



# STARK AREA REGIONAL TRANSIT AUTHORITY

Annual Comprehensive Financial Report for  
the years ended December 31, 2022 and 2021

1600 Gateway Blvd. SE  
Canton, Ohio 44707  
330.477.2782

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Stark Area Regional Transit Authority  
Stark County  
Canton, Ohio  
2022

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*Annual Comprehensive Financial Report  
For Fiscal Years Ended December 31, 2022 and 2021*

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Ron Macala  
President  
Board of Trustees

Kirt W. Conrad  
Executive Director/CEO  
SARTA

Prepared by Finance Division  
Carrie Domer, Director of Finance

Annual Comprehensive Financial Report  
For the Fiscal Years Ended December 31, 2022 and 2021

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## Introductory Section 2022

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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SARTAonline.com

June 14, 2023

Mr. Ron Macala, 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, 2022.

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 four sections:

The *INTRODUCTORY SECTION* consists of the title page, the table of contents, this letter of transmittal, which includes a map of the municipalities of Stark County, Ohio, organizational chart, prior year GFOA certificate and a listing of the members of the Board of Trustees and management of SARTA.

The *FINANCIAL SECTION* contains the Independent Auditor's Report, comparative basic financial statements, and the notes to financial statements. The notes to 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 *RSI SECTION* contains the schedule of the Authority's proportionate share of net pension liability, net pension asset, and net OPEB asset for the last ten years.

The *STATISTICAL SECTION* consists of financial and economic 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 ("SARTA" or the "Authority") for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the Authority's sixteenth consecutive year the Authority earned this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and organized Annual Comprehensive 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual 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 a certificate for the year ended December 31, 2022.

### Stark County, Ohio



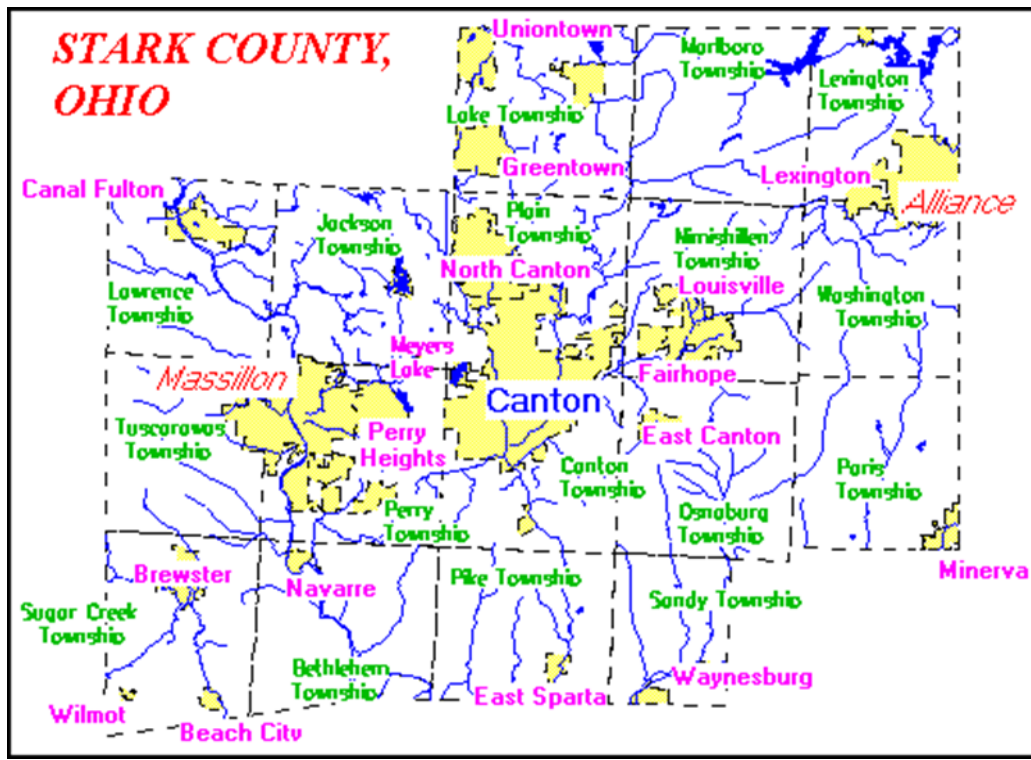
Established: Act – February 13, 1808

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



## Reporting Entity Profile

### General

SARTA services an area of 576.2 square miles and a population base of 372,657, 2022 Census estimate, was created in 1997 with the passage of Issue 2. SARTA is a political 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 over 1.2 million rides in Stark County during 2022 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**

SARTA is committed to enhancing the quality of life for our community by providing efficient, affordable, and sustainable mobility options for Stark County.

### **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 Council of Government (SCOG). Board Membership is appropriated as follows: City of Alliance, 1 member; City of Canton, 3 members; City of Massillon, 1 member; 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 62.31 percent of the operating funds for SARTA. In October 2018, the Board adopted the new vision for SARTA as an overall guide for the Authority. SARTA will accomplish this by:

1. Operating within budget and in a financially responsible manner
2. Enhancing quality of life through personal independence
3. Offering mobility options to meet the diverse needs of the public
4. Creating an environment supporting professional development to ensure a dynamic workforce operating according to the highest ethical standards
5. Continuing our efforts to utilize alternative energy sources for our fleet and facility

### **Administration**

The Authority's CEO, appointed by the Board, directs the Authority's administration, subject to the policies, procedures, and supervision from the Board. An organizational chart that shows the key functional responsibilities is shown on page 20 of the introductory section.



## Operations and Funding

In November of 2021, Stark County voters renewed the .25 percent sales tax levy until June of 2027.

## Facilities

Gateway – Main administration, garage, and maintenance facility, 1600 Gateway Blvd. SE. The 96,000 square foot garage houses 46 Fixed buses, 74 Paratransit buses, 1 Trolley bus and 18 Support vehicles, 9 maintenance bays, 1 bus wash, 1 alignment lift. A new Administration building was started on the property at the end of 2022 and is slated to be completed in April 2024.

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, and passenger amenities. Cornerstone provides connections to Greater Cleveland Regional Transit Authority and Akron METRO Regional Transit Authority.

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

Massillon Transit Station – A new transit center will begin construction in early 2023 at 227 Tommy Henrich Dr. NW, Massillon, Ohio. This new state of the art facility will provide updates to features such as ticket sales, customer service, indoor passenger amenities, and continued connections to services throughout Stark County including Canton, Jackson and Plain Townships, and Alliance as well as transfers to the Greater Cleveland Regional Transit Authority and Akron METRO Regional Transit Authority. For 2022 and throughout construction, SARTA will still be able to provide basic amenities and the same connections that had been previously offered within and around Stark County from a temporary location adjacent to the new building site.

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

## Services

SARTA offers fixed route and demand response service in Stark County to provide reliable service to as many as possible in Stark County. These fixed routes operate over 20 hours and over 7,700 miles each day, Monday through Saturday. SARTA also operates express routes to Cleveland and Akron.

Ridership - In 2022, SARTA provided over 1,240,943 rides between Fixed Routes, Proline and Medline services which is an increase of 50,099 rides or 2.8 percent from 2021. In 2021, SARTA provided 1,190,844 rides.

Fixed Route Service - 46 fixed route buses operating 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 7,700 miles a day with service covering Alliance, Akron, Canton, Cleveland, Hartville, Jackson Township, Louisville, Massillon, North Canton, and Uniontown. 79 percent of Stark County's population lives within a ½ mile of SARTA's fixed routes.

Proline Services – 74 Proline buses (62 for Stark County and 12 for Wayne County) with service available countywide as well as in Wayne County for customers who meet American with Disabilities Act (ADA) requirements. Proline operates over 20 hours a day from just before 5:30 am and finishing after 1:30 am, Monday through Saturday. In 2022, Proline services ran a total of 125,564 trips.

Medline Service - A free non-medical transportation service available for those with I/O and Level One Medicaid Waivers. Like Proline, it allows clients to use SARTA to make up to two non-medical transportation trips per day (up to 240 days) to employment (including trips to Stark Developmental Disabilities Workshops and other private day services), adult day support and vocational 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 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 online, or via phone.

Veterans Services – SARTA's 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.

### Local Economy

Stark County is in the northeastern section of Ohio and is the 7<sup>th</sup> largest county in Ohio. Stark County is in the Canton-Massillon metro area, crossroads of the Eastern and Midwestern U.S. markets. Stark County includes 17 townships and 18 municipalities (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 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 2022 was 4.0 percent <sup>1</sup> compared with State of Ohio's 4.0 percent and the national average of 3.6 percent.

### 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

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<sup>1</sup> [Stark County, OH Unemployment | Homefacts](#)

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, which 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 the City's needs and how to procure financing.

### Population

Population in SARTA's principal service area since 1970 has been as follows<sup>2</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
2011	72,795	375,087
2012	72,793	374,868
2013	72,535	375,895
2014	72,535	375,584
2015	72,297	375,165
2016	71,323	375,586
2017	70,909	372,542
2018	73,007	375,586
2019	70,458	370,606
2020	70,477	369,964
2021	72,684	373,834
2022	69,671	372,657

<sup>2</sup> [U.S. Census Bureau QuickFacts: Canton city, Ohio; Stark County, Ohio; United States](#)

## 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>3</sup>:

<u>YEAR</u>	<u>STARK COUNTY</u>	<u>OHIO</u>	<u>U.S.</u>
2018	5.2	4.8	3.9
2019	4.5	3.8	3.5
2020	5.2	5.3	6.7
2021	3.5	3.6	3.9
2022	4.0	4.0	3.6

## Major Initiatives – 2022 in Review

Travel Training - This program to assist individuals to learn to ride and utilize the SARTA services including fixed route, first time paratransit users and SARTA's various digital tolls like Go-Line and PinPoint. Travel Trainers also do Wheelchair Assessments at rider's homes as part of the Travel Training Program. In addition, Travel Trainers travel to Wayne Medina Community Action to travel train on Wayne County Transit which is provided by SARTA.

