

# SARTA

## Stark Area Regional Transit Authority



## Comprehensive Annual Financial Report for the years ending December 31, 2013 and 2012



1600 Gateway Blvd. SE  
Canton, Ohio 44707





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stark Area Regional Transit Authority, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2013 through December 31, 2013. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 15, 2014

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**2013**  
**Stark Area Regional Transit Authority**  
**Stark County**  
**Canton, Ohio**

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***Comprehensive Annual Financial Report***  
***For Fiscal Year's Ended December 31, 2013 and 2012***

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***Charles DeGraff***  
***President***  
***Board of Trustees***

***Kirt W. Conrad***  
***CEO***  
***SARTA***

***Prepared by Finance Division***  
***Mark Cornman, Director of Finance***

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# Stark Area Regional Transit Authority Canton, Ohio 44707

## Comprehensive Annual Financial Report For the Fiscal Years Ended December 31, 2013 and 2012

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## **Introductory Section 2013**

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*The Introductory Section includes:*

*Authority's transmittal letter*

*Certificate of Achievement for Excellence in Financial Reporting*

*Award of Financial Reporting Achievement*

*Board of Trustees and Management*

*Organizational Chart*

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June 17, 2014

Mr. Charles DeGraff, President  
SARTA Board of Trustees  
Members of Board of Trustees  
And Residents of Stark County, Ohio

State law requires that every transit authority publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

This report is presented in three sections:

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

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

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

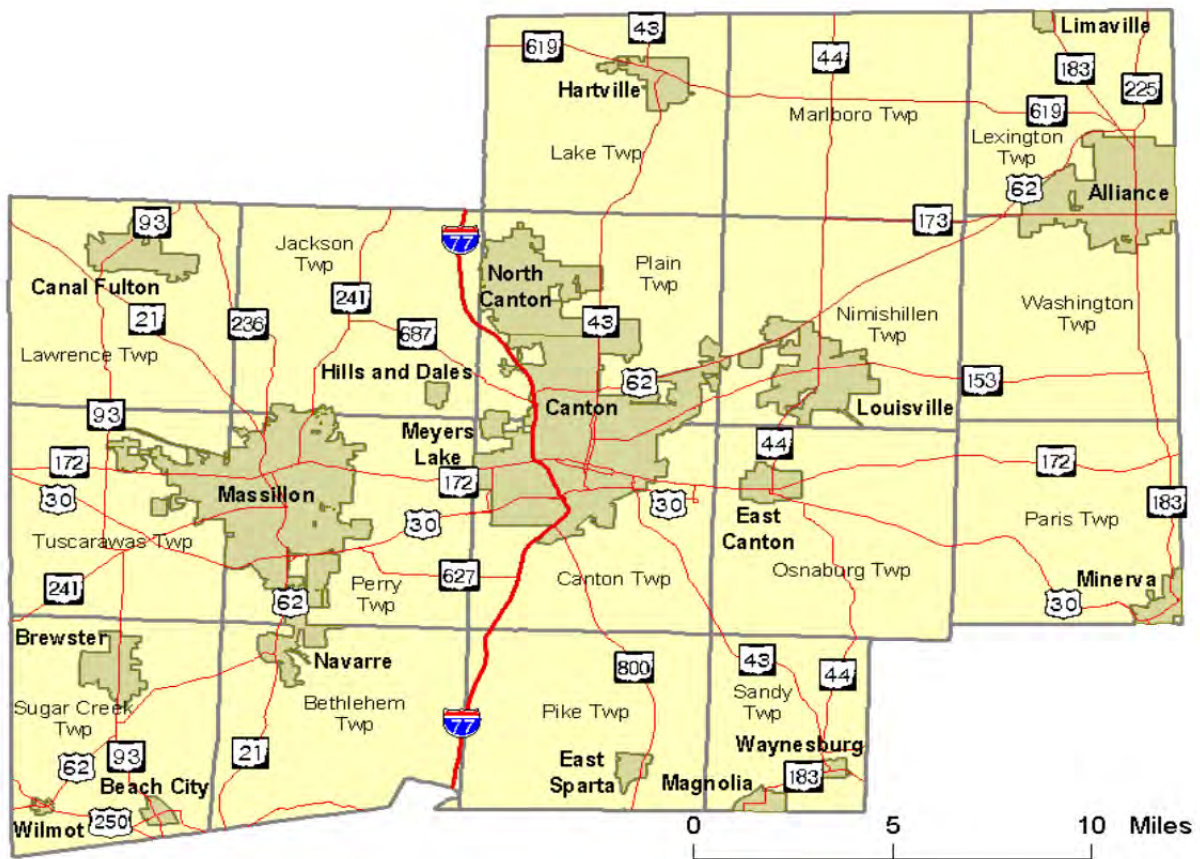
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the tenth consecutive year the agency earned this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and organized comprehensive annual financial report adhering to the highest standards in government accounting and financial reporting. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



Established: Act – February 13, 1808  
Land Area: 576.2 sq. miles  
County Seat: Canton City

Stark County is located in the northeastern portion of the State of Ohio and was named in honor of General John Stark who served in the Revolutionary War.

The County consists of nineteen municipalities (cities and villages) and seventeen townships. The seat of the county government is the City of Canton.



**Reporting Entity Profile**

Stark Area Regional Transit Authority (SARTA), serving an area of 576.2 square miles and a population base of 375,432, 2013 Census estimate, was created in 1997 with the passage of Issue 2. SARTA is a state subdivision, enjoying all the rights and privileges accorded political subdivisions. SARTA 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 the public transit authority for Stark County, SARTA offers a variety of services to meet transit needs within the community. SARTA provided in Stark County over 2.7 million rides last year through Fixed Route, Proline and MedLine Services, Paratransit Curb-to-Curb service for individuals with disabilities, shuttle service for special events that pose unusual transit challenges for the community, “community coach” services for senior citizens and the disabled living in assisted care and other facilities, and services providing connections between other transit providers. Our goal is to ensure that Stark County residents including disabled individuals, seniors, veterans, employees and students have access to a quality transportation system that is both reliable and affordable.

**Mission Statement**

The purpose of Stark Area Regional Transit Authority (SARTA) is to provide safe, responsive, and efficient transportation for all citizens of the Greater Stark County area.

**Operations and Funding**

On May 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy until June of 2017.

**Management - Board of Trustees**

The nine member Board of Trustees are appointed by the Stark County Commissioners, Mayor of Alliance, Mayor of Canton, Mayor of Massillon and Stark County of Government’s (SCOG’s). Board membership is appropriated as follows: City of Alliance, 1 member; City of Canton, 3 members; City of Massillon, 1 member; Stark Council of Governments (SCOG), 2 members; Stark County Commissioners, 2 members.

The Board of Trustees supervise the operations of the agency and sets policies for the day-to-day operations. They approve the annual budget, hire the Executive Director, and authorize the sales tax levy to be submitted to the voters every five years, which provides for approximately 75% of the operating funds for SARTA. In February of 2003, the Board adopted “Five Bold Steps” as an overall guide for the Authority. These Five Bold Steps are:

1. Operate Within Budget
2. Build High Quality Staff and Board
3. Grow Ridership
4. Maximize Financial Flexibility
5. Build Public Support

**Administration**

The Authority’s CEO, appointed by the Board, directs the authority administration, subject to the policies, procedures and supervision from the Board. An organizational chart showing the key functional responsibilities is shown on page 14 of this letter of transmittal section.

## **Facilities**

Gateway – Main administration, garage and maintenance facility, 1600 Gateway Blvd. SE. The 96,000 sq. ft. garage houses 43 Fixed buses, 52 Paratransit buses, 3 Trolley buses and 18 Support vehicles, 9 maintenance bays, 1 chassis bus wash, 1 alignment lift and full paint booth.

Canton Cornerstone Transit Station – Renovated in 2010, Cornerstone is SARTA’s downtown Canton intermodal facility located at 112 Cherry Ave. SE. Services include ticket sales, customer information, passenger amenities. The facility also includes Barons Bus charter, a contractor for Greyhound, rental and tour service. Cornerstone provides connections to Cleveland Regional Transit Authority and Akron Metro.

Belden Village Transit Station – Belden Village Station, 4700 Whipple Ave. NW was opened in 2012. Services include ticket sales, customer information, passenger amenities and also provides connection to Cleveland Regional Transit Authority and Akron Metro.

Massillon Transit Station – Renovated in 2011 Massillon Station, 41 S Erie St. Services include ticket sales, customer information, passenger amenities and also provides connection to Cleveland Regional Transit Authority and Akron Metro.

Alliance Transit Station – Built in 2008, located at 10 Prospect St. Services include ticket sales, customer information, passenger amenities and also provides connection to Cleveland Regional Transit Authority and Akron Metro.

## **Services**

Stark Area Regional Transit Authority provides fixed route and demand response service in the County of Stark, Ohio to provide reliable service to as many as possible in Stark County, these fixed routes operate over 20 hours and over 7,500 miles each day Monday through Saturday. SARTA also operates express routes to Cleveland and Akron.

### **Ridership**

In 2013 SARTA provided 2,691,025 rides between Fixed Routes, ProLine and MedLine services. An increase of 32,127 rides or 1.21% from 2012. In 2012 SARTA provided 2,658,898 rides. We attribute the increased ridership to the various new services implemented in 2013, the increase in employment and students here in Stark County, as well as riders growing knowledge of and how to fully utilize SARTA’s services.

Fixed Route Service - 43 fixed route buses operates over 20 hours a day from just before 5:30 am and finishing after 1:30 am Monday through Saturday. The Fixed Route fleet covers an average of 7,500 miles a day with service covering Alliance, Akron, Canton, Cleveland, Hartville, Jackson Township, Louisville, Massillon, North Canton and Uniontown. 79% of Stark County’s population lives within a ½ mile of SARTA’s fixed routes.

Proline Services – 52 Proline buses with service available countywide for customers who meet ADA requirements. Proline operates over 20 hours a day from just before 5:30 am and finishing after 1:30 am Monday through Saturday. On average Proline service runs 140,000 trips a year.

**Local Economy**

Stark County, which is located in the Northeastern section of Ohio. The 7<sup>th</sup> largest county in Ohio is located in the Canton-Massillon metro area, crossroads of the Eastern and Midwestern U.S. markets. Stark County includes 19 municipalities, 17 townships, 13 villages, and 6 cities, the largest of which is the City of Canton, the County Seat, and the eighth largest city in the State. Strategically located in proximity to all modes of transportation including truck, railroad, and air. It is home to the Professional Football Hall of Fame, First Ladies National Historic Site, and the William McKinley Presidential Library and Museum. Six institutions of higher learning are located in Stark County as well as various cultural attractions. Stark County is known primarily for manufacturing. Business is moving forward into the new economy with a focus on companies in advanced manufacturing and new emerging technologies such as Fuel Cells, Wind Energy and Oil Shale exploration and development. In addition, the number and variety of national and international companies, such as Timken and Diebold, with facilities in Stark County is also a testimony to the growing strength of the area’s business environment.

The Stark County unemployment rate for 2013 was 6.9 % <sup>1</sup> compared with State of Ohio’s 6.6% and the national average of 6.7%.<sup>2</sup>

**County Government**

The Board of Stark County Commissioners is a body of three elected Commissioners. Commissioners are elected for four year terms. Commissioners cannot act independently, but formal and official actions must be taken by a majority vote of the Board.

Commissioners are county governments’ taxing, budgeting, appropriating, and purchasing authority, and hold title to all county property. The Board negotiates contracts, bargains with labor organizations, enacts policies to deliver public services, and oversees the specific County departments that serve under their authority. Commissioners other responsibilities include hearing and ruling on annexations, approving drainage improvements, establishing water and sewer districts, and providing for solid waste disposal.

The largest city of Stark County is The City of Canton has an elected mayor and City Council. The mayor enforces all city laws, manages the operations of the city and recommends legislative actions to City Council. City Council both introduce and vote on certain aspects of a city’s needs and how to procure financing.

**Population**

Population in SARTA’s principal service area since 1970 has been as follows<sup>3</sup>:

<u>YEAR</u>	<u>CANTON</u>	<u>STARK COUNTY</u>
1970	110,053	372,720
1980	93,077	378,823
1990	84,161	368,065
2000	80,806	378,097
2010	73,007	375,417

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<sup>1</sup> <http://data.bls.gov/map/MapToolServlet>

<sup>2</sup> <http://data.bls.gov/timeseries/LNS14000000>

<sup>3</sup> <https://research.stlouisfed.org/fred2/series/UNRATE/> (US Dept. of Labor: Bureau of Labor Statistics)



**Employment**

The following table shows comparative unemployment statistics for Stark County, The State of Ohio and the United States for the last five years<sup>4</sup>:

<u>YEAR</u>	<u>STARK COUNTY</u>	<u>OHIO</u>	<u>U.S.</u>
2009	10.8	10.4	9.9
2010	9.9	9	9.4
2011	7.9	7.6	8.5
2012	6.7	7	7.9
2013	6.9	6.6	6.7

**Major Initiatives - 2013 in Review**

MedLine – Started in 2013 with 11 four passenger MV1 vehicles, MedLine provides non-medical transportation services to those eligible for a Medicaid Waiver through the Board of Development Disabilities (including both I/O and Level One). This door-to-door transportation is for employment, adult day support and vocational training anywhere in Stark County.

Veterans Services – In 2013 SARTA’s new Route 4 offers free transportation for our Veterans - through the Veterans' Service Commission (VSC) to Wade Park Hospital for medical appointments, Demand Response Services for employment trips, ProLine and Travel Training.

GoLine – provides an easy way for SARTA's Proline passengers, who have ADA disabilities and require origin to destination transportation, to schedule, change or cancel trips and receive reminders about upcoming Proline trips.

PinPoint - SARTA began its advanced communications project, PinPoint, in 2012 and completed in 2013. PinPoint is a real-time GPS system for our Fixed Routes. PinPoint enables riders to track buses, view schedules, plan trips in real time. This project allows passengers to receive a phone call when their bus is coming, schedule on line, or via phone.

Service changes – SARTA continues to adjust service, focusing on Canton and Massillon areas at the end of 2013. Responding to customer demand two major corridors now operate in both inbound and outbound directions. Thirteen routes were revised to be more efficient for SARTA customers. One route was eliminated due to route consolidation and one new route was added.

CNG – SARTA began a compressed natural gas fueling station, in May 2012. Six new CNG buses were added in 2013 bringing the total CNG vehicle operation to 39. Our public facility is the only one in Stark County and one of 14 in the state.

Travel Training – the program to assist individuals to learn to ride and utilize the fixed route system was expanded. There are now three full-time travel trainers. In 2013 3,282 individuals over six years of age attended a travel training class for Fixed Routes, 447 individuals attended for ProLine. In 2012, 3,133

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<sup>4</sup> <https://research.stlouisfed.org/fred2/series/UNRATE/> (US Dept. of Labor: Bureau of Labor Statistics)

individuals attended Fixed Route training and 8 attended ProLine in its first year of this programs offering.

Cherry Street Corridor Improvement – Additional bus shelters were added to improved bus turn-outs.

The Local Government Innovation Fund Grant - The Local Government Innovation Fund (LGIF) grant was awarded to the Stark County Educational Service Center and SARTA to look at ways the 18 local school districts and SARTA could collaborate and improve service. Recommendations should be made in 2014.

### **Future Initiatives**

SARTA is required to plan projects and schedule their completion in a document called the Transit Development Plan (TDP). These projects are then scheduled into a Transportation Improvement Plan (TIP) by the Metropolitan Planning Organization (Stark County Area Transportation Study-SCATS) for the county, who then forwards the entire plan to the State of Ohio for inclusion in the State Transportation Improvement Plan. This state document forms the basis of transportation planning for the state.

