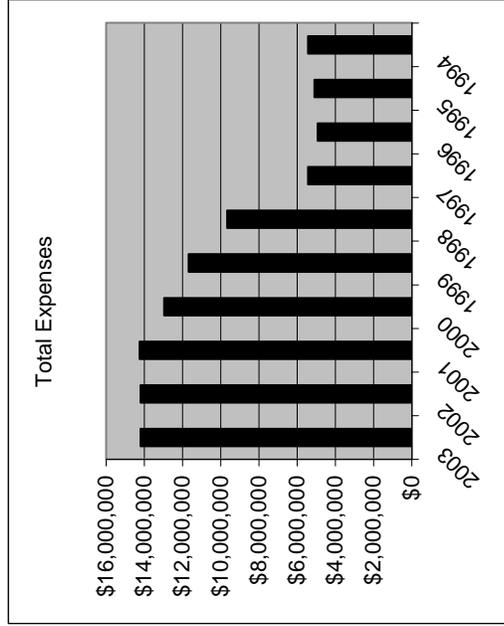
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Labor	\$5,680,342	\$5,545,835	\$6,172,965	\$6,475,880	\$5,646,888	\$4,550,270	\$2,191,556	\$1,897,824	\$2,046,122	\$2,295,909	\$1,996,171
Fringe Benefits	\$3,810,667	\$3,728,101	\$3,534,124	\$3,311,312	\$3,005,366	\$2,297,587	\$1,099,617	\$1,168,947	\$1,233,210	\$1,330,416	\$1,188,383
General & Administrative	\$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	\$1,197,039	\$1,252,886
Depreciation	\$2,636,151	\$1,784,152	\$1,867,846	\$1,356,297	\$1,200,171	\$1,030,704	\$880,478	\$881,300	\$784,896	\$698,682	\$643,430
	\$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	\$5,522,046	\$5,080,870