EZfare - SARTA along with NEORide, a consortium of over 20 transit agencies across 5 different states partners with MASABI to provide a free mobile ticketing app called EZfare. The EZfare app is comprised of 15 transit systems. Riders can pay fares and purchase tickets/passes through their mobile device. Every week, thousands of transit riders utilize these transit systems, going to work, school, medical appointments, shopping centers, museums, and thousands of other locations. EZfare makes transit on these systems simple and easy. Riders activate the tickets/passes when they are ready to use them and then scan on the validator on the vehicle to satisfy their fare to ride.

5310 Program - SARTA as a designated recipient of Section 5310 program, has assisted in the Enhanced Mobility for seniors and people with disabilities. Along with collaborating with Stark County Transportation Study (SCATS), SARTA has helped agencies and other interested groups in improving the coordination of transportation services among agencies

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<sup>3</sup> [Stark County, OH Unemployment | Homefacts](#)

and private providers requiring or providing transportation services, through vehicle purchases and operating reimbursement.

UKG - With the establishment of UKG, SARTA's new payroll and HRIS system, SARTA has moved its employees from being limited with antiquated processes to up-to-date technology. Formerly paper methods caused burdensome time lapse with communicating important information from person to person. Now, employees can communicate privately with management in real time through UKG and have record of their transactions. Employees also have around the clock access to their compensation, timesheets, employee records, benefit information and more from their phone or computer.

### **Future Initiatives**

Notice is hereby given that the Stark Area Regional Transit Authority (SARTA) intends to apply for Federal Funds for the Stark Area Regional Transit Authority's 2023 Program of Projects. Information on the Program is available at SARTA's website [www.sartaonline.com/financials](http://www.sartaonline.com/financials).

Written public comment on the proposed Program of Projects was accepted by the Stark Area Regional Transit Authority (SARTA) until the close of business on December 5th, 2022. All comments shall be addressed to Kirt W. Conrad, Executive Director/CEO, Stark Area Regional Transit Authority, 1600 Gateway Blvd SE, Canton, Ohio 44707. Comments received by the closing date will be considered in preparing and carrying out the Program. A public hearing was scheduled for December 7<sup>th</sup> 2022 at 2:00 – 2:30 p.m. in the Board Room at SARTA's headquarters located at 1600 Gateway Blvd SE in Canton.

This program became final and was submitted to the Federal Transit Administration upon completion of the public participation process unless amended by action of the Board of Trustees of the Stark Area Regional Transit Authority.

# Letter of Transmittal-Stark Area Regional Transit Authority

PROPOSED  
STARK AREA REGIONAL TRANSIT AUTHORITY  
FISCAL YEAR 2023 PROGRAM OF PROJECTS Total  
Funds Estimated for 2023 Projects \$38,964,275



Stark Area Regional Transit Authority  
Budget Request  
Capital Projects 2023

<i>Operating Grants</i>	Total Budgeted Cost	Federal Share
Federal Operating Expense- 100% Reimbursement	\$12,017,656	\$12,017,656
Administration Reimbursements 5310 & IMI	\$146,493	\$146,493
Mobility Management	\$239,818	\$181,416
Employment & Health Passes	\$108,000	\$108,000
Preventive Maintenance	\$2,093,860	\$1,675,088
Wayne County Operating	\$792,181	\$768,847
<b>Total Operating Grants</b>	<b>\$15,398,008</b>	<b>\$14,897,500</b>
<i>Capital Bus Projects</i>	Total Budgeted Cost	Federal/State Share
40'Fixed & Paratransit Route Buses Hydrogen & CNG	\$6,290,069	\$5,175,755
Support Vehicles	\$100,000	\$80,000
<b>Total Capital Bus Projects</b>	<b>\$6,390,069</b>	<b>\$5,255,755</b>
<i>Other Capital Projects</i>	Total Budgeted Cost	Federal Share
CNG Station Upgrade	\$1,973,475	\$1,578,780
Fare Boxes/Validators	\$199,025	\$185,701
Building Improvements/Transit Enhancements	\$98,783	\$79,026
HVAC Replacement	\$488,500	\$408,500
Gateway Lighting	\$44,625	\$35,700
Misc. Shop Tools	\$170,000	\$136,000
IT Projects (Hardware/Software)	\$282,042	\$225,634
Electric Upgrade	\$551,500	\$551,500
Website Design	\$9,061	\$7,249
Security, Software, & Fare Collection Wayne County	\$127,476	\$127,476
Security	\$69,305	\$55,444
Hydrogen Station & Tank Upgrades	\$3,529,717	\$3,308,878
<b>Total Other Capital Projects</b>	<b>\$7,543,509</b>	<b>\$6,699,888</b>
<i>Construction Projects</i>	Total Budgeted Cost	Federal Share
Massillon Building Construction	\$4,901,009	\$3,920,807
Administration Building Construction	\$3,033,497	\$2,497,905
<b>Total Construction Projects</b>	<b>\$7,934,506</b>	<b>\$6,418,712</b>
<b>TOTAL CAPITAL PROJECTS</b>	<b>\$21,868,084</b>	<b>\$18,374,355</b>
<i>Other Local Subgrantee-Pass Thru Projects</i>	Total Budgeted Cost	Federal Share
RHFCC Data	\$94,576	\$75,661
Integrated Mobility Innovation Study-100%	\$1,051,176	\$1,051,176
5310 Sub Grantee (Operating & Capital)	\$552,431	\$552,431
<b>Total Subgrantee-Pass Thru Projects</b>	<b>\$1,698,183</b>	<b>\$1,679,268</b>
	Total Budgeted Cost	Federal Share
<b>Project Totals-2023</b>	<b>\$38,964,275</b>	<b>\$34,951,123</b>



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
- Participation and assistance to the Stark County Mobility Coordination Committee
- Purchase new Transit and Paratransit Buses
  - 2023 – 6 Transit (12 Paratransit buses)
  - 2024 – 0 Transit (4 Paratransit buses)
  - 2025 - 9 Transit (3 Paratransit buses)
  - 2026 - 4 Transit (5 Paratransit buses)
- Preventative maintenance on buses
- Continuing to study initiatives to increase meeting customer needs
- Gateway facility expansion continuation
- Streetcar feasibility study
- Massillon Transit facility development
- Shop tool replacement
- Purchase of additional support vehicles

Management also intends to explore projects such as:

- Add fixed route services to Wayne County Transit
- 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 SARTA.

### **Basis of Accounting**

SARTA's accounting records are maintained on the accrual basis. The activities are reported using a single enterprise fund. Additional information on SARTA's accounting policies can be found in Note No. 1 in the Notes to Financial Statements, located in the Financial Section and starting on page 46.

### **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 effective.

### **Budgetary Control**

SARTA prepares its annual operating budget and capital budget on the accrual basis of accounting. The Director of Finance, Executive Director/CEO, and Administration prepare a preliminary budget of revenues, and allocates a proportional amount to each department. The Department Heads confer with the Director of Finance and prepare their budgets within that 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 of Trustees at a public meeting. The annual operating and capital budget are 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 of Trustees 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 of Trustee approval to completion and span more than one fiscal year.

Financial statements are prepared on an accrual basis, in accordance with accounting principles generally accepted in the United States of America (GAAP) and may be reviewed starting on page 40.

Please refer to The Management's Discussion and Analysis, Financial Section, for further financial detail and explanation.

### **Independent Audit**

Keith Faber, Auditor of State, has issued an unmodified ("clean") opinion on the Stark Area Regional Transit Authority's (the Authority) financial statements for the year ended December 31, 2022. Refer to the Financial Section page 22 for auditor's report.

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 basic 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.

**Acknowledgements**

This report would not be possible without the hard work, high standards and dedication of the entire Finance Department staff. The 2022 Annual Comprehensive Financial Report prepared by Jillian Carpenter, conforms to the program requirements and management expectations for continued high levels of excellence in reporting the Authority's financials in the future.

Sincerely,

Carrie Domer  
Director of Finance



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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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO



**The Government Finance Officers Association of  
the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

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



*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the 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

*Christopher P. Morrell*

Date: 5/4/2023





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Stark Area Regional Transit Authority  
Board of Trustees and Management  
As of December 31, 2022

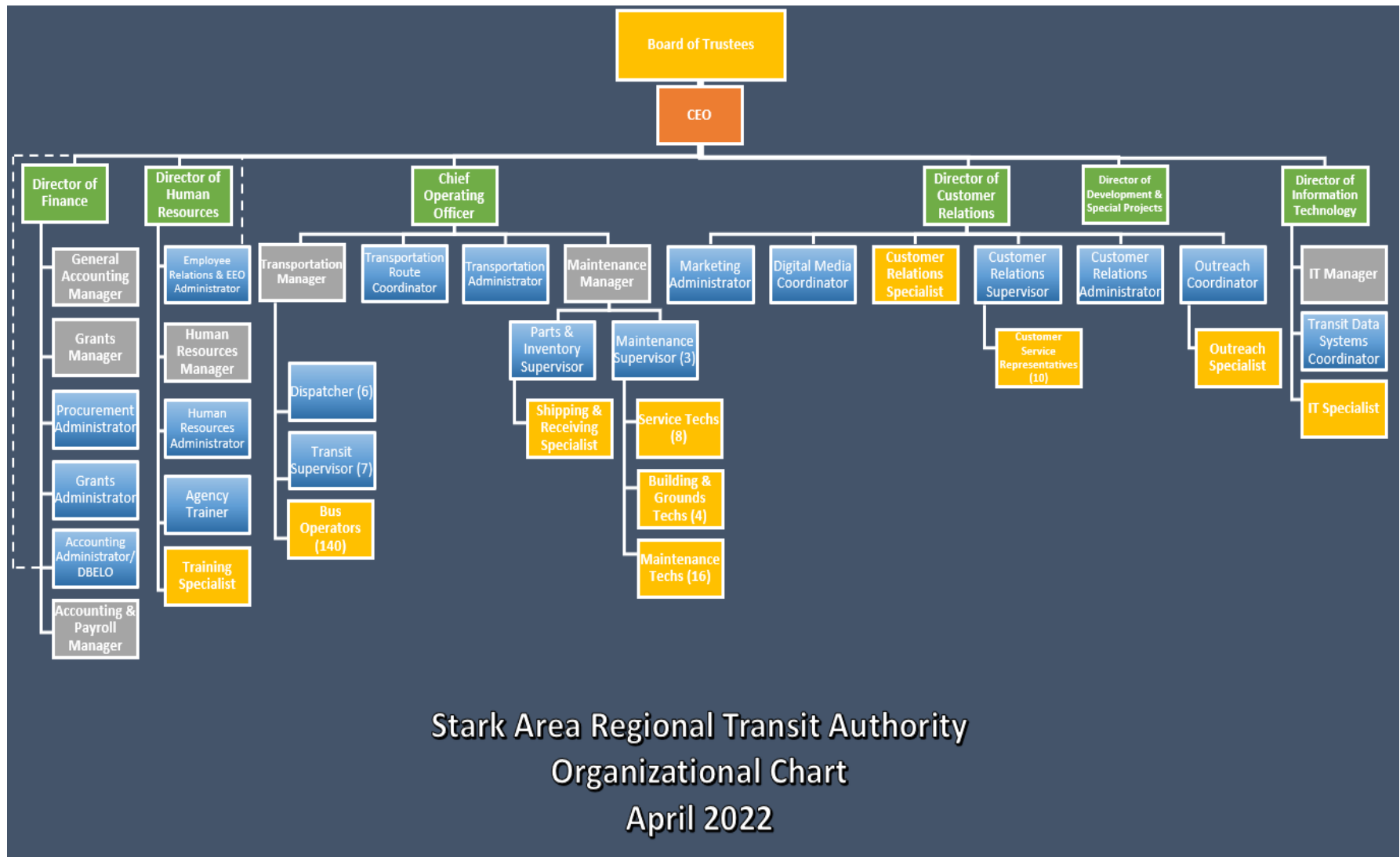
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Board of Trustees