The major proposed capital projects include:

- Operational Planning and implementation of the TDP
- Implement findings from the Enhanced Ridership/Marketing Study
- Revisions to Mahoning BRT Corridor due to funding issues
- Participation and assistance to the Stark County Mobility Coordination Committee.
- Purchase new Transit and Paratransit Buses
  - 2014 - 13 (9 Paratransit buses, 4 Fixed Route buses)
  - 2015 - 15 (10 Paratransit buses, 5 Fixed Route buses)
  - 2016 - 10 (10 Paratransit buses)
  - 2017 - 6 (6 Paratransit buses)
  - 2018 - 6 (6 Paratransit buses)
  - 2019 - 13 (9 Paratransit buses, 4 Fixed Route buses)
- Upgrade internal computer software programs - 2014
- Continued rehabilitation and improvement of SARTA facilities particularly in the area of safety.
- Preventative maintenance on buses
- Google Transit – allows the user all the features of Google to plan their trip online - 2014
- Continuing to study initiatives to increase meeting customer needs
- Upgrading operational and maintenance equipment
- Evaluation of Proline services

Management also intends to explore such projects as:

- Multi-agency project to expand the Lincoln Way Corridor
- Alternative fuels and energy sources

The next few years will see movement towards enhancing the public's use of the system, whether through security measures installed, newer and more efficient buses and fuels, or other transportation corridors established. While ridership is expected to plateau on fixed routes as population remains stable, SARTA is aware of the growing age of the population with more demands on Paratransit and other specialized needs and is making plans to meet the requirements of its users.

SARTA's projects are financed through a combination of federal funds, state funds, and local match requirements. Some projects are matched by county or city involvement in the project, or by sales tax revenues received by the authority.

### **Internal Control**

SARTA is responsible for establishing and maintaining an internal control system designed to ensure its assets are protected from loss, theft, or misuse and to ensure 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 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 good.

### **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. The Director of Finance, CEO, and Administration prepares a preliminary budget of revenues, and allocates a proportional amount to each department. The Department Heads confer with the Director of Finance and Administration, and prepare their budgets within the allocation. Adjustments are made, if necessary, to the budget for overall agency requirements. The final balanced budget is presented to the Board Finance Committee. The Board Finance Committee submits the budget to the Board at a public meeting. The annual operating and capital budget is adopted after a period of open discussion.

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 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 and span more than one fiscal year.

### **Independent Audit**

Ciuni & Panichi, Inc., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Stark Area Regional Transit Authority's (SARTA's) financial statements for the year ended December 31, 2013. The independent audit of the Authority's financial statements was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Authority's separately issued single audit report.



**Certificate of Achievement**

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for year ended December 31, 2013.

**Acknowledgements**

This report would not be possible without the hard work and high standards of the entire Finance Department staff. Management believes because of the dedication from this staff, the 2013 CAFR conforms to the programs requirements and management expects continued high levels of excellence in reporting the Authority's financials in the future. A special thanks goes out to Debra Swickard for all her hard work and dedication.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirt W. Conrad". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Kirt W. Conrad  
Executive Director/CEO



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*The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority for its comprehensive annual report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.*

*A Certificate of Achievement is valid for a period of only one year. We believe that our current comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.*

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Government Finance Officers Association

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

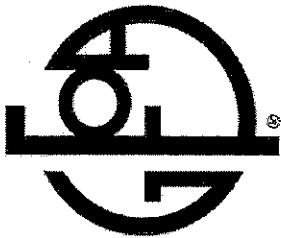
Presented to

**Stark Area Regional Transit Authority  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



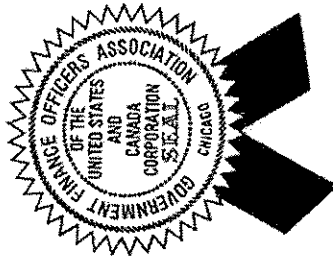
The Government Finance Officers Association  
of the United States and Canada

presents this

# AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

**Finance & Administration Department**  
Stark Area Regional Transit Authority, Ohio



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

A handwritten signature in black ink that reads 'Jeffrey R. Egan'.

Date December 13, 2013

**STARK AREA REGIONAL TRANSIT AUTHORITY  
BOARD OF TRUSTEES AND MANAGEMENT**

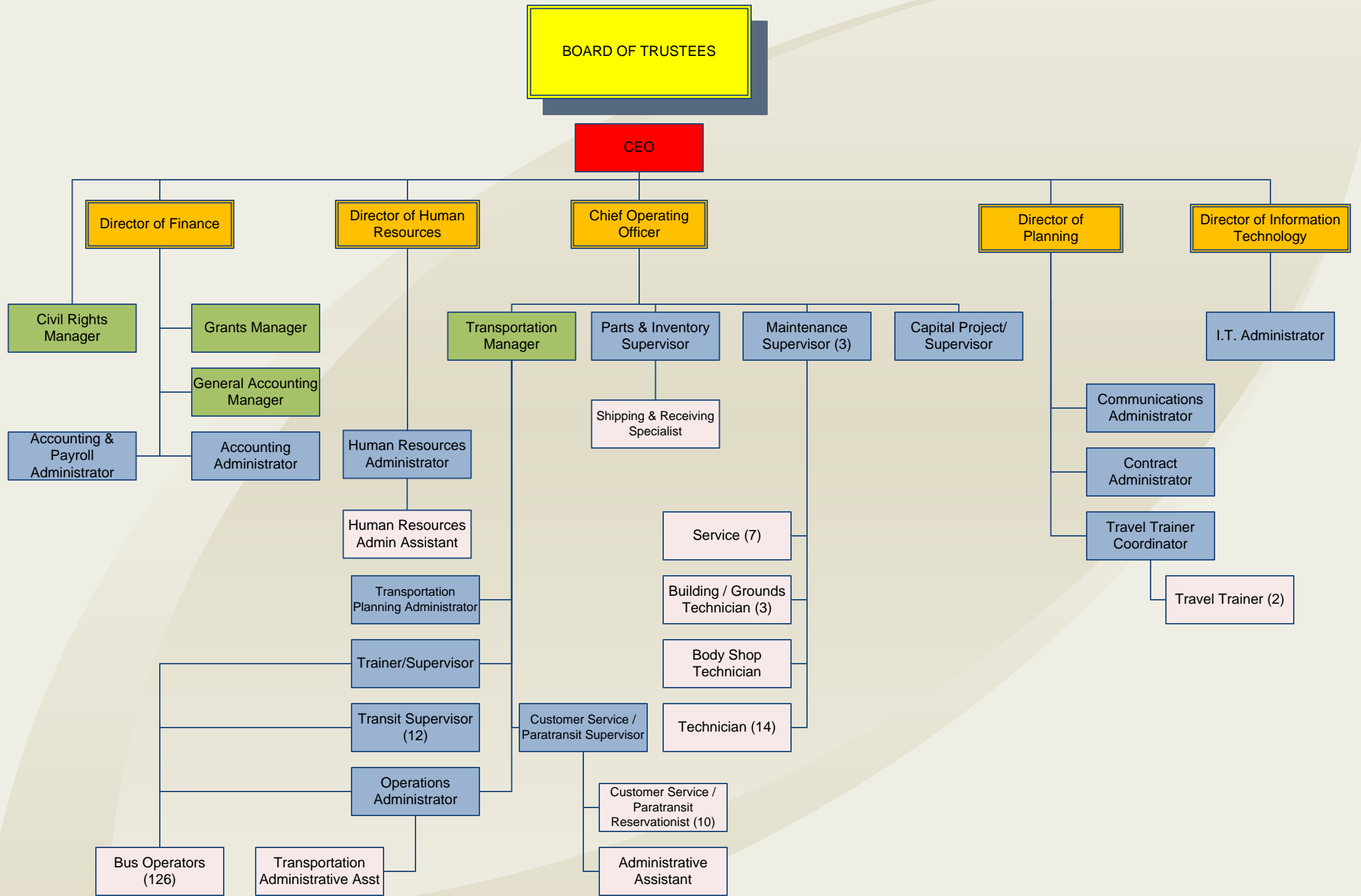
**AS OF DECEMBER 31, 2013**

**BOARD OF TRUSTEES**

President.....*Charles DeGraff*  
Vice President .....*Nancy Johnson*  
Trustees..... *Gerald Bixler*  
*Amanda Fletcher*  
*James Dyke*  
*Ronald Macala*  
*Nick Navarra*  
*James Reinhard*  
*Chet Warren*

**MANAGEMENT**

Executive Director/CEO..... *Kirt W. Conrad*  
Director of Finance & Administration..... *Mark Cornman*  
Chief Operations Officer ..... *Mark Finnicum*  
Director of Information Technology..... *Craig Smith*  
Director of Planning & Community Outreach..... *Katherine Manning*



# Stark Area Regional Transit Authority Organizational Chart

Dec 2013



## **Financial Section 2013**

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*The Financial Section includes:*

*Independent Auditor's Report*  
*Management's Discussion and Analysis (MD&A)*  
*Basic Financial Statements*  
*Notes to the Financial Statements*

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## Independent Auditor's Report

Board of Trustees  
Stark Area Regional Transit Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Stark Area Regional Transit Authority (the "Authority") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2013 and 2012, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Trustees  
Stark Area Regional Transit Authority

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 17, 2014

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Year's Ended December 31, 2013 and 2012

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 years ended December 31, 2013 and 2012. 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 basic financial statements as a whole.

### **Financial Highlights**

The Authority's total net position increased \$2,186,315 or 5.09% in 2013. Eleven MV1 vehicles were added to the fleet during the year as well as completing facility projects.

The Authority's total net position increased \$6,617,591 or 18.20% in 2012. Buses were replaced during the year and federal capital grant funding increased, contributing to the increase in net position.

The Authority's operating expenses, excluding depreciation; in 2013 were \$1,478,830 higher than in 2012, a 9.48% increase, primarily due to increased vehicle and facility maintenance as well as system upgrades.

The Authority's operating expenses, excluding depreciation; in 2012 were \$1,382,027 higher than in 2011, a 9.72% increase, primarily due to increased materials, utility and fuel costs.

Operating revenues for the Authority were \$151,480 higher in 2013, an 8.72% increase. In 2013 Ridership increased with participation in the Veterans Program, Passes for Employment Program and One-ride for Travel Training which are non-revenue generating programs.

Operating revenues for the Authority were \$77,597 lower in 2012, a 4.28% decrease. In 2012 Ridership increased with participation in Passes for Employment Program and One-ride for Travel Training which are non-revenue generating programs.

In 2013 sales tax revenue increased \$372,369, or 2.95% compared to 2012. Sales tax revenue accounted for 63.15% of all funding in 2013, exclusive of capital grants.

In 2012 sales tax revenue increased \$619,393, or 5.15% compared to 2011. Sales tax revenue accounted for 71.98% of all funding in 2012, exclusive of capital grants.

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

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) the *basic financial statements*, and 2) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Year's Ended December 31, 2013 and 2012

### 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 a private-sector business.

The Authority only maintains one fund, an enterprise fund, which reports functions as *business-type activities*.

The *statements of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year and activities giving rise to those changes. All changes in net position are reported as soon as the underlying event giving rise to the change 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., undistributed sales tax and earned but unused sick leave).

The final required financial statement is the *statements 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 to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 27 - 43 of this report.

### Financial Analysis of the Authority

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$45,173,433 at the close of the most recent fiscal year. The Authority's net position is comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment, and other equipment) and reserves of cash invested in CDAR's and Debt Securities. The Authority uses these capital assets to provide transportation services to the citizens of Stark County; consequently, these assets are *not* available for future spending.

In 2013, the Authority's net position represented resources that were not subject to the restriction of being held to pay for capital assets. In 2013 *unrestricted net position* totaled \$11,029,737. In 2012, the Authority's net position represented resources that were subject to the restriction of being held to pay for capital assets. In 2012 *unrestricted net position* totaled \$7,778,378. At the end of 2013 and 2012, the Authority was able to report positive balances in net position.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

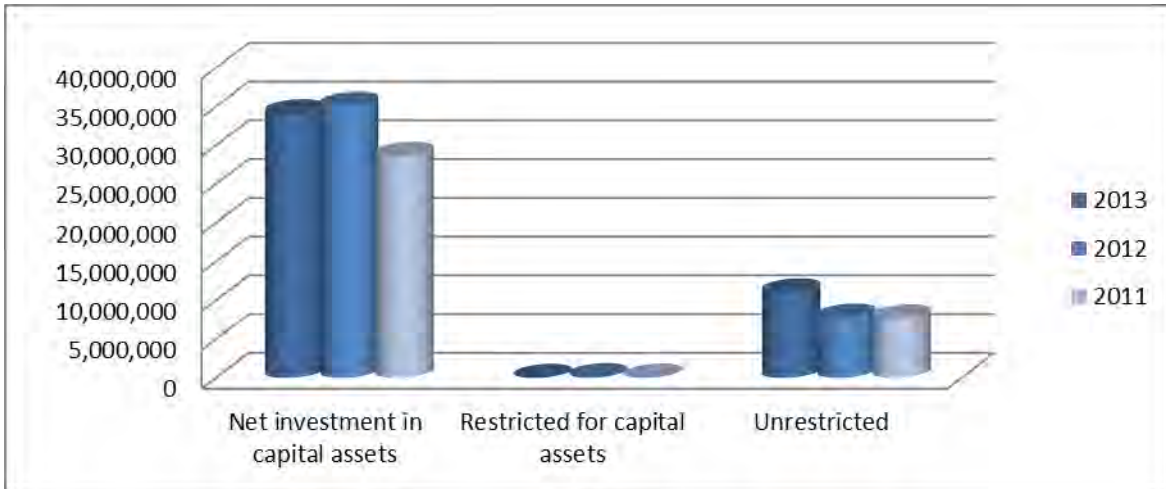
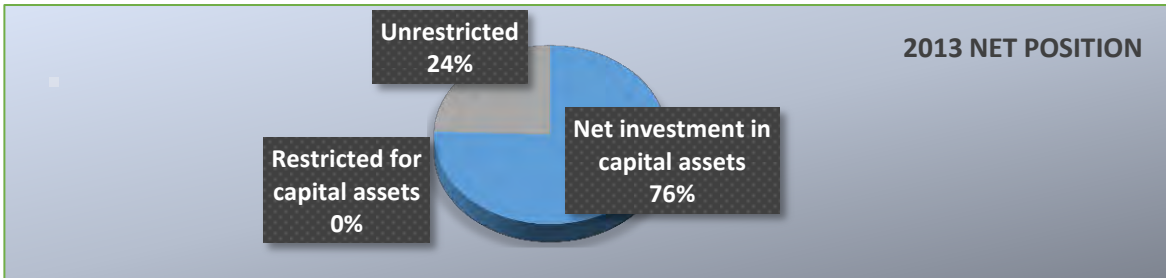
MANAGEMENT DISCUSSION AND ANALYSIS

For the Year's Ended December 31, 2013 and 2012

*Stark Area Regional Transit Authority's Net Position*

**NET POSITION**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<i>Current assets</i>	\$13,084,644	\$9,987,661	\$8,985,840
<i>Capital assets, net</i>	34,143,696	35,108,740	28,659,037
<i>Total assets</i>	<u>\$47,228,340</u>	<u>\$45,096,401</u>	<u>\$37,644,877</u>
<i>Current liabilities</i>	\$2,054,907	\$2,109,283	\$1,275,350
<i>Total liabilities</i>	<u>2,054,907</u>	<u>2,109,283</u>	<u>1,275,350</u>
<i>Net position:</i>			
<i>Net investment in capital assets</i>	34,143,696	35,108,740	28,659,037
<i>Restricted for capital assets</i>	-	100,000	38,899
<i>Unrestricted</i>	<u>11,029,737</u>	<u>7,778,378</u>	<u>7,671,591</u>
<i>Total net position</i>	<u>\$45,173,433</u>	<u>\$42,987,118</u>	<u>\$36,369,527</u>



STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Year's Ended December 31, 2013 and 2012

As can be seen from the table of net position, in 2013 net position increased \$2,186,315 to \$45,173,433 from \$42,987,118 in 2012. Eleven MV1 vehicles were purchased as well as the completion of the CNG project. Even with federal capital grant funding decreasing, there was a 5.09% increase in net position.