# SARTA

## EXPENSES BY OBJECT CLASS

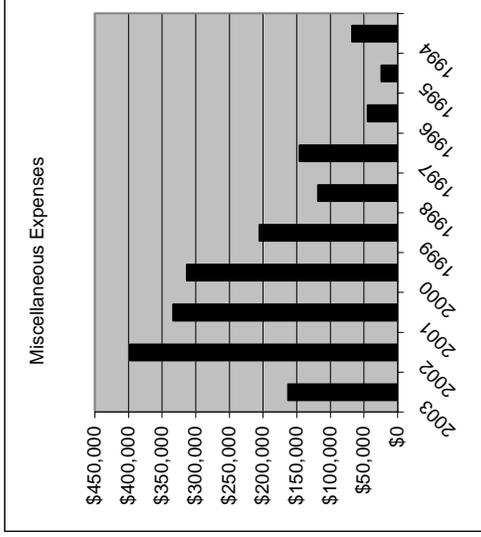
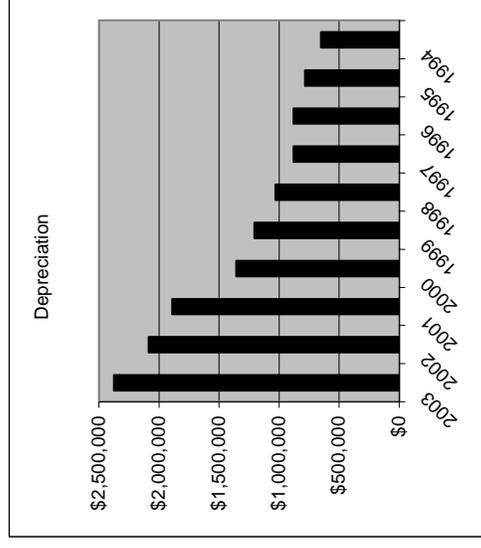
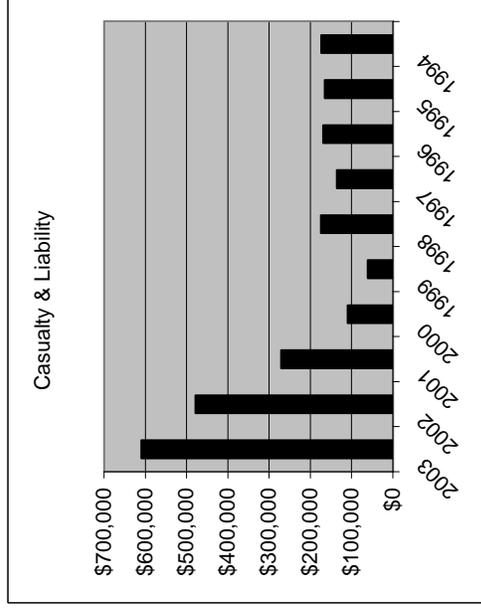
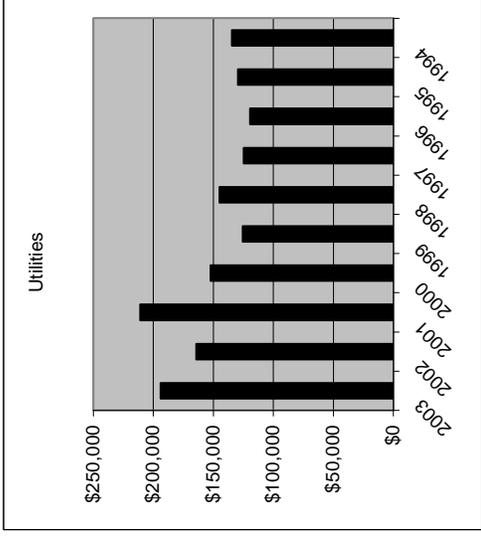
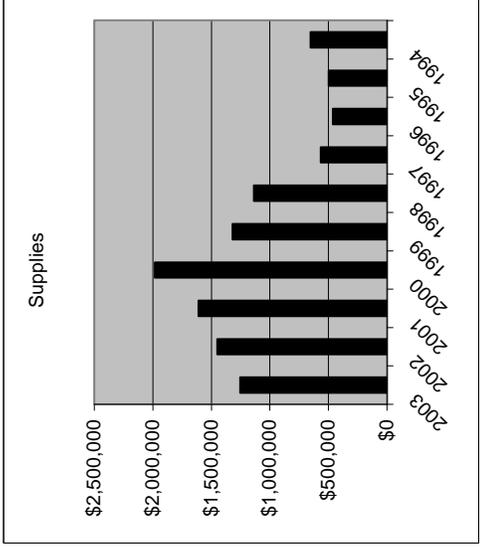
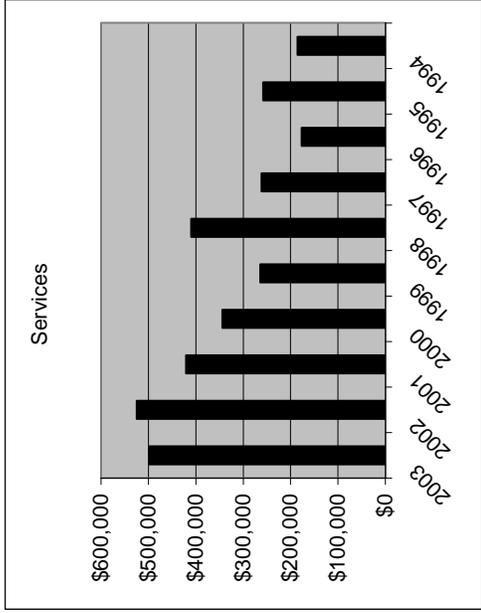
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Wages	\$6,103,474	\$6,215,003	\$6,718,353	\$6,484,155	\$5,445,046	\$4,465,273	\$2,193,622	\$1,908,820	\$2,044,537	\$2,268,668
Benefits	\$3,009,814	\$2,888,719	\$2,801,036	\$2,223,928	\$3,052,789	\$2,184,141	\$1,123,551	\$1,178,050	\$1,200,352	\$1,299,915
Services	\$497,825	\$524,720	\$420,426	\$343,924	\$263,813	\$409,607	\$261,490	\$176,593	\$258,161	\$185,618
Supplies	\$1,254,734	\$1,449,992	\$1,610,892	\$1,983,377	\$1,320,628	\$1,137,479	\$565,553	\$463,688	\$499,086	\$653,525
Utilities	\$194,100	\$164,305	\$210,971	\$152,247	\$125,449	\$144,840	\$124,626	\$119,304	\$129,641	\$134,574
Casualty & Liability	\$609,618	\$478,313	\$270,863	\$109,505	\$61,181	\$174,561	\$135,957	\$169,376	\$165,457	\$173,500
Depreciation	\$2,376,075	\$2,087,004	\$1,891,548	\$1,357,415	\$1,205,201	\$1,030,704	\$880,478	\$881,300	\$784,896	\$650,948
Miscellaneous Expenses	\$162,596	\$397,247	\$333,442	\$313,166	\$205,345	\$118,484	\$145,722	\$44,413	\$24,307	\$67,549
<b>Total Expenses</b>	<b>\$14,208,236</b>	<b>\$14,205,303</b>	<b>\$14,257,531</b>	<b>\$12,967,717</b>	<b>\$11,679,452</b>	<b>\$9,665,089</b>	<b>\$5,430,999</b>	<b>\$4,941,544</b>	<b>\$5,106,437</b>	<b>\$5,434,297</b>

Rounded to the nearest dollar



# SARTA

## EXPENSES BY OBJECT CLASS



# SARTA

## STARK COUNTY DEMOGRAPHICS

<b>SCHOOL ENROLLMENT</b>	<b>Number</b>	<b>Percent</b>
<b>Population 3 years and over enrolled in school</b>	<b>94,779</b>	<b>100%</b>
Nursery school, preschool	7,059	7.4%
Kindergarten	4,671	4.9%
Elementary school (grades 1-8)	45,013	47.5%
High school (grades 9-12)	21,340	22.5%
College or graduate school	16,696	17.6%