President.....	<i>Ron Macala</i>
Vice President.....	<i>James Reinhard</i>
Trustees.....	<i>Amanda Fletcher</i> <i>Greg Blasiman</i> <i>Myra Watkins</i> <i>Margaret Egbert</i> <i>Chet Warren</i> <i>Rex Morey</i> <i>Edward Grier</i>

Executive Staff

Executive Director/CEO.....	<i>Kirt W. Conrad</i>
Chief Operations Officer .....	<i>Mark Finnicum</i>
Director of Finance .....	<i>Carrie Domer</i>
Director of Information Technology.....	<i>Craig Smith</i>
Director of Planning & Community Outreach.....	<i>Latrice Virola</i>
Director of Human Resources.....	<i>Tammy Brown</i>
Director of Development & Special Projects.....	<i>Clayton Popik</i>





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## Financial Section 2022

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The Financial Section includes:

- Independent Auditor's Report
  - Management's Discussion and Analysis (MD&A)
  - Basic Financial Statements
  - Notes to Financial Statements
  - Required Supplementary Information
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88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Stark Area Regional Transit Authority  
Stark County  
1600 Gateway Blvd.  
Canton, Ohio 44707

To the Board of Trustees:

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of the Stark Area Regional Transit Authority, Stark County, Ohio (Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Stark Area Regional Transit Authority, Stark County, Ohio as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 14, 2023

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## Management Discussion and Analysis 2022

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- Financial Highlights
  - Overview of the Financial Statements
  - Required Financial Statements
  - Notes to Financial Statements
  - Financial Analysis of the Authority
  - Net Position
  - Operating Revenues
  - Condensed Summary of Cash Flows
  - Capital Assets
  - Long-Term Debt
  - Government Accounting Standards Board (GASB) 68 and 75
  - Requests for Information
-

**Stark Area Regional Transit Authority**  
**Canton, Ohio**  
**Management Discussion and Analysis**  
**For years ended December 31, 2022 and 2021**

As the financial management of the Stark Area Regional Transit Authority (Authority or SARTA), 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, 2022 and 2021. 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 \$11,138,186 or 23.05 percent in 2022. The increase in net position is attributed to the impact of GASB 75 and 68.
- The Authority's total net position increased \$4,457,515 or 10.16 percent in 2021. The increase in net position is attributed to the impact of GASB 75 and 68.
- In 2022, the Authority's operating expenses, excluding depreciation were \$6,570,613 higher than in 2021, a 37.26 percent increase, primarily due to GASB 75 and 68.
- In 2021, the Authority's operating expenses, excluding depreciation were \$9,437,299 lower than in 2020, a 34.86 percent decrease, primarily due to GASB 75 and 68.
- Operating revenues for the Authority were \$133,915 lower in 2022, an 8.39 percent decrease, primarily due to a decrease in Auxiliary Income.
- Operating revenues for the Authority were \$408,755 higher in 2021, a 34.44 percent increase. In 2021, the increase is due to passenger fares, special transit fares, and auxiliary transportation revenues.
- In 2022, sales tax revenue increased \$950,579 or 5.34 percent compared to 2021. Sales tax revenue accounted for 58.62 percent of all funding in 2022, exclusive of capital grants.

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- In 2021, sales tax revenue increased \$2,562,415 or 16.83 percent compared to 2020. Sales tax revenue accounted for 69.45 percent of all funding in 2021, exclusive of capital grants.
- In 2022, operating grants and reimbursements were \$6,466,420 higher compared to 2021, or 124.50 percent increase, primarily due to increased staff, training, and accessibility to funds.
- In 2021, operating grants and reimbursements were \$3,185,955 lower compared to 2020, or 38.02 percent decrease, primarily due to turnover in staff, training, and accessibility to funds.

### **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 Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Required Financial Statements**

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

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

The *Statement of Net Position* presents information on all of the Authority's assets and deferred outflows and liabilities and deferred inflows, with the difference 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 *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal years 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

**Stark Area Regional Transit Authority**  
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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 *Statement of Cash Flows*. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

### **Notes to Financial Statements**

The notes to 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 45-85 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 and deferred outflows exceeded liabilities and deferred inflows by \$59,468,607 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, construction and work in process, buildings and improvements, transportation equipment, and other equipment). 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 2022, a portion of the Authority's net position represented resources that were subject to the restriction of being held to pay for capital assets. In 2022 *unrestricted net position* totaled \$3,375,316.

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**Net Position**

	2022	2021	2020
Current Assets	\$ 18,458,800	\$ 18,358,311	\$ 20,433,007
Capital Assets, Net	56,093,291	49,521,597	50,467,318
Other-Net OPEB Assets	2,056,916	1,200,963	-
Other-Net Pension Assets	182,456	132,641	92,230
<b>Total Assets</b>	<b>\$ 76,791,463</b>	<b>\$ 69,213,512</b>	<b>\$ 70,992,555</b>
Deferred Outflow-OBEB	\$ -	\$ 691,288	\$ 1,776,657
Deferred Outflow-Pension	2,789,139	1,569,221	2,646,449
<b>Total Outflows</b>	<b>\$ 2,789,139</b>	<b>\$ 2,260,509</b>	<b>\$ 4,423,106</b>
Current Liabilities	\$ 4,413,596	\$ 4,114,868	\$ 3,603,340
Noncurrent Liabilities	6,105,018	10,825,689	23,650,109
<b>Total Liabilities</b>	<b>\$ 10,518,614</b>	<b>\$ 14,940,557</b>	<b>\$ 27,253,449</b>
Deferred Inflow-OPEB	\$ 2,165,666	\$ 3,698,272	\$ 1,332,384
Deferred Inflow-Pension	7,427,715	4,504,771	2,965,922
<b>Total Inflows</b>	<b>\$ 9,593,381</b>	<b>\$ 8,203,043</b>	<b>\$ 4,298,306</b>
Invested in Capital Assets	\$ 56,093,291	\$ 49,521,597	\$ 50,467,318
Restricted for Capital Assets	-	534,888	534,888
Unrestricted	3,375,316	(1,726,064)	(7,129,300)
<b>Total Net Position</b>	<b>\$ 59,468,607</b>	<b>\$ 48,330,421</b>	<b>\$ 43,872,906</b>

At the end of 2022 and 2021, the Authority was able to report positive balances in net position.

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As can be seen from the table of net position, in 2022, net position increased \$11,138,186 to \$59,468,607 from \$48,330,421 in 2021.

For more information on capital assets, readers are referred to Note 6 to the financial statements.

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**Revenues, Expenses, and Changes in Net Position**

	2022	2021	2020
OPERATING REVENUES:			
Passenger Fares	\$ 806,636	\$ 836,051	\$ 680,267
Special transit fares	546,514	418,116	400,925
Auxiliary transportation revenues	108,490	341,388	105,608
TOTAL OPERATING REVENUES	<u>1,461,640</u>	<u>1,595,555</u>	<u>1,186,800</u>
OPERATING EXPENSES (REVENUES):			
Labor	10,788,530	9,014,151	8,942,812
Fringe Benefits	4,685,862	959,421	10,732,286
Materials, supplies, and training	4,115,710	3,518,929	2,851,477
ODOT fuel tax reimbursement	(100,703)	(108,649)	(99,061)
Services	2,398,604	1,902,397	1,604,585
Utilities	608,718	501,086	473,666
Casualty and liability insurance	737,996	560,386	570,203
Leases and rentals	66,155	80,205	68,262
Miscellaneous	903,762	1,206,095	1,927,090
TOTAL OPERATING EXPENSES	<u>24,204,634</u>	<u>17,634,021</u>	<u>27,071,320</u>
EXCLUDING DEPRECIATION	<u>24,204,634</u>	<u>17,634,021</u>	<u>27,071,320</u>
OPERATING LOSS BEFORE DEPRECIATION	(22,742,994)	(16,038,466)	(25,884,520)
DEPRECIATION EXPENSE (Note 6)	<u>5,205,257</u>	<u>4,377,651</u>	<u>3,810,221</u>
OPERATING LOSS	<u>(27,948,251)</u>	<u>(20,416,117)</u>	<u>(29,694,741)</u>
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenues (Note 5)	18,737,354	17,786,775	15,224,360
Operating grants and reimbursements	11,660,316	5,193,896	8,379,851
Interest income	50,226	6,998	70,876
Sales tax collection expense	(185,253)	(172,880)	(152,244)
Gain (loss) on disposal of capital assets	(375,128)	(1,657,968)	5,936
Non-transportation revenues	56,780	917,571	285,042
Total Non-Operating Revenues-Net	<u>29,944,295</u>	<u>22,074,392</u>	<u>23,813,821</u>
NET GAIN(LOSS) BEFORE CAPITAL GRANT REVENUE	1,996,044	1,658,275	(5,880,920)
CAPTIAL GRANTS:			
Federal capital grant	6,513,041	2,268,594	4,844,758
State capital grant	2,629,101	530,646	3,221,896
TOTAL CAPITAL GRANTS	<u>9,142,142</u>	<u>2,799,240</u>	<u>8,066,654</u>
INCREASE (DECREASE) IN NET POSITION	11,138,186	4,457,515	2,185,734
NET POSITION, BEGINNING OF YEAR	48,330,421	43,872,906	41,687,172
NET POSITION, END OF YEAR	<u>\$ 59,468,607</u>	<u>\$ 48,330,421</u>	<u>\$ 43,872,906</u>



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In 2022, *depreciation expense* increased \$827,606 or 18.91 percent.