For more information on capital assets, readers are referred to NOTE 4 to the financial statements.

**CHANGES IN NET POSITION**

<b>OPERATING REVENUES</b>	2013	2012	2011
Passenger fares	\$1,141,471	\$1,111,074	\$1,069,426
Special transit fares	654,311	553,229	684,507
Auxiliary transportation revenue	92,973	72,972	60,939
<b>TOTAL OPERATING REVENUES</b>	<b>1,888,755</b>	<b>1,737,275</b>	<b>1,814,872</b>
<b>OPERATING EXPENSES</b>			
Labor	6,396,815	5,902,311	5,808,570
Fringe benefits	4,853,118	4,785,964	4,221,636
Materials & supplies	3,638,790	3,085,079	2,512,522
ODOT fuel tax reimbursement	(118,412)	(125,428)	(142,943)
Services	1,146,558	998,807	884,687
Utilities	271,048	326,085	237,395
Casualty & liability insurance	465,550	388,802	368,469
Leases & rentals	20,311	237	2,930
Miscellaneous	403,070	236,161	322,725
<b>TOTAL OPERATING EXPENSES</b>	<b>17,076,848</b>	<b>15,598,018</b>	<b>14,215,991</b>
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	<b>(15,188,093)</b>	<b>(13,860,743)</b>	<b>(12,401,119)</b>
Depreciation expense	3,586,813	3,611,443	3,415,401
<b>OPERATING LOSS</b>	<b>(18,774,906)</b>	<b>(17,472,186)</b>	<b>(15,816,520)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Sales tax revenues	13,008,940	12,636,571	12,017,178
Operating grants and reimbursements	5,607,527	3,144,395	2,669,878
Interest income	17,720	9,979	1,534
Sales tax collection expense	(130,089)	(125,115)	(120,172)
Loss on disposal	(45,339)	(75,508)	(16,379)
Non-transportation revenues	76,870	26,552	22,190
<b>NON-OPERATING REVENUES (EXPENSES)</b>	<b>18,535,629</b>	<b>15,616,874</b>	<b>14,574,229</b>
<b>CAPITAL GRANT REVENUE</b>			
Federal capital grant	2,425,592	5,391,151	4,203,691
State capital grant	-	2,981,752	97,900
Restricted for capital assets	-	100,000	38,899
<b>TOTAL CAPITAL GRANTS</b>	<b>2,425,592</b>	<b>8,472,903</b>	<b>4,340,490</b>
<b>CHANGE IN NET POSITION</b>	<b>2,186,315</b>	<b>6,617,591</b>	<b>3,098,199</b>
Net position, beginning of year	42,987,118	36,369,527	33,271,328
Net position, end of year	<b>\$45,173,433</b>	<b>\$42,987,118</b>	<b>\$36,369,527</b>

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Year's Ended December 31, 2013 and 2012

The Authority's *operating revenues* increased 8.72% or \$151,480 to \$1,888,755 in 2013. Ridership increased with participation in Veterans Services, Passes for Employment Program and One-ride for Travel Training which are non-revenue generating programs. *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and fare box cash paid by riders/passengers, and a small amount of revenue is generated by the sale of advertising space on the exteriors and interiors of buses.

*Depreciation expense* decreased \$24,630 in 2013, due to the retirement of computer hardware.

In 2013, *non-operating revenues* increased \$2,918,755, or 18.69%, to \$18,535,629. In 2012, *non-operating revenues* increased \$1,042,645, or 7.15%, to \$15,616,874.

**Condensed Summary of Cash Flows**

Sales tax collections are defined as *non-operating, non-capital revenue*, and are used to support the regular activities of the agency. The sales tax receipts and transit operating revenues, with the balance being obtained through the use of grants to cover preventative maintenance on buses, generally cover expenses of the agency. Shortfalls in cash inflows are generated by requirements that the agency fund up to 20% of capital purchases with local funding. The Agency completed the CNG project which started in 2012, and purchased smaller MV1 vehicles for new On-Demand programs, which were two main cash impacts of this 20% requirement for local funding.

	2013	2012	2011
<b>CASH FLOWS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$1,833,653	\$1,781,802	\$1,722,144
Cash payments to suppliers for goods & services	(5,558,222)	(4,121,095)	(3,494,448)
Cash payments to employees for salaries and wages	(6,831,129)	(6,281,062)	(6,037,253)
Cash payments for employee for benefits	(4,645,473)	(4,623,071)	(4,913,848)
Other	-	-	22,188
Net cash used in operating activities	<u>(15,201,171)</u>	<u>(13,243,426)</u>	<u>(12,701,217)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Sales tax received	12,954,407	12,433,984	11,838,410
Operating & preventive maintenance grants received	5,632,053	3,511,401	2,245,396
Non-transportation revenues	76,870	26,552	-
Net cash provided by noncapital financing activities	<u>18,663,330</u>	<u>15,971,937</u>	<u>14,083,806</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Federal capital grant revenue	2,994,308	5,657,530	4,242,590
State/local capital grant revenue	-	2,981,752	97,900
Proceeds from sale of capital assets	-	8,648	-
Acquisition of capital assets & work in process	(2,667,108)	(9,763,448)	(5,432,587)
Net cash provided (used) by capital and related financing activities	<u>327,200</u>	<u>(1,115,518)</u>	<u>(1,092,097)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received from investments	17,720	9,979	1,534
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>3,807,079</u>	<u>1,622,972</u>	<u>292,026</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,267,479</u>	<u>3,644,507</u>	<u>3,352,481</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$9,074,558</u>	<u>\$5,267,479</u>	<u>\$3,644,507</u>

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year's Ended December 31, 2013 and 2012

**Capital Assets**

The Authority's net investment in capital assets amounts to \$34,143,696 as of December 31, 2013, a net decrease of \$965,044, or 2.75% from 2012, primarily due to the purchase of eleven smaller transport vehicles. Compared to 2012 where larger vehicles were purchased. 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:

30', 35', 40' Buses Equipment	\$ 145,986
Light Duty Buses	481,932
Support Vehicles Equipment	95,384
Electronics	110,524
Computer Hardware and Web Design	134,526

The Authority's net investment in capital assets of \$35,108,740 as of December 31, 2012, a net increase of \$6,449,703 from 2011, primarily due to the purchase of buses. 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 prior fiscal year included the following:

30', 35', 40' Buses	\$ 3,667,504
Light Duty Buses	1,373,169
Support Vehicles	99,198
Computer Hardware and Web Design	36,627

The *Notes to the Financial Statements*, pages 36 - 37, provide additional information on capital assets.

**Long-Term Debt**

The Authority has no long-term debt, nor does it have any plans to acquire long-term debt in the immediate future.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances and to show accountability for the money it receives. The reader is directed to the *Basic Financial Statements* and *Notes to the Financial Statements*, immediately following, for further information. This report is also available on the Authority's website at [www.sartaonline.com/financials](http://www.sartaonline.com/financials). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, Stark Area Regional Transit Authority, 1600 Gateway Blvd. S.E., Canton, Ohio 44707.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENTS OF NET POSITION  
DECEMBER 31, 2013 AND 2012

ASSETS	2013	2012
<b>CURRENT ASSETS:</b>		
Cash & cash equivalent	\$ 9,074,558	\$ 5,167,479
Receivables:		
Trade	140,181	85,079
Project receivable state/federal grants	-	693,242
Sales tax	3,275,473	3,351,029
Materials & supplies inventory	202,158	157,024
Prepaid expenses & other assets	392,274	433,808
Restricted for capital assets:		
Cash & cash equivalents	-	100,000
<b>TOTAL CURRENT ASSETS</b>	<b>13,084,644</b>	<b>9,987,661</b>
Capital assets: (Note 4)		
Land	932,672	932,672
Buildings & improvements	19,891,877	16,119,991
Transportation equipment	23,435,583	22,733,008
Other equipment	4,488,893	4,653,888
Construction & WIP	3,180,854	5,522,328
Total capital assets	51,929,879	49,961,887
Less accumulated depreciation	(17,786,183)	(14,853,147)
Capital assets - net	34,143,696	35,108,740
<b>TOTAL ASSETS</b>	<b>\$ 47,228,340</b>	<b>\$ 45,096,401</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,075,158	\$ 1,226,881
Accrued payroll	243,053	211,817
Accrued payroll taxes & withholdings	433,540	418,576
Other current liabilities	303,156	152,009
Capital grants payable	-	100,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,054,907</b>	<b>2,109,283</b>
<b>TOTAL LIABILITIES</b>	<b>2,054,907</b>	<b>2,109,283</b>
 <b>NET POSITION:</b>		
Net investment in capital assets	34,143,696	35,108,740
Restricted for capital assets	-	100,000
Unrestricted	11,029,737	7,778,378
<b>TOTAL NET POSITION</b>	<b>45,173,433</b>	<b>42,987,118</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 47,228,340</b>	<b>\$ 45,096,401</b>

See accompanying notes to financial statements.



STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR'S ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Passenger fares	\$ 1,141,471	\$ 1,111,074
Special transit fares	654,311	553,229
Auxiliary transportation revenues	92,973	72,972
TOTAL OPERATING REVENUES	<u>1,888,755</u>	<u>1,737,275</u>
OPERATING EXPENSES		
Labor	6,396,815	5,902,311
Fringe benefits	4,853,118	4,785,964
Materials & supplies	3,638,790	3,085,079
ODOT fuel tax reimbursement	(118,412)	(125,428)
Services	1,146,558	998,807
Utilities	271,048	326,085
Casualty & liability insurance	465,550	388,802
Leases & rentals	20,311	237
Miscellaneous	403,070	236,161
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>17,076,848</u>	<u>15,598,018</u>
OPERATING LOSS BEFORE DEPRECIATION	(15,188,093)	(13,860,743)
DEPRECIATION EXPENSE (Note 4)	<u>3,586,813</u>	<u>3,611,443</u>
OPERATING LOSS	(18,774,906)	(17,472,186)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	13,008,940	12,636,571
Operating grants and reimbursements	5,607,527	3,144,395
Interest income	17,720	9,979
Sales tax collection expense	(130,089)	(125,115)
Loss on disposal of capital assets	(45,339)	(75,508)
Non-transportation revenues	76,870	26,552
Total Non-Operating Revenues - Net	<u>18,535,629</u>	<u>15,616,874</u>
NET LOSS BEFORE CAPITAL GRANT REVENUE	(239,277)	(1,855,312)
Federal capital grant	2,425,592	5,391,151
State capital grant	-	2,981,752
Restricted for capital assets	-	100,000
Total Capital Grants	<u>2,425,592</u>	<u>8,472,903</u>
INCREASE IN NET POSITION	2,186,315	6,617,591
Net position, beginning of year	42,987,118	36,369,527
Net position, end of year	<u>\$ 45,173,433</u>	<u>\$ 42,987,118</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,833,653	\$ 1,781,802
Cash payments to suppliers for goods & services	(5,558,222)	(4,121,095)
Cash payments to employees for salaries and wages	(6,831,129)	(6,281,062)
Cash payments for employees benefits	(4,645,473)	(4,623,071)
Net cash used by operating activities	<u>(15,201,171)</u>	<u>(13,243,426)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received	12,954,407	12,433,984
Operating & preventive maintenance grants received	5,632,053	3,511,401
Non-transportation revenues	76,870	26,552
Net cash provided by noncapital financing activities	<u>18,663,330</u>	<u>15,971,937</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Federal capital grant revenue	2,994,308	5,657,530
State/local capital grant revenue	-	2,981,752
Proceeds from sale of capital assets	-	8,648
Acquisition of capital assets & work in process	(2,667,108)	(9,763,448)
Net cash provided (used) by capital and related financing activities	<u>327,200</u>	<u>(1,115,518)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received from investments	17,720	9,979
Net cash provided by investing activities	<u>17,720</u>	<u>9,979</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,807,079	1,622,972
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,267,479</u>	<u>3,644,507</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,074,558</u>	<u>\$ 5,267,479</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (18,774,906)	\$ (17,472,186)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,586,813	3,611,443
(Increase) decrease in accounts receivable - trade	(55,102)	44,527
(Increase) decrease in materials & supplies inventory	(45,134)	32,706
Decrease in prepaid expenses & other assets	41,534	149,104
(Decrease) increase in accounts payable	(151,723)	367,140
Increase in accrued payroll & withholdings	31,236	10,051
Increase in accrued payroll taxes	14,964	14,925
Increase (decrease) in other current liabilities	151,147	(1,136)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (15,201,171)</u>	<u>\$ (13,243,426)</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS

(CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	2013	2012
Non-cash financing activity:		
Change in accounts payable related to capital assets & work in process acquisitions	\$ 2,764	\$ 381,854
Change in sales tax receivable	(75,556)	77,472

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Organization and Operations**

Stark Area Regional Transit Authority (the “Authority”) was created pursuant to Section 306.30 through 306.71 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 75 percent of the Authority’s employees at December 31, 2013 were subject to a collective bargaining agreement that expires on January 4, 2017.

Under Ohio law, the Authority is authorized to levy a sales 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 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority’s operations through June of 2017.

**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 is any entity 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.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 the determination of net income, financial position, and cash flows. All transactions are accounted for in a single all- inclusive enterprise fund.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority defines operating funds as those funds received or receivable relative to the provision of transit services such as passenger fares, special fares, and auxiliary revenue including advertising on the bus sides. Non-operating funds are funds received or receivable which are peripheral to the transit-related activities such as the dedicated sales tax funds and grants used for planning and preventive maintenance on capital assets funded by the Federal Transit Administration and Ohio Department of Transportation, Office of Transit.

The Authority complies with the provisions of 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. The principal 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.

The Authority complies with the provisions of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

**Cash and Cash Equivalents**

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

**Investments**

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

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.

The Authority has invested funds in CDARs through Huntington Bank. CDARs are bank invested funds in CD's of various banks, up to the \$250,000 per CD, so each is fully insured by the Federal Deposit Insurance Corporation ("FDIC"), thereby reducing investment risk.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority has invested funds in a Money Market account through Huntington Bank. The Money Market account is a portfolio of securities managed by investment professionals and is insured by the FDIC, thereby reducing investment risk.

The Authority has invested funds in Debt Securities through Huntington Bank. Debt Securities are invested funds with various governmentally sponsored enterprises.

Huntington Bank collateralizes public deposits in excess of \$250,000 in FDIC. Risk has been reduced by invested deposits that are insured 105% of Total Public Fund Deposits (Book Value) Subject to the Pool. Custodian of pool securities for The Huntington National Bank's pooled collateral accounts is The Federal Reserve Bank of Boston.

**Materials and Supplies Inventory and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**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.

Capital assets at an initial cost of \$2,500 or more and with a useful life of more than one year are deemed depreciable and added to capital assets.