<b>EDUCATIONAL ATTAINMENT</b>		
<b>Population 25 years and over</b>	<b>252,971</b>	<b>100%</b>
Less than 9th grade	10,447	4.1%
9th to 12th grade, no diploma	31,465	12.4%
High school graduate (includes equivalency)	104,333	41.2%
Some college, no degree	47,919	18.9%
Associate degree	13,410	5.3%
Bachelor's degree	30,035	11.9%
Graduate or professional degree	15,362	6.1%
Percent high school graduate or higher	83.4	N/A
Percent bachelor's degree or higher	17.9	N/A

<b>GRANDPARENTS AS CAREGIVERS</b>		
Grandparent responsible for grandchildren	2,771	45.9%

<b>VETERAN STATUS</b>		
<b>Civilian population 18 years and over</b>	<b>284,292</b>	<b>100%</b>
Civilian veterans	40,385	14.2%

<b>DISABILITY STATUS OF THE CIVILIAN NON-INSTITUTIONALIZED POPULATION</b>		
<b>Population 5 to 20 years</b>	<b>83,523</b>	<b>100%</b>
With a disability	5,971	7.1%
<b>Population 21 to 64 years</b>	<b>212,038</b>	<b>100%</b>
With a disability	35,784	16.9%
Percent employed	58.2	N/A
No disability	176,254	83.1%
Percent employed	80	N/A

# 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	64.1%
Civilian labor force	189,161	64.1%
Employed	180,590	61.2%
Unemployed	8,571	2.9
Unemployed percent of civilian labor force	4.5	N/A
Armed Forces	58	0.0
Not in labor force	105,871	35.9%
<b>Females 16 years and over</b>	<b>156,418</b>	<b>100%</b>
In labor force	89,507	57.2%
Civilian labor force	89,500	57.2%
Employed	85,719	54.8%
<b>Own children under 6 years</b>	<b>27,324</b>	<b>100%</b>
All parents in family in labor force	17,329	63.4%
<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	86.2%
Car, truck, or van -- carpooled	13,906	7.8%
Public transportation (including taxicab)	1,896	1.1%
Walked	3,408	1.9%
Other means	1,167	0.7%
Worked at home	4,107	2.3%
Mean travel time to work (minutes)	21.3	N/A
<b>Employed civilian population 16 years &amp; over</b>	<b>180,590</b>	<b>100%</b>
<b>OCCUPATION</b>		
Management, professional, and related occupations	51,810	28.7%
Service occupations	26,278	14.6%
Sales and office occupations	48,044	26.6%
Farming, fishing, and forestry occupations	541	0.3%
Construction, extraction, and maintenance occupations	15,172	8.4%
Production, transportation, and material moving occupations	38,745	21.5%

<b>INDUSTRY</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining	1,558	0.9%
Construction	10,739	5.9%
Manufacturing	42,454	23.5%
Wholesale trade	6,943	3.8%
Retail trade	22,753	12.6%
Transportation and warehousing, and utilities	7,798	4.3%
Information	3,243	1.8%
Finance, insurance, real estate, and rental and leasing	9,733	5.4%
Professional, scientific, mgt., administrative, & waste mgt. services	12,086	6.7%
Educational, health and social services	35,820	19.8%
Arts, entertainment, recreation, accommodation and food services	12,825	7.1%
Other services (except public administration)	9,437	5.2%
Public administration	5,201	2.9%

<b>CLASS OF WORKER</b>		
Private wage and salary workers	152,979	84.7%
Government workers	17,527	9.7%
Self-employed workers in own not incorporated business	9,611	5.3%
Unpaid family workers	473	0.3%

<b>INCOME IN 1999</b>		
<b>Households</b>	<b>148,323</b>	<b>100%</b>
Less than \$10,000	12,250	8.3%
\$10,000 to \$14,999	10,105	6.85%
\$15,000 to \$24,999	20,744	14%
\$25,000 to \$34,999	21,309	14.4%
\$35,000 to \$49,999	27,793	18.7%
\$50,000 to \$74,999	30,062	20.3%
\$75,000 to \$99,999	13,287	9%
\$100,000 to \$149,999	8,342	5.6%
\$150,000 to \$199,999	2,050	1.4%
\$200,000 or more	2,381	1.6%
Median household income (dollars)	39,824	N/A

<b>POVERTY STATUS IN 1999 (below poverty level)</b>		
<b>Families</b>	<b>7,008</b>	<b>N/A</b>
Percent below poverty level	N/A	6.8%
With related children under 18 years	5,613	N/A
Percent below poverty level	N/A	11.3%
With related children under 5 years	2,952	N/A
Percent below poverty level	N/A	16.2%

# 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	One Race Native 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  
NOVEMBER 23, 2004**