In 2022, *non-operating revenues-net* increased \$7,869,903 or 35.65 percent, to \$29,944,296.

### 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 Authority. The sales tax receipts and transit operating revenues, with the balance being obtained using grants to cover preventative maintenance on buses, generally cover expenses of the Authority. Shortfalls in cash inflows were the result of requirements that the Authority fund up to 20 percent of capital purchases with local funding.

#### CASH FLOWS

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,449,595	\$ 1,551,812	\$ 1,266,590
Cash received from non-transportation activities	56,780	917,571	285,042
Cash payments to suppliers for goods and services	(8,475,510)	(7,426,861)	(9,771,538)
Cash payment to employees for salaries and wages	(10,553,616)	(8,950,400)	(8,901,645)
Cash payment for employee benefits	(9,617,920)	(8,512,238)	(8,108,525)
Net Cash used by operating activities	(27,140,671)	(22,420,116)	(25,230,076)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Sales taxes received	18,340,003	17,115,133	15,042,836
Operating and preventive maintenance grants received	11,676,602	4,946,663	8,456,190
Net cash provided by noncapital financing activities	30,016,605	22,061,796	23,499,026
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Federal capital grant revenue	9,142,142	2,799,240	8,211,143
Proceeds (loss) from sale of capital assets	(375,128)	(1,657,968)	5,936
Acquisition of capital assets and work in progress	(11,776,951)	(3,431,929)	(2,673,715)
Net cash used by capital and related financing activities	(3,009,937)	(2,290,657)	5,543,364
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	50,226	6,998	70,876
Net cash provided by investing activities	50,226	6,998	70,876
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,777)	(2,641,979)	3,883,190
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,199,720	14,841,699	10,958,509
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,115,943	\$ 12,199,720	\$ 14,841,699

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## Capital Assets

The Authority's investment in capital assets amounts to \$56,093,291 as of December 31, 2022, and \$49,521,597 as of December 31, 2021, a net increase of \$6,571,694 or 13.27 percent from 2021. Capital assets include land, land improvements, construction and work in progress, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenses during the current fiscal year included the following:

Land	50,556
Transportation	5,977,261
Computer Hardware	362,290
Building & Equipment Improvements	93,748

The Authority's investment in capital assets amounts to \$49,521,597 as of December 31, 2021, and \$50,467,318 as of December 31, 2020, a net decrease of \$945,721 or 1.87 percent from 2020. Capital assets include land, land improvements, construction and work in progress, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenses during the current fiscal year included the following:

Land	699,537
Light duty buses	1,369,071
Computer Hardware	389,388
Building & Equipment Improvements	238,075

The construction and work in progress balance at December 31, 2022, included costs associated with a portion of the following:

1. HVAC System
2. Expansion of SARTA's facilities
3. Various other projects

The *Notes to Financial Statements*, Note 6, beginning on page 79, provides additional information on capital assets.

Stark Area Regional Transit Authority  
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## 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.

## Governmental Accounting Standards Board (GASB) 68 and 75

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension asset/liability and the net OPEB asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension asset/liability* or *net OPEB asset*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension asset/liability and the net OPEB asset to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most noncurrent liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the noncurrent liability section of the statement of net position.

Stark Area Regional Transit Authority  
Canton, Ohio  
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For years ended December 31, 2022 and 2021

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension asset/liability and net OPEB asset, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing the accounting standard for pension and OPEB, the Authority is reporting a significant net pension liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Authority is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The change in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below:

	2022	2021
Net pension asset	\$ 182,456	\$ 132,641
Deferred outflows - pension	2,789,139	1,569,221
Deferred outflows - OPEB	0	691,288
Deferred inflows - pension	(7,427,715)	(4,504,771)
Deferred inflows - OPEB	(2,165,666)	(3,698,272)
Net pension liability	(5,873,034)	(10,285,366)
Net OPEB asset	2,056,916	1,200,963
Impact of GASB 68		
GASB 75 on net position	(10,437,904)	(14,894,296)
Net expense impact	(\$4,456,392)	(\$7,985,010)

For 2022, the net expense impact of GASB 68 and 75 was \$4,456,392. This was from reporting the decrease in the Authority's proportionate share of the pension and other post-employment benefit liability of the Ohio Public Employment Retirement board. This adjustment was a negative expense which decreased expenses.

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### 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 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.



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## Basic Financial Statements 2022

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Financial Statements includes:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

Stark Area Regional Transit Authority  
Canton, Ohio

STATEMENT OF NET POSITION

December 31, 2022 and 2021

ASSETS:	2022	2021
CURRENT ASSETS:		
Cash & cash equivalents	\$ 11,581,055	\$ 11,664,832
Receivables:		
Trade	349,710	353,951
Sales tax	4,845,145	4,633,047
Other misc receivables	-	1,125
Materials & supplies inventory	469,613	482,239
Prepaid expenses & other assets	678,389	688,229
Cash & cash equivalents: Restricted for capital assets	534,888	534,888
TOTAL CURRENT ASSETS	<u>18,458,800</u>	<u>18,358,311</u>
NONCURRENT ASSETS:		
Other Noncurrent Assets-Net OPEB Assets (Note 3)	2,056,916	1,200,963
Other Noncurrent Assets-Net Pension Assets (Note 2)	182,456	132,641
TOTAL OTHER NONCURRENT ASSETS	<u>2,239,372</u>	<u>1,333,604</u>
Capital assets: (Note 6)		
Land, nondepreciable	2,537,013	2,486,457
Construction & WIP, nondepreciable	10,374,124	9,517,538
Buildings & improvements, depreciable	20,982,950	20,871,624
Transportation equipment, depreciable	57,992,997	48,942,242
Other equipment, depreciable	6,749,305	6,798,720
Total capital assets	98,636,389	88,616,581
Less accumulated depreciation	<u>(42,543,098)</u>	<u>(39,094,984)</u>
Capital assets-net	<u>56,093,291</u>	<u>49,521,597</u>
TOTAL NONCURRENT ASSETS	<u>58,332,663</u>	<u>50,855,201</u>
TOTAL ASSETS	<u>\$ 76,791,463</u>	<u>\$ 69,213,512</u>
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB	\$ -	\$ 691,288
Pension	2,789,139	1,569,221
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,789,139</u>	<u>\$ 2,260,509</u>

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



Stark Area Regional Transit Authority  
Canton, Ohio

STATEMENT OF NET POSITION  
December 31, 2022 and 2021

(continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2022	2021
CURRENT LIABILITIES:		
Accounts payable	\$ 1,568,191	\$ 1,326,085
Accrued payroll	501,045	266,131
Accrued payroll taxes & withholdings	587,242	392,492
Compensated absences	173,669	39,000
Other current liabilities	1,048,561	1,556,272
Capital grants payable	534,888	534,888
TOTAL CURRENT LIABILITIES	<u>4,413,596</u>	<u>4,114,868</u>
NONCURRENT LIABILITIES:		
Compensated absences (Note 8)	231,984	540,323
Net OPEB liability (Note 3)	-	-
Net pension liability (Note 2)	5,873,034	10,285,366
TOTAL NONCURRENT LIABILITIES	<u>6,105,018</u>	<u>10,825,689</u>
TOTAL LIABILITIES	<u>\$ 10,518,614</u>	<u>\$ 14,940,557</u>
DEFERRED INFLOW OF RESOURCES:		
OPEB	\$ 2,165,666	\$ 3,698,272
Pension	7,427,715	4,504,771
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 9,593,381</u>	<u>\$ 8,203,043</u>
NET POSITION:		
Investment in capital assets	\$ 56,093,291	\$ 49,521,597
Restricted for capital assets	-	534,888
Unrestricted	3,375,316	(1,726,064)
TOTAL NET POSITION	<u>\$ 59,468,607</u>	<u>\$ 48,330,421</u>

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

Stark Area Regional Transit Authority  
Canton, Ohio

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES:		
Passenger fares	\$ 806,636	\$ 836,051
Special transit fares	546,514	418,116
Auxiliary transportation revenues	108,490	341,388
TOTAL OPERATING REVENUES	<u>1,461,640</u>	<u>1,595,555</u>
OPERATING EXPENSES:		
Labor	10,788,530	9,014,151
Fringe benefits	4,685,862	959,421
Materials, supplies and training	4,115,710	3,518,929
ODOT fuel tax reimbursement	(100,703)	(108,649)
Services	2,398,604	1,902,397
Utilities	608,718	501,086
Casualty and liability insurance	737,996	560,386
Leases and rentals	66,155	80,205
Miscellaneous	903,762	1,206,095
TOTAL OPERATING EXPENSES		
EXCLUDING DEPRECIATION	<u>24,204,634</u>	<u>17,634,021</u>
OPERATING LOSS BEFORE DEPRECIATION	(22,742,994)	(16,038,466)
DEPRECIATION EXPENSE (Note 6)	<u>5,205,257</u>	<u>4,377,651</u>
OPERATING LOSS	(27,948,251)	(20,416,117)
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenues (Note 5)	18,737,354	17,786,775
Operating grant and reimbursements	11,660,316	5,193,896
Interest income	50,226	6,998
Sales tax collection expense	(185,253)	(172,880)
Gain (loss) on disposal of capital assets	(375,128)	(1,657,968)
Non-transportation revenues	56,780	917,571
TOTAL NON-OPERATING REVENUES (EXPENSES)-NET	<u>29,944,295</u>	<u>22,074,392</u>
NET LOSS BEFORE CAPITAL GRANT REVENUE	1,996,044	1,658,275
CAPTIAL GRANTS:		
Federal capital grants	6,513,041	2,268,594
State capital grants	2,629,101	530,646
TOTAL CAPITAL GRANTS	<u>9,142,142</u>	<u>2,799,240</u>
INCREASE (DECREASE) IN NET POSITION	11,138,186	4,457,515
NET POSITION, BEGINNING OF YEAR	48,330,421	43,872,906
NET POSITION, END OF YEAR	<u>\$ 59,468,607</u>	<u>\$ 48,330,421</u>