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

<b>Description</b>	<b>Years</b>
Buildings	40
Transportation Equipment	5-12
Other Equipment	3-8

STARK AREA REGIONAL TRANSIT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2013 and 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation equipment is depreciated on the straight-line method for the useful lives described above unless the total mileage allowed per the Federal Transit Authority (FTA) guidelines for depreciation occurs first. Generally, the FTA unit mileage depreciation method is used. Net income (loss) adjusted by the amount of depreciation on capital assets acquired in this manner is closed to net position.

The Agency's software is amortized over three (3) years.

In 2003, SARTA entered into a contract to be a Beta Site for the development of a Radio/Computer Communications System. This was to be a two-year project but complications delayed the project into 2009 which was then canceled due to non-performance. Negotiations and meetings continued into 2010. In 2011, the Agency determined that almost none of the equipment or software would be useable and selected a new system supplier. It was determined that only the emergency radio/cellular equipment would be useable. SARTA has decided to write off all other software and hardware for the system currently in somewhat unstable use, and cannot isolate any equipment costs to write off as scrap, currently, due to the intricacy of the software and equipment. We are therefore accelerating both software and hardware depreciation over 27 months –the timeframe in which the new equipment and software will be installed, tested, and go live at the end of the aforementioned 27 months in 2014.

**Classifications of Revenues**

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

**Recognition of Revenue and Receivables**

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

The federal government, through the FTA and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as a project receivable and credited to non-operating revenues when related capital expenditures are incurred. Capital grants for the maintenance of property, plant, and equipment are recorded as grant receivable and credited to non-operating revenues in the period operating expenditures are incurred.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When assets with value remaining were acquired with capital grant funds and are disposed of, or if revenue from disposal is \$5,000 or more, the Authority is required to notify the granting federal agency. A proportional amount of the above noted proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or, alternatively, remitted to the granting federal agency.

#### **Classifications of Expenses**

The Authority has classified its expenses as either operating or non-operating. Operating expenses are the recurring costs which are related to the operation of the agency. Non-operating expenses include costs that are due to transactions other than the primary operations of the agency.

#### **Federal and State Operating and Preventive Maintenance Assistance Funds**

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

#### **Sales Tax Revenues**

The Authority recognizes sales tax revenues when the underlying sales transaction occurs.

#### **Compensated Absences**

The Authority accrues vacation and sick pay benefits as earned by its employees. Vacation time must be used within the calendar year. Unused vacation time does not carry over to the next fiscal year.

It is the Authority's policy to allow administrative employees to accumulate earned but unused sick leave up to 320 hours. Hours earned during the year exceeding 320 hours are paid at fiscal year end at 50% value at the current earnings rate. Administrative employees are paid accrued sick days upon separation from service at 50% percent value at the current earnings rate.

#### **Comparative Data/Reclassifications**

Prior year data presented in Management's Discussion and Analysis and the footnotes have been reclassified in order to be comparative and provide understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation.



STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

2. CASH AND CASH EQUIVALENTS

Allowable investments are according to Ohio Revised Code Section 135, and are limited to the following:

- U.S. Treasury Bills, Notes, Bonds, issues of the Federal National Mortgage Assn. (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Assn. (SLMA), Government National Mortgage Assn. (GNMA), and other agencies or instrumentalities for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates with original maturities of between one and five years. Any eligible investment may be purchased at a premium or a discount, and can include instruments that may be called by the issuer prior to the final maturity date.
- Ohio Subdivision's Fund (STAR Ohio), managed by the State Treasurer of Ohio.
- Demand deposit accounts (such as checking accounts) established with local financial institutions.
- Certificates of Deposit (CDs) issued by local financial institutions mentioned in Section 135.32 of the ORC.
- Commercial paper notes issued by companies incorporated under the laws of the United States; specific limitations apply as defined under Section 135.14(B) (7) of the ORC.
- Banker's acceptances issued by any domestic bank rated in the highest category by a nationally recognized rating agency; specific limitations apply as defined under Section 135.14 (B) (7) of the ORC.
- No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under Section 135.14 of the ORC and repurchase agreements secured by such obligations. Eligible money market funds shall comply with Section 135.01 of the ORC regarding limitations and restrictions.
- Repurchase agreements with any eligible institution mentioned in Section 135.32 of the ORC, or any eligible securities dealer pursuant to the ORC, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held in safekeeping by a third party custodian as agreed to by

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 2. CASH AND CASH EQUIVALENTS (CONTINUED)

the Executive Director. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement by at least two percent as defined under the Ohio Revised Code. The Executive Director reserves the right to require an additional percentage of collateral securing such repurchase agreements. Prior to the execution of any repurchase agreement with an eligible dealer, master repurchase agreement will be signed by the Executive Director and the eligible dealer.

The Authority is prohibited from investments of the following:

- The use of derivative securities, as defined in Section 135.14 of the ORC, is expressly prohibited.
- The final maturity of all eligible investments is 5 years, unless the investment is matched to a specific obligation or debt of SARTA and the investment is specifically approved by the Board of Trustees.
- A repurchase agreement under the terms of which the investing authority agrees to sell securities to a purchaser and agrees with that purchaser to unconditionally repurchase those securities that is not a delivery vs. payment basis transaction.
- The investment into a fund established by another subdivision if the fund was established for the purpose of investing public monies of other subdivisions.
- The use of leverage, in which the investing authority uses its current investment assets as collateral for the purpose of purchasing other assets.
- The issuance of taxable notes for the purpose of arbitrage.
- Contracting to sell securities that have not yet been acquired, for the purpose of purchasing such securities on the speculation that bond prices will decline.

#### **Deposits**

At December 31, 2013, the carrying amount of the Authority's deposits was \$1,126,114. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, none of the Authority's bank balance of \$1,797,702 was exposed to custodial risk as discussed below, while \$1,000,000 was covered by Federal Deposit Insurance Corporation.

At December 31, 2012, the carrying amount of the Authority's deposits was \$2,247,222. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, none of the Authority's bank balance of \$2,597,228 was exposed to custodial risk as discussed below, while \$1,250,000 was covered by Federal Deposit Insurance Corporation.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2013 and 2012

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Huntington Bank collateralizes public deposits in excess of \$250,000 in FDIC. Risk has been reduced by invested deposits that are insured 105% of Total Public Fund Deposits (Book Value) Subject to the Pool. Custodian of pool securities for The Huntington National Bank's pooled collateral accounts is The Federal Reserve Bank of Boston. However, all of these balances were collateralized with securities held by the pledging financial institution but not in the Authority's name.

**Investments**

As of December 31, 2013 and 2012, the Authority held the following investments:

<u>Investment</u>	2013 <u>Fair Value</u>	2012 <u>Fair Value</u>
State Treasurer's Investment Pool		
STAROhio	\$ 20,109	\$ 20,101
CDAR-52 week term	500,000	500,000
CDAR-52 week term	500,000	500,000
CDAR-52 week term	500,000	500,000
CDAR-52 week term	1,000,000	500,000
Money Market	2,431,575	1,000,148
Debt Securities	2,996,760	-
<b>Total</b>	<b>\$ 7,948,444</b>	<b>\$ 3,020,249</b>

*Interest rate risk*

In accordance with its investment policy, the Authority limits its exposure to declines in fair values by limiting the weighted average maturity of its investments in the Ohio Investment Pool to less than 12 months. Star Ohio's weighted average maturity was 60 days.

Investments in STAROhio are unclassified investments in the Ohio Subdivisions Fund. The Ohio Subdivisions Fund 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.

STARK AREA REGIONAL TRANSIT AUTHORITY  
CANTON, OHIO

**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2013 and 2012

2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>2013 Investments</u>	<u>Fair Value</u>	<u>One Year</u>	<u>One to Five Years</u>
State Treasurer's Inv Pool (STAROhio)	\$ 20,109	\$ 20,109	\$ -
CDAR-52 week			
-Maturity Date 4/18/2014	1,000,000	-	1,000,000
CDAR-52 week			
-Maturity Date 6/12/2014	500,000	-	500,000
CDAR-52 week			
-Maturity Date 6/12/2014	500,000	-	500,000
CDAR-2 year			
-Maturity Date 10/16/2014	500,000	-	500,000
Debt Securities -156 week			
-Maturity Date 11/25/16	2,996,760	-	2,996,760
<u>2012 Investments</u>	<u>Fair Value</u>	<u>One Year</u>	<u>One to Five Years</u>
State Treasurer's Inv Pool (STAROhio)	\$ 20,101	\$ 20,101	\$ -
Federal National Mortgage Assn. 0.8000%			
-CALLED	-	-	-
Federal National Mortgage Assn. 1.5000%			
-CALLED	-	-	-
CDAR-52 week			
-Maturity Date 4/18/2014	500,000	-	500,000
CDAR-52 week			
-Maturity Date 6/18/2013	500,000	-	500,000
CDAR-52 week			
-Maturity Date 6/18/2013	500,000	-	500,000
CDAR-2 year			
-Maturity Date 10/17/2013	500,000	-	500,000

*Credit Risk*

As of December 31, 2013, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAM, and the Authority's investment in both FNMA bonds AA+.

*Custodial Credit Risk – Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy for custodial credit risk. As of December 31, 2013 and 2012, no balance (or deposit), was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

*Custodial Credit Risk – Investments*

For an investment, this is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities

STARK AREA REGIONAL TRANSIT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2013 and 2012

2. CASH AND CASH EQUIVALENTS (CONTINUED)

that are in the possession of an outside party. The Authority's investment policy limits investments to CDARs, Debt Securities and StarOhio.

3. TAX REVENUES

On May 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy until June of 2017. Revenue generated from the levy can be used for operating or capital purposes. The Authority receives cash from the sales tax levy when the related sales tax collections are distributed by the State of Ohio.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

Capital Assets & Depreciation	Beginning Balance		Disposals	Reclassifications/ Transfers	Ending Balance
	1/1/13	Additions			
<b>Balances</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 932,672	\$ -	\$ -	\$ -	\$ 932,672
Construction & Projects in Progress	5,522,328	1,791,655	-	(4,133,129)	3,180,854
<b>Total Capital Assets Not Depreciated</b>	6,455,000	1,791,655	-	(4,133,129)	4,113,526
<b>Capital Assets Being Depreciated:</b>					
Buildings & Improvements	16,119,991	44,780	(3,027)	3,730,133	19,891,877
Transportation Equipment	22,733,008	600,506	(123,878)	225,947	23,435,583
Other Equipment	4,653,888	232,931	(574,975)	177,049	4,488,893
<b>Total Capital Assets being Depreciated</b>	43,506,887	878,217	(701,880)	4,133,129	47,816,353
<b>Total Capital Assets</b>	49,961,887	2,669,872	(701,880)	-	51,929,879
<b>Accumulated Depreciation:</b>					
Buildings & Improvements	2,450,729	514,396	(3,027)	-	2,962,098
Transportation Equipment	8,909,310	2,617,157	(87,737)	-	11,438,730
Other Equipment	3,493,108	455,260	(563,013)	-	3,385,355
<b>Total Accumulated Depreciation</b>	14,853,147	3,586,813	(653,777)	-	17,786,183
<b>Total Capital Assets, Net</b>	\$35,108,740	\$(916,941)	\$(48,103)	\$ -	\$34,143,696

STARK AREA REGIONAL TRANSIT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2013 and 2012

4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2012, was as follows:

<b>Capital Assets &amp; Depreciation</b>	Beginning Balance			Reclassifications/ Transfers	Ending Balance
<b>Balances</b>	1/1/12	Additions	Disposals		12/31/12
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 882,672	\$ 50,000	\$ -	\$ -	\$ 932,672
Construction & Projects in Progress	732,821	9,953,770	-	(5,164,263)	5,522,328
<b>Total Capital Assets Not Depreciated</b>	1,615,493	10,003,770	-	(5,164,263)	6,455,000
<b>Capital Assets Being Depreciated:</b>					
Buildings & Improvements	16,130,119	-	(10,128)	-	16,119,991
Transportation Equipment	20,551,191	117,203	(3,099,649)	5,164,263	22,733,008
Other Equipment	4,848,497	24,329	(218,938)	-	4,653,888
<b>Total Capital Assets being Depreciated</b>	41,529,807	141,532	(3,328,715)	5,164,263	43,506,887
<b>Total Capital Assets</b>	43,145,300	10,145,302	(3,328,715)	-	49,961,887
<b>Accumulated Depreciation:</b>					
Buildings & Improvements	2,053,982	578,420	(10,128)	(171,545)	2,450,729
Transportation Equipment	9,184,839	2,459,387	(3,015,493)	280,577	8,909,310
Other Equipment	3,247,442	573,636	(218,938)	(109,032)	3,493,108
<b>Total Accumulated Depreciation</b>	14,486,263	3,611,443	(3,244,559)	-	14,853,147
<b>Total Capital Assets, Net</b>	\$28,659,037	\$ 6,533,859	\$ (84,156)	\$ -	\$ 35,108,740

5. RETIREMENT BENEFITS

**Plan Description**

A. All employees of the Authority are required to be members of the Ohio Public Employees Retirement System (“OPERS”), which administers three separate pension plans as described below:

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 5. RETIREMENT BENEFITS (CONTINUED)

1. **The Traditional Pension Plan** – A cost-sharing, multiple-employer defined benefit pension plan.
  2. **The Member-Directed Plan** – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
  3. **The Combined Plan** – A cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension 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.
- B. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments10afr.shtml> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.
- F. The 2013 member contribution rates were 10.00% for members in state and local classifications. Members in the public safety and law enforcement classifications contributed 12.00% and 12.60%, respectively. Effective January 1, 2014, Public Safety and Law Enforcement classifications will be 12.00% and 13.00%, respectively.
- G. The 2013 employer contribution rate for state and local employers was 14.00% of covered payroll. For law enforcement, and public safety employers, the contribution rate was 18.10% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 5. RETIREMENT BENEFITS (CONTINUED)

- H. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. Due to contractual agreement with the Union, union employees pay 1.50% of their employee contribution, with the balance paid by the Authority. The Authority has opted to fund the full employee contribution amounts for non-union employees. The Authority's contributions for 2013, 2012, and 2011, were \$985,412, \$934,475 and \$940,830, respectively.

#### **Post-Retirement Benefits**

##### A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan- a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.



## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 5. RETIREMENT BENEFITS (CONTINUED)

#### B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employers' contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.00 % during calendar year 2013 as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.00 % for both plans, as recommended by the OPES Actuary.

#### C. Information from employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portions of the employer contributions used to fund post-employment benefits for 2013, 2012 and 2011, were \$281,532, 271,868 and \$268,795 respectively.

#### D. OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under Senate Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

STARK AREA REGIONAL TRANSIT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2013 and 2012

6. RESTRICTED ASSETS

At December 31, 2013, the Authority had no restricted assets.

During 2012, the Authority received insurance proceeds in the amount of \$100,000 for a bus that was deemed unsalvageable due to an accident. The proceeds will be used to offset a future bus purchase, thereby reducing the amount drawn from grant funds.

7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

<b>Grants</b>	<u>2013</u>	<u>2012</u>
State and Federal Prevention Maintenance	\$ 2,154,228	\$ 2,167,176
State/Local Capital	-	2,981,752
Federal Planning	119,456	66,623
Federal Capital & Operating	5,573,766	5,974,805
Federal JARC & New Freedom	152,669	407,953
ARRA Operating & Capital	<u>33,000</u>	<u>18,989</u>
Total Grants	8,033,119	11,617,298
 <b>Reimbursements</b>		
ODOT Fuel Tax Reimbursement	<u>118,412</u>	<u>125,428</u>
Total Reimbursements	<u>118,412</u>	<u>125,428</u>
 <b>Total Grants and Reimbursements</b>	 \$ <u>8,151,531</u>	 \$ <u>11,742,726</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, tornado 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 ten (as of December 31, 2013) member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage for losses greater than the Pool's retained losses. Quarterly, the Authority pays into a loss and administration fund pursuant to OTRP's bylaws to fund this retained layer.

STARK AREA REGIONAL TRANSIT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

8. RISK MANAGEMENT (CONTINUED)

The Agreement of Formation of OTRP provides that OTRP will be self-sustaining through member contributions and will purchase coverage in excess of the Pool retained amount through commercial companies with an industry standard rating of A or better. All retained amounts and limits listed are per occurrence. Coverage is granted per occurrence.

Current coverage is purchased for commercial property losses in excess of \$1,000 with limits up to \$200,000,000 and for Auto Physical Damages losses in excess of \$5,000 with limits up to \$50,000,000. Additionally, coverage is purchased for all covered liability claims in excess of \$1,000 with limits up to \$10,000,000 for automobile liability and \$5,000,000 for all other liability coverage. The Authority is responsible for the first \$1,000 of any property and/or liability claim or occurrence, and any amounts above the per occurrence limit of coverage.

OTRP also provides coverage for Boiler & Machinery with limits of \$50,000 per occurrence and Crime and Fidelity with limits of \$4,000,000. OTRP purchases a public officials bond for the Authority's fiscal officer(s) as required by ORC Section 306.42.

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.

The authority does have a policy relating to the credit risk of investments.

9. LEASES

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 during the primary term of the lease. The Authority agreed to contribute \$2,000,000 for leasehold improvements at the facility and included same in building improvements in capital assets.

10. CONTINGENCIES

Federal and State Grants – Under the terms of the 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, 2013, there were no material 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.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

### 11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 17, 2014, (prior year financials) the date the financial statements were available to be issued. FHLB Security 100% February 13, 2017 called May 13, 2014.

### 12. CHANGE IN ACCOUNTING PRINCIPLES

During 2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Elements of Financial Statements* and GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*.

GASB Statement No. 65 specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows and resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement No. 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of this statement are effective for periods beginning after December 31, 2012. The implementation of this statement has no impact on the Authority's financial statements or disclosures.

GASB Statement No. 66 resolves conflicting guidance that resulted from the issuance of GASB Statements No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The implementation of this statement has no impact on the Authority's financial statements or disclosures.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.



## **Statistical Section 2013**

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This part of SARTA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financials, and required supplementary information says about the government's overall financial health.

### **Contents/Page Number**

#### **Financial Trends (Pages 44-45)**

These schedules contain trend information to help the reader understand how SARTA's financial performance and well-being have changed over a ten year period.

#### **Revenue Capacity (Pages 46-48)**

These schedules contain information to help the reader assess SARTA's most significant local revenue source, the ¼% Sales Tax.

#### **Operating Information (Pages 49-52)**

These schedules contain ridership and infrastructure data to help the reader understand how the information in SARTA's financial report relates to the services SARTA provides and the activities we perform.

#### **Debt Capacity (Page 53)**

These schedules present information to help the reader assess the affordability of SARTA's current levels of outstanding debt and our ability to issue debt in the future.

#### **Economic and Demographic (Pages 54-61)**

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

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## **Financial Trend Information 2013**

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*(Unaudited)*

*Table 1 – Net Position*

*Table 2 – Changes in Net Position and Changes in Fund Balances*



**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**NET POSITION BY COMPONENT**  
**FOR THE LAST TEN FISCAL YEARS**  
(accrual basis of accounting)  
(Unaudited)

**Table 1**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>NET POSITION</b>										
Net Investment in Capital Assets	\$ 34,143,696	\$ 35,108,740	\$ 28,659,037	\$ 26,657,794	\$ 22,070,412	\$ 21,386,347	\$ 20,436,088	\$ 19,545,695	\$ 18,794,568	\$ 15,566,390
Restricted	-	100,000	38,899	38,899	-	-	75,384	-	124,842	319,711
Unrestricted	11,029,737	7,778,378	7,671,591	6,574,635	3,533,639	3,599,239	3,104,616	3,207,574	3,121,371	5,107,145
<b>TOTAL NET POSITION</b>	<u>\$ 45,173,433</u>	<u>\$ 42,987,118</u>	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>	<u>\$ 24,985,586</u>	<u>\$ 23,616,088</u>	<u>\$ 22,753,269</u>	<u>\$ 22,040,781</u>	<u>\$ 20,993,246</u>

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**CHANGES IN NET POSITION/FUND BALANCES**  
**FOR THE LAST TEN FISCAL YEARS**  
(accrual basis of accounting)  
(Unaudited)

**Table 2**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>OPERATING REVENUES</b>										
Passenger Fares.....	\$ 1,141,471	\$ 1,111,074	\$ 1,069,426	\$ 1,051,643	\$ 1,052,755	\$ 1,184,354	\$ 1,024,118	\$ 959,445	\$ 877,269	\$ 797,554
Special Transit Fares.....	654,311	553,229	684,507	529,091	491,479	480,272	383,994	226,553	220,836	146,432
Auxiliary Transportation Revenue.....	92,973	72,972	60,939	22,176	37,570	23,116	30,402	32,711	38,266	57,483
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 1,888,755</b>	<b>\$ 1,737,275</b>	<b>\$ 1,814,872</b>	<b>\$ 1,602,910</b>	<b>\$ 1,581,804</b>	<b>\$ 1,687,742</b>	<b>\$ 1,438,514</b>	<b>\$ 1,218,709</b>	<b>\$ 1,136,371</b>	<b>\$ 1,001,469</b>
<b>OPERATING EXPENSES</b>										
Labor.....	\$ 6,396,815	\$ 5,902,311	\$ 5,808,570	\$ 5,566,669	\$ 5,898,232	\$ 6,124,933	\$ 6,085,584	\$ 6,237,295	\$ 5,958,496	\$ 6,381,800
Fringe Benefits.....	4,853,118	4,785,964	4,221,636	4,143,021	4,844,810	4,591,727	4,546,981	4,852,882	4,597,730	3,652,213
Materials & Supplies.....	3,638,790	3,085,079	2,512,522	2,198,564	2,367,522	2,795,146	2,299,169	1,914,954	1,778,542	1,207,937
ODOT Fuel Tax Reimbursement	(118,412)	(125,428)	(142,943)	-	-	-	-	-	-	-
Services.....	1,146,558	998,807	884,687	728,318	570,908	541,850	635,497	763,943	743,478	434,678
Utilities.....	271,048	326,085	237,395	241,461	277,368	292,402	289,131	285,521	230,473	203,814
Casualty & Liability.....	465,550	388,802	368,469	617,237	377,719	341,309	757,927	708,362	660,774	671,035
Leases & Rentals.....	20,311	237	2,930	1,738	7,998	12,693	14,012	11,044	6,648	5,456
Miscellaneous.....	403,070	236,161	322,725	356,638	241,921	197,431	117,571	121,012	71,270	539,293
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 17,076,848</b>	<b>\$ 15,598,018</b>	<b>\$ 14,215,991</b>	<b>\$ 13,853,646</b>	<b>\$ 14,586,478</b>	<b>\$ 14,897,491</b>	<b>\$ 14,745,872</b>	<b>\$ 14,895,013</b>	<b>\$ 14,047,411</b>	<b>\$ 13,096,226</b>
<b>Before Depreciation Expense.....</b>	<b>\$ 17,076,848</b>	<b>\$ 15,598,018</b>	<b>\$ 14,215,991</b>	<b>\$ 13,853,646</b>	<b>\$ 14,586,478</b>	<b>\$ 14,897,491</b>	<b>\$ 14,745,872</b>	<b>\$ 14,895,013</b>	<b>\$ 14,047,411</b>	<b>\$ 13,096,226</b>
<b>OPERATING LOSS</b>										
<b>Before Depreciation Expense.....</b>	<b>\$ (15,188,093)</b>	<b>\$ (13,860,743)</b>	<b>\$ (12,401,119)</b>	<b>\$ (12,250,736)</b>	<b>\$ (13,004,674)</b>	<b>\$ (13,209,749)</b>	<b>\$ (13,316,181)</b>	<b>\$ (13,676,303)</b>	<b>\$ (12,911,040)</b>	<b>\$ (12,094,757)</b>
Depreciation Expense.....	3,586,813	3,611,443	3,415,401	1,911,419	1,717,793	1,719,897	1,827,642	2,301,805	2,439,508	2,425,655
<b>OPERATING LOSS.....</b>	<b>\$ (18,774,906)</b>	<b>\$ (17,472,186)</b>	<b>\$ (15,816,520)</b>	<b>\$ (14,162,155)</b>	<b>\$ (14,722,467)</b>	<b>\$ (14,929,646)</b>	<b>\$ (15,143,823)</b>	<b>\$ (15,978,108)</b>	<b>\$ (15,350,548)</b>	<b>\$ (14,520,412)</b>
<b>NON OPERATING REVENUES (EXPENSES)</b>										
Sales Tax Proceeds.....	\$ 13,008,940	\$ 12,636,571	\$ 12,017,178	\$ 11,367,468	\$ 10,408,166	\$ 11,799,986	\$ 11,897,832	\$ 11,683,697	\$ 11,384,241	\$ 11,430,900
Operating Grants and Reimbursements	5,607,527	3,144,395	2,669,878	-	-	-	-	-	-	-
Federal Preventative Maintenance.....	-	-	-	1,841,668	1,909,366	2,089,920	1,738,436	1,228,565	639,246	775,000
Federal Capital & Operating Grants.....	-	-	-	2,010,817	656,624	-	-	-	-	-
State Preventative Maintenance.....	-	-	-	25,380	284,323	187,423	249,548	301,053	153,186	240,000
Elderly & Disables Assistance.....	-	-	-	372,917	346,642	498,892	202,580	100,641	97,639	48,290
Federal Planning Grants.....	-	-	-	190,354	35,290	127,683	-	-	-	-
Investment/Interest Income.....	17,720	9,979	1,534	19,799	230	1,329	6,523	26,928	52,776	24,751
Interest Expense	-	-	-	-	(1,076)	(9,981)	-	-	-	-
Sales Tax Collection Expense (Note 1).....	(130,089)	(125,115)	(120,172)	(112,509)	(104,082)	(118,000)	(136,935)	(138,075)	-	-
Gain (Loss) on Disposal.....	(45,339)	(75,508)	(16,379)	(13,259)	2,667	(4,693)	(3,518)	(3,046)	1,660	1,567
Non-transportation Revenue.....	76,870	26,552	22,190	32,079	20,065	24,971	16,638	20,573	20,885	40,933
Special Item*.....	-	-	-	(79,708)	(30,000)	(22,625)	(30,343)	-	(9,500)	-
<b>NON OPERATING REVENUES/EXPENSES - NET.</b>	<b>\$ 18,535,629</b>	<b>\$ 15,616,874</b>	<b>\$ 14,574,229</b>	<b>\$ 15,655,006</b>	<b>\$ 13,528,215</b>	<b>\$ 14,574,905</b>	<b>\$ 13,940,761</b>	<b>\$ 13,220,336</b>	<b>\$ 12,340,133</b>	<b>\$ 12,561,441</b>
<b>CAPITAL GRANT REVENUE</b>										
Federal Capital Grant.....	\$ 2,425,592	\$ 5,391,151	\$ 4,203,691	\$ 5,674,426	\$ 1,812,717	\$ 1,724,239	\$ 2,065,881	\$ 3,519,606	\$ 4,175,826	\$ 2,669,397
State/Local Capital Grant.....	-	2,981,752	97,900	500,000	-	-	-	-	301,935	553,659
Restricted Federal Capital Grant	-	100,000	38,899	-	-	-	-	-	-	-
<b>TOTAL CAPITAL GRANTS.....</b>	<b>\$ 2,425,592</b>	<b>\$ 8,472,903</b>	<b>\$ 4,340,490</b>	<b>\$ 6,174,426</b>	<b>\$ 1,812,717</b>	<b>\$ 1,724,239</b>	<b>\$ 2,065,881</b>	<b>\$ 3,519,606</b>	<b>\$ 4,477,761</b>	<b>\$ 3,223,056</b>
<b>CHANGE IN NET POSITION.....</b>										
<b>Net Position, Beginning Balance.....</b>	<b>42,987,118</b>	<b>36,369,527</b>	<b>33,271,328</b>	<b>25,604,051</b>	<b>24,985,586</b>	<b>23,616,088</b>	<b>22,753,269</b>	<b>22,040,782</b>	<b>20,993,246</b>	<b>19,803,464</b>
Prior Period Auditor Adjustments.....	-	-	-	-	-	-	-	(49,347)	(419,810)	(74,303)
<b>Net Position, Ending Balance.....</b>	<b>\$ 45,173,433</b>	<b>\$ 42,987,118</b>	<b>\$ 36,369,527</b>	<b>\$ 33,271,328</b>	<b>\$ 25,604,051</b>	<b>\$ 24,985,586</b>	<b>\$ 23,616,088</b>	<b>\$ 22,753,269</b>	<b>\$ 22,040,782</b>	<b>\$ 20,993,246</b>

\* 2007, 2008, 2011, 2012- Non-recurring Legal Expense  
2009 Employee Settlements  
2010 Employee Settlements & IRS Settlements  
2011 E&H \$0





## **Revenue Capacity Information 2013**

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*(Unaudited)*

*Table 3 – Revenue Base*

*Table 4 – Passenger Revenue Rates*

*Table 5 – Sales Tax Revenue*



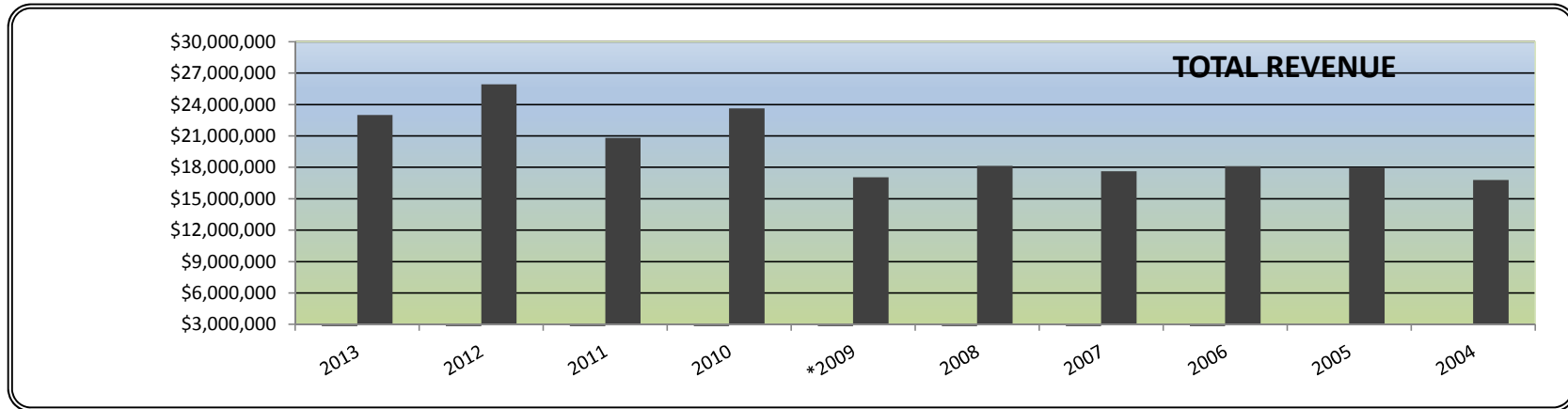
**STARK AREA REGIONAL TRANSIT AUTHORITY  
REVENUE BASE FOR THE LAST TEN FISCAL YEARS**