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

Stark Area Regional Transit Authority  
Canton, Ohio

STATEMENT OF CASH FLOWS  
December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,449,595	\$ 1,551,812
Cash received from non-transportation activities	56,780	917,571
Cash payments to suppliers for goods and services	(8,475,510)	(7,426,861)
Cash payments to employees for salaries and wages	(10,553,616)	(8,950,400)
Cash payments for employees benefits	(9,617,920)	(8,512,238)
Net Cash used by operating activities	<u>(27,140,671)</u>	<u>(22,420,116)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Sales tax received	18,340,003	17,115,133
Operating and preventive maintenance grants received	11,676,602	4,946,663
Net cash provided by noncapital financing activities	<u>30,016,605</u>	<u>22,061,796</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grant revenue	9,142,142	2,799,240
Proceeds (loss) from sale of capital assets	(375,128)	(1,657,968)
Acquisition of capital assets and work in progress	(11,776,951)	(3,431,929)
Net cash used by capital and related financing activities	<u>(3,009,937)</u>	<u>(2,290,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	50,226	6,998
Net cash provided by investing activities	<u>50,226</u>	<u>6,998</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,777)	(2,641,979)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,199,720</u>	<u>14,841,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,115,943</u>	<u>\$ 12,199,720</u>

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

Stark Area Regional Transit Authority  
Canton, Ohio

STATEMENT OF CASH FLOWS  
December 31, 2022 and 2021

(continued)

RECONCILIATION OF OPERATING LOSS	2022	2021
TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (27,948,251)	\$ (20,416,117)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,205,257	4,377,651
Cash from Non-transportation activities	56,780	917,571
(Increase) decrease in accounts receivable-trade	(12,045)	(43,743)
(Increase) decrease in materials & supplies inventory	12,626	(53,365)
(Increase) decrease in prepaid expenses & other assets	10,965	275,820
(Increase) decrease in deferred outflows-OPEB	691,288	1,085,369
(Increase) decrease in deferred outflows-pension	(1,219,918)	1,077,228
(Increase) decrease in net pension OPEB asset	(855,953)	(1,200,963)
(Increase) decrease in net pension asset	(49,815)	(40,411)
(Decrease) increase in accounts payables	242,106	286,953
(Decrease) increase in net pension liability	(4,412,332)	(3,461,663)
(Decrease) increase in net OPEB liability	-	(9,358,311)
(Decrease) increase in accrued payroll	234,914	63,751
(Decrease) increase in deferred inflows-OPEB	(1,532,606)	2,365,888
(Decrease) increase in deferred inflows-pension	2,922,944	1,547,849
(Decrease) increase in accrued payroll taxes & withholdings	194,750	49,569
(Decrease) increase in other current liabilities	(507,711)	109,254
(Decrease) increase in compensated absences	(173,670)	(2,446)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (27,140,671)</u>	<u>\$ (22,420,116)</u>

**Supplemental disclosures of cash flow information:**

Change in sales tax receivable	\$ 212,098	\$ 498,762
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The accompanying notes are an integral part of these financial statements.



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## Notes to the Financial Statements 2022

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Notes to the Financial Statements includes:

- Organization and Significant Accounting Policies
  - Defined Benefit Pension Plans
  - Defined Benefit OPEB Plan
  - Cash and Cash Equivalents
  - Tax Revenues
  - Capital Assets
  - Restricted Assets
  - Noncurrent Liabilities
  - Grant and Reimbursements
  - Risk Management
  - Leases
  - Contingencies
  - COVID-19
-

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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 January 1, 2022 were subject to a collective bargaining agreement that expired on December 31, 2024.

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 5). On November 8, 2016 the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations through June of 2027.

**Reporting Entity**

The Authority has adopted the provisions of GASB Statement No. 14 "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34 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.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization And Significant Accounting Policies (Continued)

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.

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. 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.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization And Significant Accounting Policies (Continued)

**Investments**

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

The Authority's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Authority. The Authority measures their investment in STAR Ohio at the net value (NAV) per share by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2022, there was no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The Authority has invested funds in Certificate of Deposit Account Registry Service (CDARS) through Huntington Bank. CDARS are bank invested funds in Certificate of Deposits (CDs) 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.

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, CDs and commercial paper through Fifth Third Securities. Debt securities are invested funds with various governmentally sponsored enterprises.



Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

**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 lubricant

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

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.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

**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 expenses are incurred. Capital grants for the maintenance of property, plant, and equipment are recorded as project receivable and credited to non-operating revenues in the period operating expenses are incurred.

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 acquisition 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**

1. 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 Authority. Non-Organization and Significant Accounting Policies (Continued)

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

operating expenses include costs that are due to transactions other than the primary operations of the Authority.

**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 paid time off and sick pay benefits as earned by its employees. Paid time off must be used within the calendar year. Unused paid time off 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 percent 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.

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

1. Organization and Significant Accounting Policies (Continued)

The current accounting standard requires the Authority to report their proportionate share of the net pension/OPEB liability or OPEB asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and post employment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability or OPEB asset. Under the new standards, the net pension/OPEB liability or OPEB asset equals the Authority's proportionate share of the pension plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other post employment benefits. The unfunded portion of this benefit of exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The Authority has no control over the changes in the benefits, contributions rate, and return on investments affecting the balance of these liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the noncurrent liability section of the statement of net position.

**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

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

## 2. Defined Benefit Pension Plans

financial position and operations. Certain reclassifications have been made to the 2021 financial statements in order to conform to the 2022 presentation.

### **Restricted Net Position**

The Authority applies restricted resources first when expenses are incurred for purposes for which either restricted or unrestricted amounts are available.

### **Net Pension (Asset) Liability**

The net pension liability or asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability or asset represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation, including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability or asset. Resulting adjustments to the net pension liability or asset would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability or asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued payroll taxes and withholdings on the accrual basis of accounting.

**Plan Description-Ohio Public Employees Retirement System (OPERS)**

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD plan. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses mainly on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

<b>2022 Statutory Maximum Contribution Rates</b>	<b>State and Local</b>
Employer	14.00%
Employee	10.00%
 <b>2022 Actual Contribution Rates</b>	
Employer:	
Pension	14.00%
Post-employment Health Care Benefits	<u>0.00%</u>
 Total Employer	<u>14.00%</u>
 Employee	<u>10.00%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution for the Traditional Pension Plan and the Combined Plan was \$1,743,448 for 2022. Of this amount, \$287,572 is reported accrued payroll taxes and withholdings.



Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

**Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability or asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability or asset was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	
	<u>2022</u>	<u>2021</u>
Proportion of the pension liability - prior measurement date	0.069459 %	0.069550 %
Proportion of the pension liability - current measurement date	<u>0.067503</u> %	<u>0.069459</u> %
Change in proportionate share	<u>-0.001956</u> %	<u>-0.000091</u> %
Proportion of the pension asset - prior measurement date	0.045950 %	0.044230 %
Proportion of the pension asset - current measurement date	<u>0.046307</u> %	<u>0.045950</u> %
Change in proportionate share	<u>0.000357</u> %	<u>0.001720</u> %
Proportionate share of net pension liability	\$ 5,873,034	\$ 10,285,366
Proportionate share of net pension asset	\$ 182,456	\$ 132,641
Pension expense	\$ (1,015,673)	\$ 524,108

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For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	2022	2021
<b>Deferred outflows of resources</b>		
Differences between expected and actual experience	\$ 300,531	\$ -
Changes of assumptions	743,586	8,283
Change in proportionate share and difference between employer contributions and proportionate share of contributions	1,574	159,837
Employer contributions subsequent to the measurement date	<u>1,743,448</u>	<u>1,401,101</u>
Total deferred outflows of resources	<u>\$ 2,789,139</u>	<u>\$ 1,569,221</u>
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$ 149,217	\$ 455,269
Net difference between projected and actual earnings on pension plan investments	7,024,877	4,028,657
Change in proportionate share and difference between employer contributions and proportionate share of contributions	<u>253,621</u>	<u>20,845</u>
Total deferred inflows of resources	<u>\$ 7,427,715</u>	<u>\$ 4,504,771</u>

\$1,743,448 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

Year Ending December 31:	OPERS Traditional	OPERS Combined	Total
2023	\$ (1,100,783)	\$ (13,233)	\$ (1,114,016)
2024	(2,472,321)	(17,818)	(2,490,139)
2025	(1,642,635)	(11,621)	(1,654,256)
2026	(1,111,273)	(8,745)	(1,120,018)
2027	-	(1,901)	(1,901)
Therafter	-	(1,694)	(1,694)
Total	<u>\$ (6,327,012)</u>	<u>\$ (55,012)</u>	<u>\$ (6,382,024)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

2. Defined Benefit Pension Plans (Continued)

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Future salary increases, including inflation -Traditional plan	2.75 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	2.75 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3.00 percent, simple Post January 7, 2013 retirees, 3.00 percent, simple through 2022, then 2.05 percent, simple
Investment rate of return	6.90 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the

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NOTES TO FINANCIAL STATEMENTS  
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2. Defined Benefit Pension Plans (Continued)

Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3% for 2021.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	24.00%	1.03%
Domestic equities	21.00%	3.78%
Real estate	11.00%	3.66%
Private equity	12.00%	7.43%
International equities	23.00%	4.88%
Risk parity	5.00%	2.92%
Other investments	<u>4.00%</u>	<u>2.85%</u>
Total	<u>100.00%</u>	<u>4.21%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS  
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2. Defined Benefit Pension Plans (Continued)

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability or Asset to Changes in the Discount Rate** The following table presents the Authority's proportionate share of the net pension liability or asset calculated using the current period discount rate assumption of 6.9%, as well as what the Authority's proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease <u>(5.90%)</u>	Current discount rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
Employer's proportionate share of the net pension liability(asset):			
Traditional Pension Plan	\$ 15,484,513	\$ 5,873,034	\$ (2,124,994)
Combined Pension Plan	(136,146)	(182,456)	(218,574)

3. Defined Benefit OPEB Plan

**Net OPEB Liability (Asset)**

The net OPEB liability or asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability or asset represents the Authority's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan's fiduciary net position. The net OPEB liability or

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NOTES TO FINANCIAL STATEMENTS  
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3. Defined Benefit OPEB Plan (Continued)

asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability or asset. Resulting adjustments to the net OPEB liability or asset would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net OPEB liability or asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued payroll taxes and withholdings on the accrual basis of accounting.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

The 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 defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage,

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3. Defined Benefit OPEB Plan (Continued)

prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' Annual Comprehensive Financial Report (ACFR) referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS' Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.