Rounded to The Nearest Dollar

(Unaudited)

**Table 3**

	2013	2012	2011	2010	*2009	2008	2007	2006	2005	2004
FARES	\$1,888,755	\$1,737,275	\$1,814,872	\$1,580,734	\$1,544,234	\$1,664,626	\$1,408,112	\$1,187,321	\$1,098,105	\$1,001,469
SALES TAX	\$13,008,940	\$12,636,571	\$12,017,178	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241	\$11,430,900
FEDERAL:										
Operating Grants	\$5,607,527	\$3,144,395	\$2,669,878	\$553,684	\$643,655	\$0	\$0	\$0	\$0	\$0
Capital Grant Reimbursements	\$2,425,592	\$5,391,151	\$4,203,691	\$9,163,581	\$3,770,342	\$3,941,842	\$3,804,317	\$4,748,171	\$4,815,072	\$3,444,397
STATE:										
Operating Grants										
Special Fare Assistance	\$0	\$0	\$0	\$372,917	\$346,642	\$498,892	\$202,580	\$100,641	\$97,639	\$54,256
Capital Grant Reimbursements	\$0	\$0	\$0	\$525,380	\$284,323	\$187,423	\$249,548	\$301,053	\$455,121	\$780,873
LOCAL:										
Operating Grants										
Reimbursement	\$0	\$2,981,752	\$97,900	\$0	\$0	\$0	\$0	\$0	\$0	\$6,820
Nontransportation	\$76,870	\$26,522	\$22,190	\$32,079	\$20,065	\$24,971	\$16,638	\$20,573	\$20,884	\$40,933
Misc Income	\$0	\$0	\$0	\$41,975	\$37,800	\$24,445	\$36,925	\$58,316	\$91,043	\$26,318
	\$23,007,684	\$25,917,666	\$20,825,709	\$23,637,818	\$17,055,227	\$18,142,185	\$17,615,952	\$18,099,772	\$17,962,105	\$16,785,966



\* The 2009 recession hit the county hard and 2010 was a year of recovery. Sales tax collections (which are an indicator of health and /or declines) hit a low not experienced since SARTA went county wide, but began recover in 2010.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**2009 PASSENGER REVENUE RATES**  
(As of 12/31/2013)

**Table 4**

TICKET/PASS	SINGLE FARE	10-RIDE	31-DAY
ROUTE	TICKET	TICKET	PASS
REGULAR FIXED ROUTE	\$1.50	\$15.00	\$45.00
REDUCED FIXED ROUTE	\$0.75	\$7.50	\$22.50
PROLINE/CURB TO CURB	\$2.25	\$22.50	\$63.00
STUDENT FIXED ROUTE			\$27.50
Non-ADA Proline	\$3.50		
Day Pass	\$3.00		
CLEVELAND FIXED ROUTE	\$2.50		

**Note:**

**Regular Fixed Fare** - For passengers ages 6-64 (eligible for free fixed route transfer).

**Reduced Fixed Fare** - For passengers 65 years or older, those with disability, or Medicare cardholders. For the \$.75 cash fare, riders should show documentation, or buy tickets from Customer Service.

**Paratransit (Proline)** - For passengers registered with the ADA Curb-to-Curb program. Proline operates in all of Stark County. Passengers not registered with the ADA program will pay the NON-ADA Fare.

**Student Fixed Fare** - The Student 31-Day Pass is the only student fare and is available for riders 6-18 years of age. Students need to pay \$1.50 unless showing a 31-Day Pass, Day Pass, or Transfer.

**Non ADA Proline** - (1) For passengers who do not have a client number and who are merely accompanying a Proline rider. (2) For a senior, 65 or older without a Proline client number, who arranges a ride through Proline (based on availability).

**31-Day Pass** - Good for 31 days from the first time it is farebox activated.

**Day Pass** - Good for unlimited rides from the time of issue until the end of service for the day.

**Cleveland Fixed Fare** - Single ride tickets also work with Cleveland RTA lines.

**Children** - Passengers ages 5 and under, accompanied by an adult, ride for free.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**SALES TAX REVENUE**  
(Unaudited)

**Table 5**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
SALES TAX REVENUE	\$13,008,940	\$12,636,571	\$12,017,178	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241	\$11,430,900
POPULATION*	375,432	374,868	375,087	375,586	379,466	379,214	378,664	380,575	380,275	380,421
SALES TAX PER CAPITA	\$34.65	\$33.71	\$32.04	\$30.27	\$27.43	\$31.12	\$31.42	\$30.70	\$29.94	\$30.05

\* Population

US Census Bureau Annual Estimates of the Population for the Counties of Ohio

2012 [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP\\_2012\\_PEPANNRES](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2012_PEPANNRES)

2013 <http://quickfacts.census.gov/qfo/stats/39/39151.html>

(US Census only has population up to 2012)



## **Operating Information 2013**

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*(Unaudited)*

*Table 6 – Employees & Labor Classification*

*Table 7 – Operating Indicators*

*Table 8 – Expenses by Source/Object*

*Table 9 – Capital Asset Statistics*

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**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**NUMBER OF EMPLOYEES AND LABOR CLASSIFICATION**  
(Unaudited)

**Table 6**

CLASSIFICATION / YEAR	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
VEHICLE OPERATIONS	159	132	144	137	143	149	148	149	149	149
VEHICLE MAINTENANCE	20	28	28	28	28	29	28	30	29	23
NON-VEHICLE MAINTENANCE	3	3	3	2	3	2	3	3	3	7
GENERAL ADMINISTRATION	23	18	16	12	13	22	21	20	22	30
<b>TOTAL OPERATING LABOR</b>	<b>205</b>	<b>181</b>	<b>191</b>	<b>179</b>	<b>187</b>	<b>202</b>	<b>200</b>	<b>202</b>	<b>203</b>	<b>209</b>
TOTAL CAPITAL LABOR	0	0	0	0	9	9	8	2	2	0
<b>TOTAL LABOR</b>	<b>205</b>	<b>181</b>	<b>191</b>	<b>179</b>	<b>196</b>	<b>211</b>	<b>208</b>	<b>204</b>	<b>205</b>	<b>209</b>

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**OPERATING INDICATORS**  
(Unaudited)

**Table 7**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b><u>System Ridership</u></b>										
Fixed Route	2,530,749	2,502,299	2,309,425	1,959,470	1,995,218	2,303,725	2,034,437	2,098,200	1,814,412	1,299,848
Paratransit	138,147	139,992	128,034	128,905	138,217	148,193	156,550	158,622	150,178	135,450
Shuttles and Specials	22,129	16,607	10,636	19,958	30,702	78,012	79,017	92,155	64,008	27,952
<b><u>Average Weekday System Ridership</u></b>										
Fixed Route	9,152	8,719	8,053	6,940	7,187	7,828	6,627	6,773	6,146	3,561
Paratransit	497	455	457	461	495	523	510	566	533	371
<b><u>Average Weekday Miles Operated</u></b>										
Fixed Route	8,812	8,695	7,592	7,465	7,800	7,899	7,798	8,597	8,711	6,954
Paratransit	4,620	4,404	3,905	4,176	3,752	3,912	4,637	4,880	4,718	4,455
<b><u>Revenue Miles</u></b>										
Fixed Route	2,208,234	2,119,345	2,256,733	2,116,316	2,324,483	2,518,321	2,479,147	2,519,313	2,561,836	2,414,981
Paratransit	1,138,653	1,132,028	977,902	1,026,751	1,207,790	1,118,488	1,321,761	1,220,104	1,183,973	1,097,628
<b><u>Passenger Miles</u></b>										
Fixed Route	12,789,633	12,616,719	11,464,591	9,916,934	10,149,079	11,540,775	9,449,219	7,892,852	7,442,335	3,899,544
Paratransit	1,283,190	1,221,319	1,201,757	1,193,861	1,340,807	1,475,840	1,429,668	1,385,939	1,268,802	1,140,136
<b><u>Energy Consumption</u></b>										
Gallons of CNG & diesel/biodiesel	576,992	573,162	529,331	534,326	575,616	612,542	658,278	646,562	586,863	566,079
Cost	1,882,758	1,841,540	\$1,603,873	\$1,245,736	\$1,486,250	\$1,886,629	\$1,579,867	\$1,430,134	\$876,015	\$705,429
Avg Cost Per Gallon	\$3.26	\$3.21	\$3.03	\$2.33	\$3.08	\$2.40	\$2.21	\$2.21	\$1.25	\$0.99
<b><u>Fleet Requirement</u></b>										
Fixed Route	34	34	34	32	35	38	34	34	35	36
Paratransit	23	23	23	23	23	25	24	24	26	44
<b><u>Total Active Vehicles</u></b>										
Fixed Route	43	39	38	38	40	82	79	82	42	49
Paratransit	41	41	42	42	43	42	45	41	42	44
<b><u>Number of Employees</u></b>										
Full Time Equivalent	205	190	191	179	187	209	208	204	214	202

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**EXPENSES BY SOURCE - LAST TEN YEARS**  
Rounded to The Nearest Dollar  
(Unaudited)

Table 8

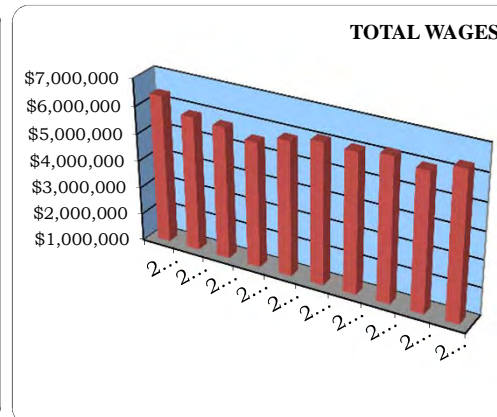
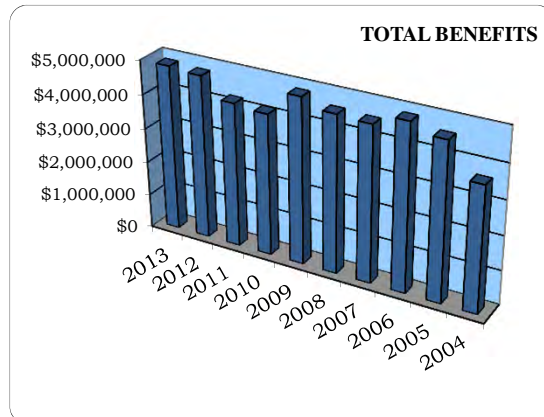
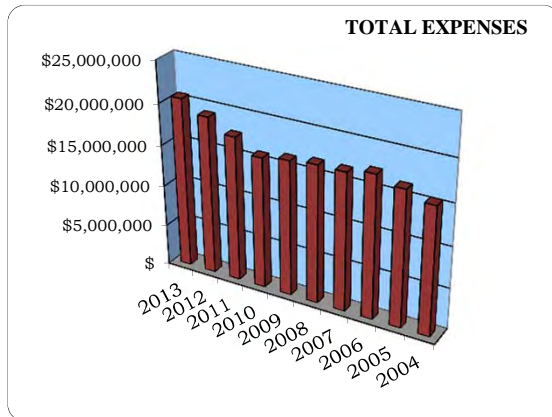
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Labor	\$6,396,815	\$5,902,311	\$5,808,570	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734	\$6,381,800
Fringe Benefits	\$4,853,118	\$4,785,964	\$4,221,636	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730	\$3,652,213
General & Administrative	\$5,826,915	\$4,909,743	\$4,185,785	\$4,349,432	\$3,978,594	\$4,331,437	\$4,284,104	\$3,945,957	\$3,409,947	\$3,062,213
Depreciation	\$3,586,813	\$3,611,443	\$3,415,401	\$1,911,419	\$1,717,793	\$1,719,897	\$1,827,642	\$2,301,806	\$2,439,508	\$2,425,655
	\$20,663,661	\$19,209,461	\$17,631,392	\$15,970,541	\$16,439,429	\$16,767,994	\$16,744,311	\$17,337,939	\$16,486,919	\$15,521,881

**EXPENSES BY OBJECT - LAST TEN YEARS**  
Rounded to The Nearest Dollar  
(Unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Wages	\$6,396,815	\$5,902,311	\$5,808,570	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734	\$6,381,800
Benefits	\$4,853,118	\$4,785,964	\$4,221,636	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730	\$3,652,213
Services	\$1,146,558	\$998,807	\$884,687	\$728,318	\$570,908	\$541,850	\$635,497	\$763,944	\$743,478	\$434,676
Supplies **	\$3,520,378	\$2,959,651	\$2,369,740	\$2,198,564	\$2,367,522	\$2,795,146	\$2,299,169	\$1,914,954	\$1,778,542	\$1,207,937
Utilities	\$271,048	\$326,085	\$237,395	\$241,461	\$277,368	\$292,402	\$289,131	\$285,521	\$230,473	\$203,814
Casualty & Liability **	\$465,550	\$388,802	\$368,469	\$617,237	\$377,719	\$341,309	\$757,928	\$708,362	\$598,556	\$671,035
Depreciation	\$3,586,813	\$3,611,443	\$3,415,401	\$1,911,419	\$1,717,793	\$1,719,897	\$1,822,338	\$2,301,806	\$2,439,508	\$2,425,655
Miscellaneous Expenses	\$423,381	\$236,398	\$325,494	\$563,852	\$385,077	\$360,730	\$307,683	\$273,176	\$58,898	\$544,751
Total Expenses	\$20,663,661	\$19,209,461	\$17,631,392	\$15,970,541	\$16,439,429	\$16,767,994	\$16,744,311	\$17,337,939	\$16,486,919	\$15,521,881

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

\*\* Later years reflect rising insurance & fuel costs.





**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

**Table 9**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenue Vehicle Inventory										
Heavy Duty Vehicles	43	39	38	38	38	40	42	41	42	42
Light Duty Vehicles	41	41	42	42	43	42	42	41	42	44
Total Revenue Vehicle Inventory	84	80	80	80	81	82	84	82	84	86
Administration/Maintenance Buildings	1	1	1	1	1	1	1	1	1	1
Transit Stations	4	4	4	3	3	3	3	3	3	3



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## **Debt Capacity Information 2013**

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*(Unaudited)*

*Table 10 – Debt Service*

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**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**Debt Service**  
(Unaudited)

**Table 10**

YEAR	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST	DEBT (3)	COVERAGE
2013	\$ 23,025,404	\$ 17,122,187	\$ 5,903,217				
2012	25,827,052	15,598,018	10,229,034				
2011	20,729,589	14,473,148	6,256,441				
2010	23,637,818	14,059,122	9,578,696				
2009	17,055,227	14,721,636	2,333,591				
2008	18,142,185	15,052,791	3,089,394	\$398,908	\$9,981	\$408,889	7.56
2007	17,615,952	14,916,670	2,699,282				
2006	18,099,772	15,174,207	2,925,565				
2005	17,962,105	14,047,411	3,914,694				
2004	16,785,966	13,096,226	3,689,740				

- (1) Gross revenues include interest, planning grants, special fares assistance, local grants, and other non-operating revenues.
- (2) Total expenses exclusive of depreciation and inclusive of loss on disposal of assets and sales tax administrative charge.
- (3) Huntington National Bank Line of Credit principal and interest.