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For the Years Ended December 31, 2022 and 2021

3. Defined Benefit OPEB Plan (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2022.

***OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability or asset and total OPEB liability or asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability or asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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3. Defined Benefit OPEB Plan (Continued)

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
Proportion of the net OPEB liability or asset:		
Prior measurement date	0.067410%	0.067752%
Current measurement date	<u>0.065671%</u>	<u>0.067410%</u>
Change in proportionate share	<u>-0.001739%</u>	<u>-0.000342%</u>
Proportionate share of the net		
OPEB liability (asset)	\$ (2,056,916)	(\$1,200,963)
OPEB expense	\$ (1,697,271)	(\$7,108,017)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
<b>Deferred outflows of resources</b>		
Changes of assumptions	\$ -	\$ 590,407
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>100,881</u>
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 691,288</u>
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$ 312,003	\$ 1,083,862
Net difference between projected and actual earnings on OPEB plan investments	980,593	639,649
Changes of assumptions	832,616	1,945,920
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>40,454</u>	<u>28,841</u>
Total deferred inflows of resources	<u>\$ 2,165,666</u>	<u>\$ 3,698,272</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the

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NOTES TO FINANCIAL STATEMENTS  
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3. Defined Benefit OPEB Plan (Continued)

net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>
2023	\$ (1,344,715)
2024	(465,868)
2025	(214,254)
2026	(140,829)
Total	<u>(2,165,666)</u>

**Actuarial Assumptions-OPERS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

3. Defined Benefit OPEB Plan (Continued)

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Projected salary increases	2.75 to 10.75 percent (includes wage inflation at 2.75 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment rate of return	6.00 percent
Municipal bond rate	1.84 percent
Health care cost trend rate	5.50 percent, initial 3.50 percent, ultimate in 2034
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care

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NOTES TO FINANCIAL STATEMENTS  
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3. Defined Benefit OPEB Plan (Continued)

is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	34.00%	0.91%
Domestic equities	25.00%	3.78%
Real estate investment trusts	7.00%	3.71%
International equities	25.00%	4.88%
Risk parity	2.00%	2.92%
Other investments	<u>7.00%</u>	<u>1.93%</u>
Total	<u>100.00%</u>	<u>3.45%</u>

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment

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3. Defined Benefit OPEB Plan (Continued)

performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2022.

**Discount Rate** A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate** The following table presents the Authority's proportionate share of the net OPEB liability or asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current discount rate (6.00%)	1% Increase (7.00%)
Proportionate share of the net OPEB liability/(asset)	\$ (1,209,660)	\$ (2,056,916)	\$ (2,760,152)

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NOTES TO FINANCIAL STATEMENTS  
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3. Defined Benefit OPEB Plan (Continued)

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	<u>1% Decrease</u>	Current health care cost trend rate <u>assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability/(asset)	\$ (2,079,144)	\$ (2,056,916)	\$ (8,597,647)

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

4. Cash and Cash Equivalents

Allowable investments are made according to Ohio Revised Code (ORC) 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

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4. Cash and Cash Equivalents (Continued)

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.

- State Treasury Asset Reserve of Ohio (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, limited to 40% (5% for single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days.
- Banker's acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.
- 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.



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NOTES TO FINANCIAL STATEMENTS  
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4. Cash and Cash Equivalents (Continued)

- Repurchase agreements will settle on a delivery vs. payment basis with collateral held in safekeeping by a third-party custodian as agreed to by the Executive Director. The fair 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 ORC. 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.

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NOTES TO FINANCIAL STATEMENTS  
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4. Cash and Cash Equivalents (Continued)

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledge to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Deposits**

At December 31, 2022, the carrying amount of the Authority's deposits was \$5,116,470 and the bank balance was \$5,312,844, based upon the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures". Of the bank balance, \$500,000 was covered by FDIC and \$1,656,034 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

At December 31, 2021, the carrying amount of the Authority's deposits was \$2,831,089 and the bank balance was \$2,954,087, based upon the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures". Of the bank balance, \$250,000 was covered by FDIC and \$743,135 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

The Authority has \$3,178 in undeposited cash on hand which is included as part of cash & cash equivalents.

The Authority's financial institution participates in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all monies deposited in the financial institution.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

4. Cash and Cash Equivalents (Continued)

OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the Authority's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS.

Investments

Investments are reported at fair value. As of December 31, 2022, the Authority had the following investments:

<u>Investment</u>	<u>2022</u>	<u>Less than 6 Months</u>	<u>More than 6 Months</u>
STAR Ohio	\$ 21,891	\$ 21,891	\$ -
CDARS-52 week	1,001,701	763,487	238,214
Money Market	164,112	164,112	-
Debt Securities	1,311,075	405,115	905,960
Certificates of Deposit	3,998,376	-	3,998,376
Commercial Paper	499,140	499,140	-
Total	<u>\$ 6,996,295</u>	<u>\$ 1,853,745</u>	<u>\$ 5,142,550</u>

Investments are reported at fair value. As of December 31, 2021, the Authority had the following investments:

<u>Investment</u>	<u>2021</u>	<u>Less than 6 Months</u>	<u>More than 6 Months</u>
STAR Ohio	\$ 21,523	\$ 21,523	\$ -
CDARS-52 week	1,000,000	-	1,000,000
Money Market	2,282,170	247,000	2,035,170
Debt Securities	1,354,123	368,803	985,320
Certificates of Deposit	4,210,690	-	4,210,690
Commercial Paper	498,575	-	498,575
Total	<u>\$ 9,367,081</u>	<u>\$ 637,326</u>	<u>\$ 8,729,755</u>

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

4. Cash and Cash Equivalents (Continued)

The Authority categorizes its fair value measurements within the fair value hierarchy established by general accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As previously discussed, STAR Ohio is reported at its net asset value.

The above charts identify the Authority's recurring fair value measurements as of December 31, 2022 and 2021. The CDARS and money market investments are valued using quoted market prices (Level 1 inputs) on December 31, 2022 and 2021. The fair value of debt securities on December 31, 2022 and 2021 was determined primarily based on Level 2 inputs. Inputs within Level 2 of the fair value hierarchy include inputs that are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are not directly observable for the asset or liability. The debt securities are valued using fair valuation methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. There is no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Transactions in all of a participant's accounts of the Ohio investor will be combined for these purposes.

*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 31.9 days.

Investments in STAR Ohio are unclassified investments in the Ohio Subdivisions Fund. The Ohio Subdivisions Fund represents an investment pool managed by another governmental

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

4. Cash and Cash Equivalents (Continued)

unit and investments therein are not evidenced by securities that exist in physical or book entry form.

<u>2022 Investments</u>	<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1-5 Years</u>
State Treasurer's Inv Pool (STAR Ohio)	\$ 21,891	\$ 21,891	-
CDARS	1,001,701	763,487	238,214
Money Market	164,112	164,112	-
Debt Securities	1,311,075	405,115	905,960
Certificates of Deposit	3,998,376	1,688,954	2,309,422
Commercial Paper	499,140	499,140	-
<u>2021 Investments</u>	<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1-5 Years</u>
State Treasurer's Inv Pool (STAR Ohio)	\$ 21,523	\$ 21,523	-
CDARS	1,000,000	-	1,000,000
Money Market	2,282,170	247,000	2,035,170
Debt Securities	1,354,123	368,803	985,320
Certificates of Deposit	4,210,690	-	4,210,690
Commercial Paper	498,575	-	498,575

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

4. Cash and Cash Equivalents (Continued)

*Credit Risk*

The Authority's investment policy addresses credit risk by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investments and issuer.

*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 that are in the possession of an outside party. The Authority's investment policy limits investments to CDARS, CDS, Commercial Paper, Bankers Acceptances, Repurchase Agreements, Municipal Securities, Debt Securities, Money Market and STAR Ohio.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest in any on issuer.