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## **Economic & Demographic Information 2013**

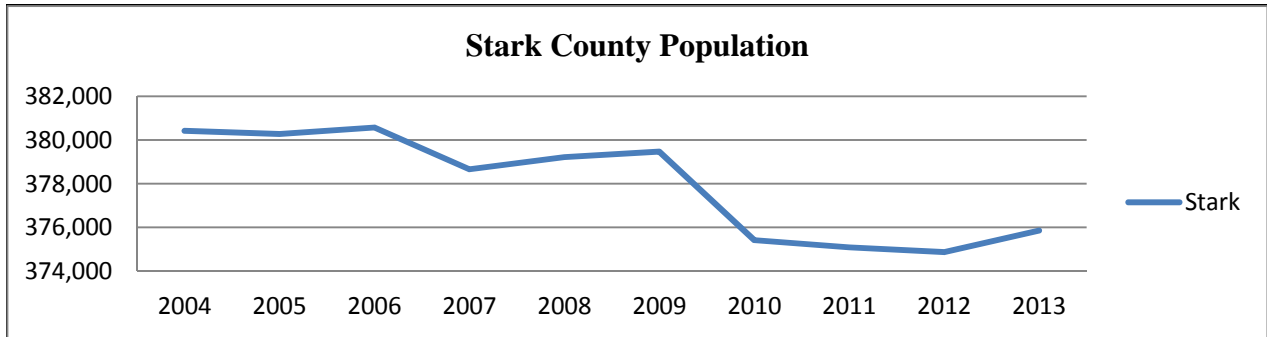
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*The Economic & Demographic Section includes the Economic Condition and Outlook for Stark County, selected Stark County Demographics, and a list of Major Employers in the county.*

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## ECONOMIC CONDITION AND OUTLOOK

Stark County, Ohio covers an area of 567 square miles. 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.



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Stark	380,421	380,275	380,575	378,664	379,214	379,466	375,417	375,087	374,868	375,856

1

Ten years ago manufacturing jobs drove the economy in Stark County. During the past ten years Stark County has transitioned from a manufacturing base to a health, education, and social services based economy. According to estimates from the U.S. Bureau of Labor Statistics manufacturing jobs declined by nearly a third from 2003 to 2012. Business is moving forward into the new economy with a focus on companies in advanced manufacturing and new emerging technologies such as Fuel Cells, Wind Energy and Oil Shale exploration and development. In addition, the number and variety of national and international companies, such as Timken and Diebold, with facilities in Stark County is also a testimony to the growing strength of the area’s business environment.

The Unemployment rate continues to trend upwards despite the growth in non-manufacturing jobs. The jobs created by the non-manufacturing sector have not been numerous enough to outpace the loss of manufacturing jobs. The Stark County unemployment rate for 2013 was 6.9 % <sup>2</sup> compared with the national average of 6.7%.<sup>3</sup>

<sup>1</sup> Source: Stark County Quick facts from the US Census Bureau [Link: http://quickfacts.census.gov](http://quickfacts.census.gov)

<sup>2</sup> <http://data.bls.gov/map/MapToolServlet>

<sup>3</sup> <http://data.bls.gov/timeseries/LNS14000000>

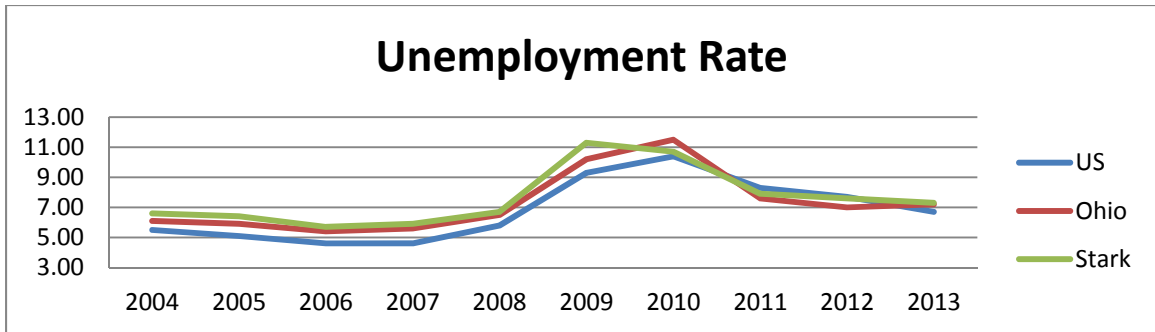
## Stark County Major Employers

2013 Employers	Nature of Business	Employees	Percentage of Total County Employment
Aultman Hospital	Health Care	5,000	0.0133
The Timken Company	Manufacturing, Steel and Tapered Roller Bearings	4,120	0.0110
Mercy Medical Center	Health Care	2,500	0.0067
County of Stark	Governmental	2,499	0.0066
Diebold, Inc	Computer Services, Finance	1,900	0.0051
Canton Board of Education	Education	1,823	0.0048
Freshmark, Inc	Meat Processing	1700	0.0045
Stark State College	Education	1123	0.0030
Alliance Community Hospital	Health Care	953	0.0025
Republic Engineered Steels, Inc	Manufacturing, Steel and Tapered Roller Bearings	910	0.0024
	Total County employment	22,528	
2013 population	375,895		

2000 Employers	Nature of Business	Employees	Percentage of Total County Employment
The Timken Company	Manufacturing, Steel and Tapered Roller Bearings	6,108	0.0162
Aultman Hospital	Health Care	3515	0.0093
Stark County Government	Government	2852	0.0075
Republic Engineered Steel	Manufacturing, Steel	2800	0.0074
Maytag-Hoover	Manufacturing	2750	0.0073
Mercy Medical Center	Health Care	2700	0.0071
Canton Board of Education	Education	1794	0.0047
Diebold, Inc	Computer Services, Finance	1578	0.0042
The Akron Corp		1250	0.0033
	Total County employment	25,347	0.067
2000 population	378,098		

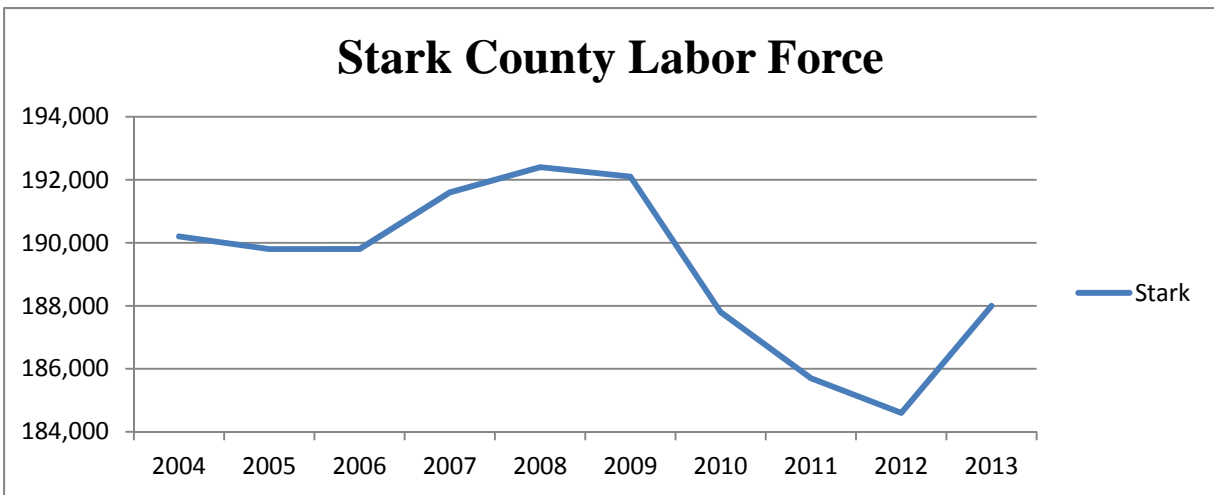
\*1 - Source: U.S. Census Bureau, factfinder2.census.gov

\*2 - Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P27, P28, P29, P30, and PCT15, factfinder2.census.gov



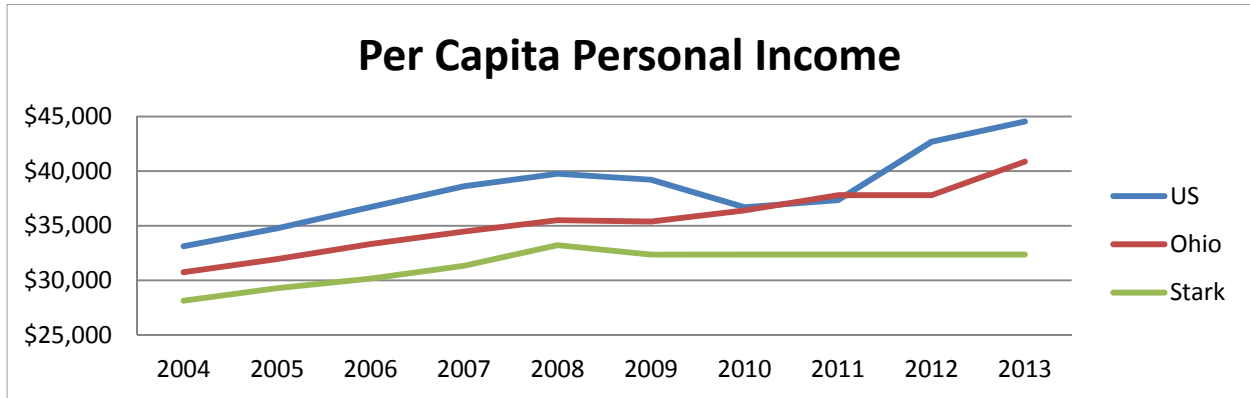
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>US</b>	5.5	5.1	4.6	4.6	5.8	9.3	10.4	8.3	7.7	6.7
<b>Ohio</b>	6.1	5.9	5.4	5.6	6.5	10.2	11.5	7.6	7	7.2
<b>Stark</b>	6.6	6.4	5.7	5.9	6.7	11.3	10.7	7.9	7.6	7.3

Source: Bureau of Labor Statistics - <http://jfs.ohio.gov/RELEASES/unemp/201401/index.stm>  
 Source: Bureau of Labor Statistics - <http://data.bls.gov/pdq/SurveyOutputServlet>  
 Source - <http://jfs.ohio.gov/county/cntypro/pdf13/Stark.stm>



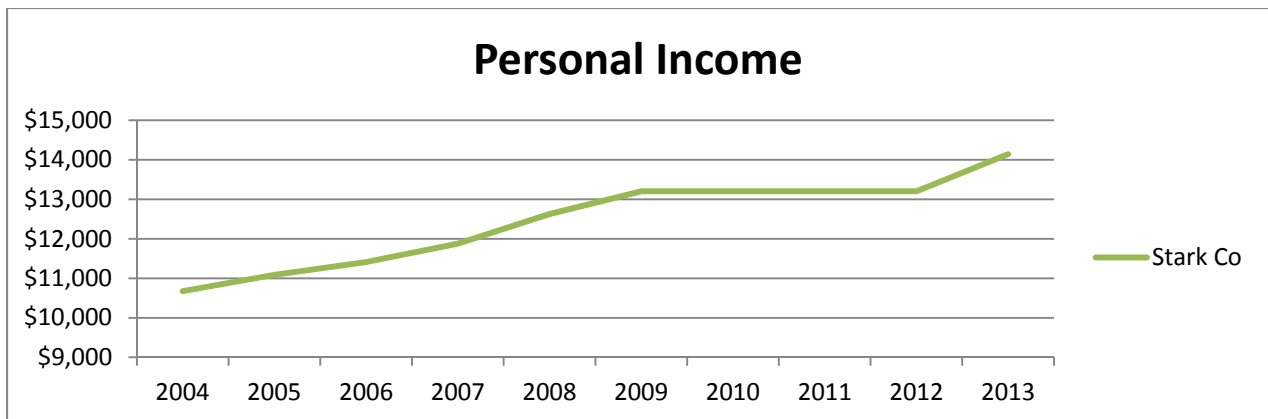
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Stark</b>	190,200	189,800	189,800	191,600	192,400	192,100	187,800	185,700	184,600	188,000

Source: Stark County Job and Family Services - <http://jfs.ohio.gov/county/cntypro/pdf13/Stark.stm>



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>US</b>	\$33,123	\$34,757	\$36,714	\$38,611	\$39,751	\$39,212	\$36,697	\$37,345	\$42,693	\$44,543
<b>Ohio</b>	30,744	31,939	33,320	34,468	35,511	35,381	36,395	37,791	37,791	40,865
<b>Stark</b>	28,137	29,271	30,150	31,331	33,221	32,356	32,356	32,356	32,356	32,356

Source: Bureau of Economic Analysis, US Department of Commerce



### Personal Income

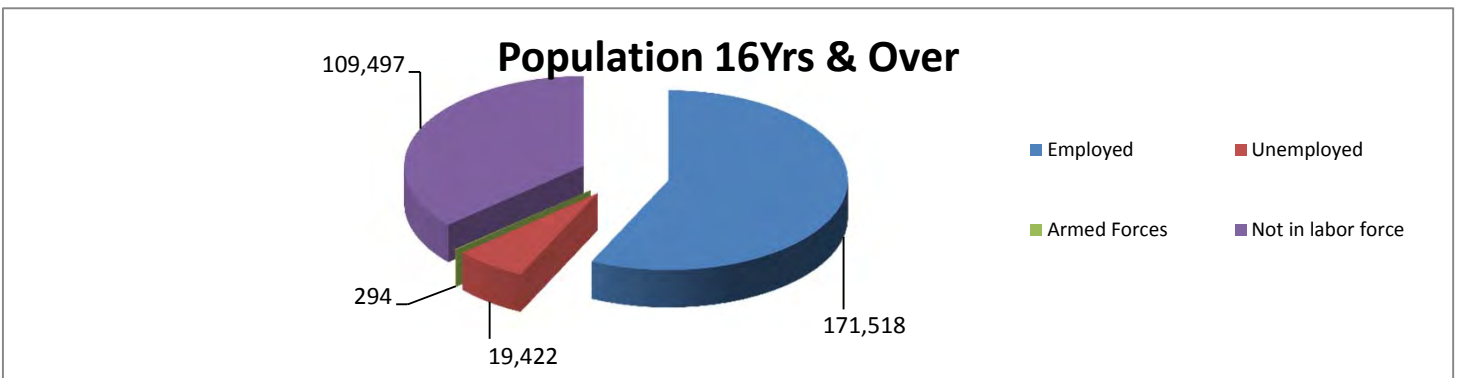
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
US	\$9,711,363	\$10,284,356	\$10,968,393	\$11,645,882	\$12,233,500	\$12,097,700	\$12,701,052	\$13,105,700	\$13,602,600	\$14,309,800
Ohio	352,103	366,017	381,963	399,897	407,874	407,874	425,614	436,297	436,297	472,845
Stark Co	10,675	11,088	11,414	11,876	12,627	13,201	13,201	13,201	13,201	14,141

Source: Bureau of Economic Analysis, US Department of Commerce - Link: [www.bea.gov](http://www.bea.gov)

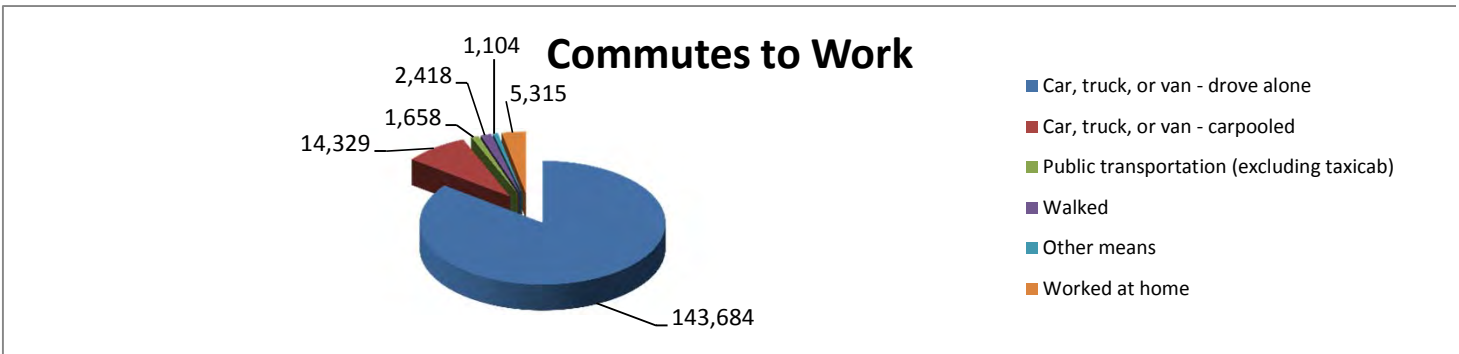


**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**STARK COUNTY DEMOGRAPHICS**  
**2013 Community Survey\***  
 US Census Bureau / American Fact Finder

Employment Status	Number	Percent
<b>Population 16 Years and Over</b>	<b>300,731</b>	<b>100%</b>
Employed	171,518	57.03%
Unemployed	19,422	6.46%
Armed Forces	294	0.10%
Not in labor force	109,497	36.41%



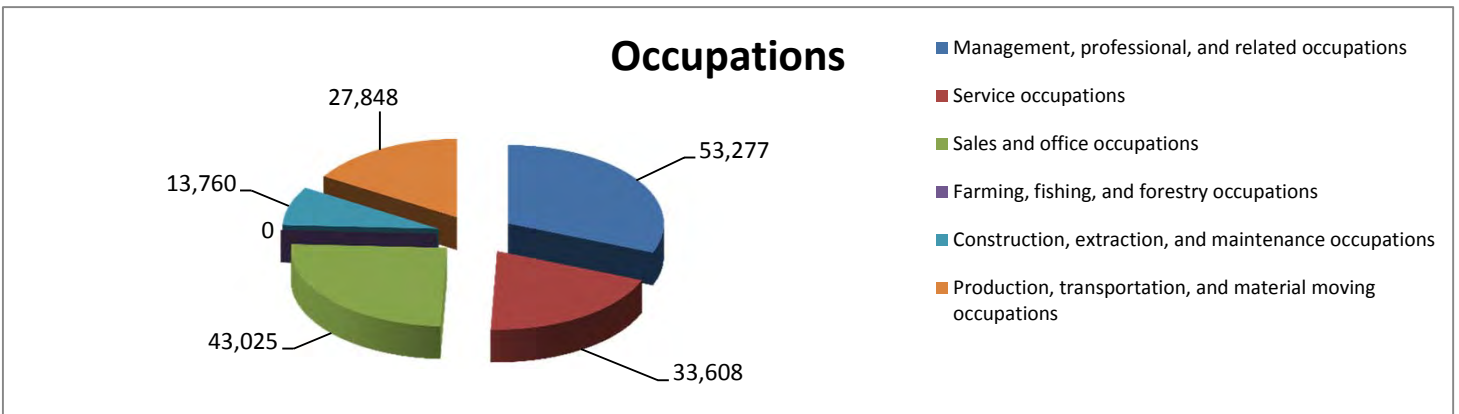
Commuting to Work	Number	Percent
<b>Workers 16 years and over</b>	<b>168,508</b>	<b>100%</b>
Car, truck, or van - drove alone	143,684	85.27%
Car, truck, or van - carpooled	14,329	8.50%
Public transportation (excluding taxicab)	1,658	0.98%
Walked	2,418	1.43%
Other means	1,104	0.66%
Worked at home	5,315	3.15%
Mean travel time to work (minutes)	21.7	



**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**STARK COUNTY DEMOGRAPHICS**  
 2013 Community Survey\*

**DEMOGRAPHICS (CONT'D)**

<b>Occupation</b>		
<b>Employed Civilian Population 16 Years and Over</b>	<b>171,518</b>	<b>100%</b>
Management, professional, and related occupations	53,277	31.06%
Service occupations	33,608	19.59%
Sales and office occupations	43,025	25.08%
Farming, fishing, and forestry occupations	0	0.00%
Construction, extraction, and maintenance occupations	13,760	8.02%
Production, transportation, and material moving occupations	27,848	16.24%



# STARK AREA REGIONAL TRANSIT AUTHORITY

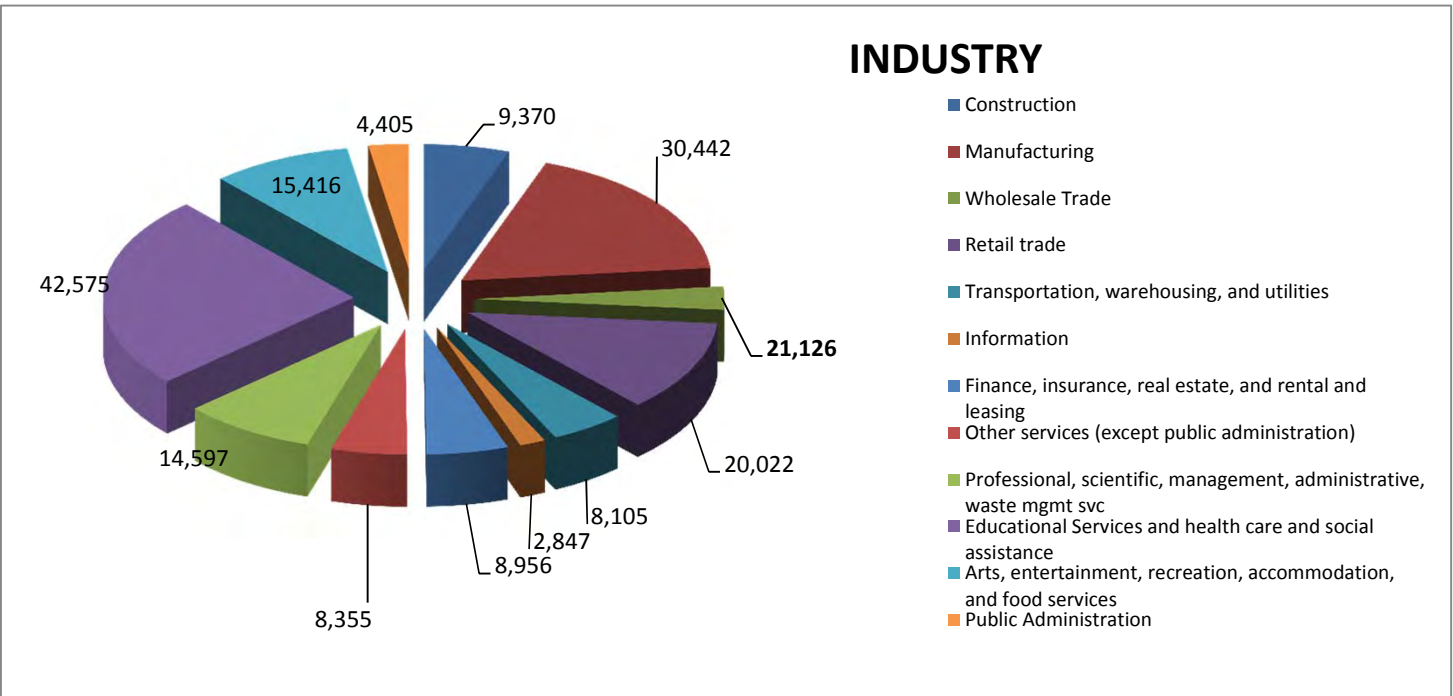
## STARK COUNTY DEMOGRAPHICS

### 2013 Community Survey\*

#### DEMOGRAPHICS (CONT'D)

Industry		
<b>Employed Civilian Population 16 Years and Over</b>	<b>171,518</b>	<b>100%</b>
Agriculture, forestry, fishing and hunting, mining	1,325	0.77%
Construction	9,370	5.46%
Manufacturing	30,442	17.75%
Wholesale Trade	5,103	2.98%
Retail trade	20,022	11.67%
Transportation, warehousing, and utilities	8,105	4.73%
Information	2,847	1.66%
Finance, insurance, real estate, and rental and leasing	8,956	5.22%
Other services (except public administration)	8,355	4.87%
Professional, scientific, management, administrative, waste mgmt svc	14,597	8.51%
Educational Services and health care and social assistance	42,575	24.82%
Arts, entertainment, recreation, accommodation, and food services	15,416	8.99%
Public Administration	4,405	2.57%

### INDUSTRY



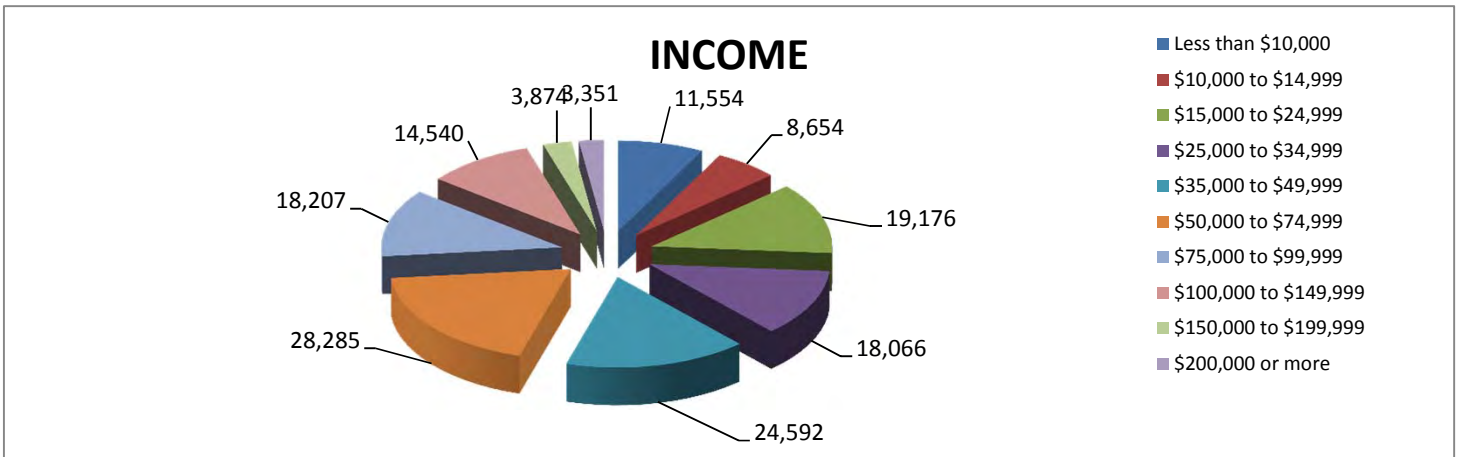
# STARK AREA REGIONAL TRANSIT AUTHORITY

## STARK COUNTY DEMOGRAPHICS

### 2013 Community Survey\*

#### DEMOGRAPHICS (CONT'D)

Households	Income		
		<b>150,299</b>	<b>100%</b>
Less than \$10,000		11,554	7.69%
\$10,000 to \$14,999		8,654	5.76%
\$15,000 to \$24,999		19,176	12.76%
\$25,000 to \$34,999		18,066	12.02%
\$35,000 to \$49,999		24,592	16.36%
\$50,000 to \$74,999		28,285	18.82%
\$75,000 to \$99,999		18,207	12.11%
\$100,000 to \$149,999		14,540	9.67%
\$150,000 to \$199,999		3,874	2.58%
\$200,000 or more		3,351	2.23%
Median household income (dollars)		45,689	



\*2013 US Census survey results not available at time of reporting.

Source: U.S. Census Bureau, 2008-2012 American Community Survey

<http://factfinder2.census.gov/>

# **Stark Area Regional Transit Authority**

**Single Audit Reports  
For the Year Ended December 31, 2013**

# Stark Area Regional Transit Authority

For the Year Ended December 31, 2013

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

Board of Trustees  
Stark Area Regional Transit Authority

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 17, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees  
Stark Area Regional Transit Authority

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cini & Paricki, Inc.*

Cleveland, Ohio  
June 17, 2014



**Independent Auditor’s Report on Compliance for Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

Board of Trustees  
Stark Area Regional Transit Authority

**Report on Compliance for Major Federal Program**

We have audited the Stark Area Regional Transit Authority’s (the “Authority”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority’s major federal program for the year ended December 31, 2013. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for the Authority’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

***Opinion on Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Board of Trustees  
Stark Area Regional Transit Authority

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities of the Authority as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 17, 2014, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Cini & Paricki, Inc.*

Cleveland, Ohio  
June 17, 2014

# Stark Area Regional Transit Authority

## Schedule of Expenditures of Federal Awards

**For the Year Ended December 31, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Grant Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	Clean Fuels Ohio	\$ 33,000
	20.507	OH-04-0069	111,183
	20.507	OH-04-0084	72,478
	20.507	OH-04-0088	82,664
	20.507	OH-26-0006	50,000
	20.507	OH-34-0002	309,546
	20.507	OH-90-0095	2,520
	20.507	OH-90-0597	781,254
	20.507	OH-90-X677	33,974
	20.507	OH-90-X714	178,272
	20.507	OH-90-X764	966,624
	20.507	OH-90-X785	3,383,253
	20.507	OH-95-0095	219,369
	20.507	OH-95-0101	302,199
	20.507	OH-95-0116	11,619
	20.507	OH-95-0126	342,495
	20.507	OH-95-0147	<u>1,000,000</u>
Total Federal Transit Cluster/Direct Programs			7,880,450
Transit Services Programs Cluster:			
Job Access and Reverse Commute	20.516	OH-37-6072	2,795
	20.516	OH-37-4080	83,614
	20.516	OH-37-6080	6,987
	20.516	OH-37-4094	32,382
	20.516	OH-37-6094	<u>2,999</u>
Total Job Access and Reverse Commute			128,777
New Freedom Program	20.521	OH-57-6032	3,332
	20.521	OH-57-4054	<u>20,560</u>
Total New Freedom Program			<u>23,892</u>
Total Transit Services Programs Cluster			<u>152,669</u>
Total U.S. Department of Transportation			\$ <u><u>8,033,119</u></u>

The accompanying notes are an integral part of this schedule.

# **Stark Area Regional Transit Authority**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **For the Year Ended December 31, 2013**

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#### **Note 1 – Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (“Schedule”) reflects the expenditures of the Stark Area Regional Transit Authority (the “Authority”) under programs financed by the U.S. government for the year ended December 31, 2013. 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.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly and indirectly (passed-through) between the Authority and agencies and departments of the federal government.

# Stark Area Regional Transit Authority

## Schedule of Findings

OMB Circular A-133 Section .505

**For the Year Ended December 31, 2013**

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### 1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Program	<b>Federal Transit Cluster/Direct Programs:</b> Federal Transit Administration Capital and Operating Assistance Formula Grants - CFDA # 20.507
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$ 300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

**Stark Area Regional Transit Authority**

**Schedule of Findings (continued)  
OMB Circular A-133 Section .505**

**For the Year Ended December 31, 2013**

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**2. Findings Related to the Financial Statements Required  
to be Reported in Accordance with GAGAS**

None noted.

**3. Findings for Federal Audits**

None noted.

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# Dave Yost • Auditor of State

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  
JULY 29, 2014