5. Tax Revenues

On November 8, 2016, the voters of Stark County renewed the .25 percent sales tax levy until June of 2027. 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.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

6. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance 1/1/2022	Additions	Disposals	Transfers	Ending Balance 12/31/2022
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 2,486,457	\$ 50,556	\$ -	\$ -	\$ 2,537,013
Construction & Projects in Progress	9,517,538	5,304,580	-	(4,447,994)	10,374,124
<b>Total Capital Assets Not Depreciated</b>	<b>12,003,995</b>	<b>5,355,136</b>	<b>-</b>	<b>(4,447,994)</b>	<b>12,911,137</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings & Improvements	20,871,624	93,748	(10,720)	28,298	20,982,950
Transportation Equipment	48,942,242	5,977,261	(1,316,106)	4,389,600	57,992,997
Other Equipment	6,798,720	362,290	(441,801)	30,096	6,749,305
<b>Total Capital Assets being Depreciated</b>	<b>76,612,586</b>	<b>6,433,299</b>	<b>(1,768,627)</b>	<b>4,447,994</b>	<b>85,725,252</b>
<b>Total Capital Assets</b>	<b>88,616,581</b>	<b>11,788,435</b>	<b>(1,768,627)</b>	<b>(0)</b>	<b>98,636,389</b>
Less accumulated depreciation for:					
Buildings & improvements	6,170,615	522,849	(5,066)	-	6,688,398
Transportation Equipment	27,829,527	4,197,776	(1,282,078)	-	30,745,225
Other Equipment	5,094,842	484,632	(469,999)	-	5,109,475
<b>Total Accumulated Depreciation</b>	<b>39,094,984</b>	<b>5,205,257</b>	<b>(1,757,143)</b>	<b>-</b>	<b>42,543,098</b>
<b>Total Capital Assets, Net</b>	<b>\$ 49,521,597</b>	<b>\$ 6,583,178</b>	<b>\$ (11,484)</b>	<b>\$ (0)</b>	<b>\$ 56,093,291</b>

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

6. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance 1/1/2021	Additions	Disposals	Transfers	Ending Balance 12/31/2021
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 1,786,920	\$ 699,537	\$ -	\$ -	\$ 2,486,457
Construction & Projects in Progress	14,859,708	1,696,240	-	(7,038,410)	9,517,538
<b>Total Capital Assets Not Depreciated</b>	<b>16,646,628</b>	<b>2,395,777</b>	<b>-</b>	<b>(7,038,410)</b>	<b>12,003,995</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings & Improvements	22,659,702	238,075	(2,026,153)	-	20,871,624
Transportation Equipment	41,889,032	1,369,071	(1,354,271)	7,038,410	48,942,242
Other Equipment	6,437,171	389,388	(27,839)	-	6,798,720
<b>Total Capital Assets being Depreciated</b>	<b>70,985,905</b>	<b>1,996,534</b>	<b>(3,408,263)</b>	<b>7,038,410</b>	<b>76,612,586</b>
<b>Total Capital Assets</b>	<b>87,632,533</b>	<b>4,392,311</b>	<b>(3,408,263)</b>	<b>-</b>	<b>88,616,581</b>
Less accumulated depreciation for:					
Buildings & improvements	6,672,750	563,637	(1,065,772)	-	6,170,615
Transportation Equipment	25,844,547	3,339,251	(1,354,271)	-	27,829,527
Other Equipment	4,647,918	474,763	(27,839)	-	5,094,842
<b>Total Accumulated Depreciation</b>	<b>37,165,214</b>	<b>4,377,651</b>	<b>(2,447,882)</b>	<b>-</b>	<b>39,094,984</b>
<b>Total Capital Assets, Net</b>	<b>\$ 50,467,319</b>	<b>\$ 14,660</b>	<b>\$ (960,381)</b>	<b>\$ -</b>	<b>\$ 49,521,597</b>



Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

7. Restricted Assets

During previous years, the Authority received insurance proceeds for busses that were deemed unsalvageable due to accidents. The proceeds will be used to offset a future bus purchase, thereby reducing the amount drawn from grant funds. As of December 31, 2022 and 2021, the balance in restricted cash related to these proceeds was \$534,888 respectively.

8. Noncurrent Liabilities

Sick leave is earned for regular full-time employees at the rate of 4 hours per pay period. For non-union employees that worked less than 64 hours, the accrued amount is prorated at a rate of .05 based on the number of hours worked in that pay period. Sick time will continue to accrue up to 320 hours. Any additional hours beyond 320 shall be cashed out at one-half the non-union employee's regular hourly rate on December 31<sup>st</sup>, or the last day of the calendar year. Upon involuntary termination for other than gross misconduct, or upon resignation with at least two weeks' notice, accumulated and unused sick time may be paid at one-half of the non-union employee's regular hourly rate.

	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022	Due Within One Year
Compensated Absences	\$ 579,323	\$ -	\$ (173,670)	\$ 405,653	\$ (173,669)

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021	Due Within One Year
Compensated Absences	\$ 581,769	\$ 36,554	\$ (39,000)	\$ 579,323	\$ (39,000)

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

8. Noncurrent Liabilities (Continued)

	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022	Due Within One Year
Pension, Net	\$ 10,285,366	\$ -	\$ (4,412,332)	\$ 5,873,034	\$ -
	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021	Due Within One Year
Pension, Net	\$ 13,747,029	\$ -	\$ (3,461,663)	\$10,285,366	\$ -
	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022	Due Within One Year
OPEB, net	\$ -	\$ -	\$ -	\$ -	\$ -
	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021	Due Within One Year
OPEB, net	\$ 9,358,311	\$ -	\$ (9,358,311)	\$ -	\$ -

9. Grants and Reimbursements

Grants and reimbursements included in the statement of revenues, expenses, and changes in net position for the years ended December 31, 2022, and 2021 consist of the following:

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

9. Grants and Reimbursements (Continued)

Grants	2022	2021
State and Federal Prevention Maintenance	\$ 90,117	\$ 2,156,003
Federal Planning	304,219	84,019
Federal and State Capital & Operating	20,408,122	5,753,114
Total Grants	20,802,458	7,993,136
 ODOT Fuel Tax Reimbursement	 100,703	 108,649
Total Reimbursements	100,703	108,649
 <b>Total Grants and Reimbursements</b>	 <b>\$ 20,903,161</b>	 <b>\$ 8,101,785</b>

10. 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, 2017) 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. 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.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

10. Risk Management (Continued)

Current coverage is purchased for commercial property losses in excess of \$1,000 with limits up to \$10,000,000 per occurrence and for Auto Physical Damages losses in excess of \$1,000 with limits up to \$10,000,000 per occurrence. 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 \$1,000,000 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 official's 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. There were no reductions of limits from the prior year. The Authority does have a policy relating to the credit risk of investments.

The Authority participates in the Health Transit Pool of Ohio.

11. Leases

Currently, the Authority does not have any capital leases that are considered to be material.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

12. Contingencies

Grants

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 expense under the terms of the grant. At December 31, 2022 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 expenses will be disallowed.

Litigation

The Authority is party to claims and litigation. The Authority's management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During 2021 and 2022, the Authority received COVID-19 funding from the Federal Transit Administration. The Authority's investment portfolio and the investments of the pension and other employee benefit plans in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Stark Area Regional Transit Authority  
Canton, Ohio

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021



Required Supplementary Information  
2022

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Required Supplementary Information includes:

- Schedule of the Authority's Proportionate Share of the Net Pension Liability-Traditional Plan
  - Schedule of the Authority's Contributions-Pension-Traditional Plan
  - Schedule of the Authority's Proportionate Share of the Net Pension Asset-Combined Plan
  - Schedule of the Authority's Contributions-Pension-Combined Plan
  - Schedule of the Authority's Proportionate Share of the Net OPEB Liability or Asset
  - Schedule of the Authority's Contributions-OPEB
  - Notes to Required Supplementary Information
-

# STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System (OPERS)–Traditional Plan

Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.067503%	0.069459%	0.069550%	0.066196%	0.065078%	0.063678%	0.061711%	0.060696%	0.060696%
Authority's proportionate share of the net pension liability	\$ 5,873,034	\$ 10,285,366	\$ 13,747,029	\$ 18,129,742	\$ 10,209,477	\$ 14,460,191	\$ 10,689,124	\$ 7,320,616	\$ 7,155,268
Authority's covered payroll	\$ 9,796,750	\$ 9,782,879	\$ 9,785,571	\$ 9,020,143	\$ 8,589,069	\$ 7,873,350	\$ 7,854,942	\$ 7,478,633	\$ 6,246,241
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	59.95%	105.14%	140.48%	200.99%	118.87%	183.66%	136.08%	97.89%	114.55%
Plan fiduciary net position as a percentage of total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

See notes to the Required Supplementary Information

# STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Required Supplementary Information

Schedule of the Authority's Contributions-Pension

Ohio Public Employees Retirement System (OPERS)–Traditional Plan

Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution-Pension	\$ 1,706,511	\$ 1,371,545	\$ 1,369,603	\$ 1,369,980	\$ 1,262,820	\$ 1,116,579	\$ 944,802	\$ 942,593	\$ 897,436	\$ 817,633
Contributions in relation to contractually required contribution	<u>(1,706,511)</u>	<u>(1,371,545)</u>	<u>(1,369,603)</u>	<u>(1,369,980)</u>	<u>(1,262,820)</u>	<u>(1,116,579)</u>	<u>(944,802)</u>	<u>(942,593)</u>	<u>(897,436)</u>	<u>(817,633)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 12,189,364	\$ 9,796,750	\$ 9,782,879	\$ 9,785,571	\$ 9,020,143	\$ 8,589,069	\$ 7,873,350	\$ 7,854,942	\$ 7,478,633	\$ 6,246,241
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See notes to the Required Supplementary Information



# STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Asset

Ohio Public Employees Retirement System (OPERS)–Combined Plan

Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension asset	0.046307%	0.045950%	0.044230%	0.041230%	0.040418%	0.042470%	0.048960%	0.022117%	0.022117%
Authority's proportionate share of the net pension asset	\$ 182,456	\$ 132,641	\$ 92,230	\$ 46,104	\$ 55,022	\$ 23,637	\$ 23,825	\$ 8,515	\$ 2,321
Authority's covered payroll	\$ 211,114	\$ 202,500	\$ 196,893	\$ 187,921	\$ 178,938	\$ 182,875	\$ 96,192	\$ 80,842	\$ 67,752
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	86.43%	65.50%	46.84%	24.53%	30.75%	12.93%	24.77%	10.53%	3.43%
Plan fiduciary net position as a percentage of total pension asset	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

See notes to the Required Supplementary Information

# STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Required Supplementary Information

Schedule of the Authority's Contributions-Pension

Ohio Public Employees Retirement System (OPERS)–Combined Plan

Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution-Pension	\$ 36,937	\$ 29,556	\$ 28,350	\$ 27,565	\$ 26,309	\$ 23,262	\$ 21,945	\$ 11,543	\$ 9,701	\$ 8,869
Contributions in relation to contractually required contribution	(36,937)	(29,556)	(28,350)	(27,565)	(26,309)	(23,262)	(21,945)	(11,543)	(9,701)	(8,869)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 263,836	\$ 211,114	\$ 202,500	\$ 196,893	\$ 187,921	\$ 178,938	\$ 182,875	\$ 96,192	\$ 80,842	\$ 67,752
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See notes to the Required Supplementary Information

# STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net OPEB Liability or Asset

Ohio Public Employees Retirement System (OPERS)

Last Six Years (1)

	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability or asset	0.065671%	0.067410%	0.067752%	0.064528%	0.063251%	0.061951%
Authority's proportionate share of the net OPEB liability (asset)	\$ (2,056,916)	\$ (1,200,963)	\$ 9,358,311	\$ 8,412,928	\$ 6,868,593	\$ 6,257,261
Authority's covered payroll	\$ 10,240,650	\$ 10,195,710	\$ 10,191,016	\$ 9,247,360	\$ 8,947,000	\$ 8,628,900
Authority's proportionate share of the net OPEB liability or asset as a percentage of its covered payroll	-20.09%	-11.78%	91.83%	90.98%	76.77%	72.52%
Plan fiduciary net position as a percentage of total OPEB liability or asset	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

See notes to the Required Supplementary Information

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**Canton, Ohio**  
Required Supplementary Information  
Schedule of the Authority's Contributions-OPEB  
Ohio Public Employees Retirement System (OPERS)  
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution - OPEB (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,470	\$ 172,578	\$ 159,023	\$ 151,190	\$ 63,140
Contributions in relation to contractually required contribution	-	-	-	-	-	(89,470)	(172,578)	(159,023)	(151,190)	(63,140)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll (1)	\$ 12,737,957	\$ 10,240,650	\$ 10,195,710	\$ 10,191,016	\$ 9,247,360	\$ 8,947,000	\$ 8,628,900	\$ 7,951,133	\$ 7,559,475	\$ 6,313,993
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Prior to 2017, contributions do not contain MD plan contributions.

See notes to the Required Supplementary Information

STARK AREA REGIONAL TRANSIT AUTHORITY

Canton, Ohio

Notes to Required Supplementary Information

For the year Ended December 31, 2022

**Net Pension Liability**

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported.

Changes in assumptions:

- There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022. See the notes to the basic financials for the methods and assumptions in this calculation.

**Net OPEB Liability or Asset**

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported.

Changes in assumptions:

- There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022. See the notes to the basic financials for the methods and assumptions in this calculation.



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## Financial Trend Information 2022

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(Unaudited)

- Table 1 – Net Position by Component
  - Table 2 – Changes in Net Position
-

STARK AREA REGIONAL TRANSIT AUTHORITY  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(Unaudited)

Table 1

	2022	2021	2020	2019	2018	Restated 2017**	2016	2015	Restated 2014*	2013
<b>NET POSITION</b>										
Net Investment in Capital Assets	\$ 56,093,291	\$ 49,521,597	\$ 50,467,318	\$ 51,603,825	\$ 48,291,911	\$ 48,654,323	\$ 49,205,091	\$ 36,746,495	\$ 34,954,513	\$ 34,143,696
Restricted	-	534,888	534,888	390,399	370,902	209,739	106,799	125,918	230,753	-
Unrestricted	3,375,316	(1,726,064)	(7,129,300)	(10,307,052)	(3,079,228)	280,503	7,771,176	6,758,329	6,708,300	11,029,737
<b>TOTAL NET POSITION</b>	<b>\$ 59,468,607</b>	<b>\$ 48,330,421</b>	<b>\$ 43,872,906</b>	<b>\$ 41,687,172</b>	<b>\$ 45,583,585</b>	<b>\$ 49,144,565</b>	<b>\$ 57,083,066</b>	<b>\$ 43,630,742</b>	<b>\$ 41,893,566</b>	<b>\$ 45,173,433</b>

\*\* 2017 restated to comply with GASB 75

\*2014 restated to comply with GASB 68

STARK AREA REGIONAL TRANSIT AUTHORITY  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(Unaudited)

Table 2

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OPERATING REVENUES										
Passenger Fares.....	\$ 806,636	\$ 836,051	\$ 680,267	\$ 1,227,723	\$ 1,358,033	\$ 1,148,401	\$ 1,200,231	\$ 1,348,373	\$ 1,352,071	\$ 1,141,471
Special Transit Fares.....	546,514	418,116	400,925	775,676	879,020	978,456	1,024,495	990,281	821,161	654,311
Auxiliary Transportation Revenues.....	108,490	341,388	105,608	56,929	164,702	112,362	71,041	110,273	141,553	92,973
TOTAL OPERATING REVENUES	\$ 1,461,640	\$ 1,595,555	\$ 1,186,800	\$ 2,060,328	\$ 2,401,755	\$ 2,239,219	\$ 2,295,767	\$ 2,448,927	\$ 2,314,785	\$ 1,888,755
OPERATING EXPENSES										
Labor.....	\$ 10,788,530	\$ 9,014,151	\$ 8,942,812	\$ 9,135,839	\$ 8,320,070	\$ 7,922,433	\$ 7,601,170	\$ 7,142,492	\$ 6,793,551	\$ 6,396,815
Fringe Benefits.....	4,685,862	959,421	10,732,287	11,583,533	9,035,782	8,672,802	6,783,211	5,858,125	5,317,403	4,853,118
Materials, Supplies and Training.....	4,115,710	3,518,929	2,851,477	3,174,573	3,237,323	2,921,073	2,501,737	3,045,136	3,800,800	3,638,790
ODOT Fuel Tax Reimbursement.....	(100,703)	(108,649)	(99,061)	(105,603)	(87,114)	(98,013)	(105,527)	(108,694)	(118,853)	(118,412)
Services.....	2,398,604	1,902,397	1,604,585	1,680,512	1,483,953	1,454,817	1,313,963	1,375,355	890,085	1,146,558
Utilities.....	608,718	501,086	473,665	544,078	532,743	453,531	415,293	414,994	171,951	271,048
Casualty & Liability Insurance.....	737,996	560,386	570,203	710,429	539,302	498,287	683,314	476,012	521,659	465,550
Leases & Rentals.....	66,155	80,205	68,262	38,630	39,491	47,266	28,922	52,462	19,100	20,311
Miscellaneous	903,762	1,206,095	1,927,090	1,057,656	704,310	1,102,073	1,012,790	231,512	302,775	403,070
TOTAL OPERATING EXPENSES										
Before Depreciation Expense	\$ 24,204,634	\$ 17,634,021	\$ 27,071,320	\$ 27,819,647	\$ 23,805,860	\$ 22,974,269	\$ 20,234,873	\$ 18,487,394	\$ 17,698,471	\$ 17,076,848
OPERATING LOSS										
Before Depreciation Expense	\$ (22,742,994)	\$ (16,038,466)	\$ (25,884,520)	\$ (25,759,319)	\$ (21,404,105)	\$ (20,735,050)	\$ (17,939,106)	\$ (16,038,467)	\$ (15,383,686)	\$ (15,188,093)
Depreciation Expense	5,205,257	4,377,651	3,810,221	4,309,511	4,504,509	4,064,382	3,755,115	3,453,601	299,536	3,586,813
OPERATING LOSS	\$ (27,948,251)	\$ (20,416,117)	\$ (29,694,741)	\$ (30,068,830)	\$ (25,908,614)	\$ (24,799,432)	\$ (21,694,221)	\$ (19,492,068)	\$ (15,683,222)	\$ (18,774,906)
NON-OPERATING REVENUES (EXPENSES)										
Sales Tax Revenues.....	\$ 18,737,354	\$ 17,786,775	\$ 15,224,360	\$ 15,187,998	\$ 15,748,323	\$ 15,231,084	\$ 14,812,362	\$ 14,573,689	\$ 14,225,476	\$ 13,008,940
Operating Grants and Reimbursements.....	11,660,316	5,193,896	8,379,851	5,867,299	2,659,812	5,249,582	4,424,793	3,050,742	3,833,729	5,607,527
Investment/Interest Income.....	50,226	6,998	70,876	243,150	151,675	40,546	67,488	17,604	37,692	17,720
Sales Tax Collection Expense.....	(185,253)	(172,880)	(152,244)	(151,880)	(149,527)	(148,633)	(148,124)	(145,737)	(144,995)	(130,089)
Gain (Loss) on Disposal of Capital Assets.....	(375,128)	(1,657,968)	5,936	600	6,246	12,366	675	(58,557)	(1,944)	(45,339)
Non-transportation Revenues.....	56,780	917,571	285,042	170,342	151,609	124,505	20,810	54,616	110,360	76,870
TOTAL NON-OPERATING REVENUES /EXPENSES-NET	\$ 29,944,295	\$ 22,074,392	\$ 23,813,821	\$ 21,317,509	\$ 18,568,138	\$ 20,509,450	\$ 19,178,004	\$ 17,492,357	\$ 18,060,318	\$ 18,535,629
CAPITAL GRANTS REVENUE										
Federal Capital Grants.....	\$ 6,513,041	\$ 2,268,594	\$ 4,844,758	\$ 4,854,908	\$ 3,779,496	\$ 2,519,273	\$ 15,968,541	\$ 3,736,887	\$ 3,059,094	\$ 2,425,592
State/Local Capital Grants.....	2,629,101	530,646	3,221,896	-	-	-	-	-	-	-
Restricted Federal Capital Grants.....	-	-	-	-	-	-	-	-	230,753	-
TOTAL CAPITAL GRANTS REVENUE	\$ 9,142,142	\$ 2,799,240	\$ 8,066,654	\$ 4,854,908	\$ 3,779,496	\$ 2,519,273	\$ 15,968,541	\$ 3,736,887	\$ 3,289,847	\$ 2,425,592
CHANGE IN NET POSITION	\$ 11,138,186	\$ 4,457,515	\$ 2,185,734	\$ (3,896,413)	\$ (3,560,980)	\$ (1,770,709)	\$ 13,452,324	\$ 1,737,176	\$ 2,965,943	\$ 2,186,315





## Revenue Capacity Information 2022

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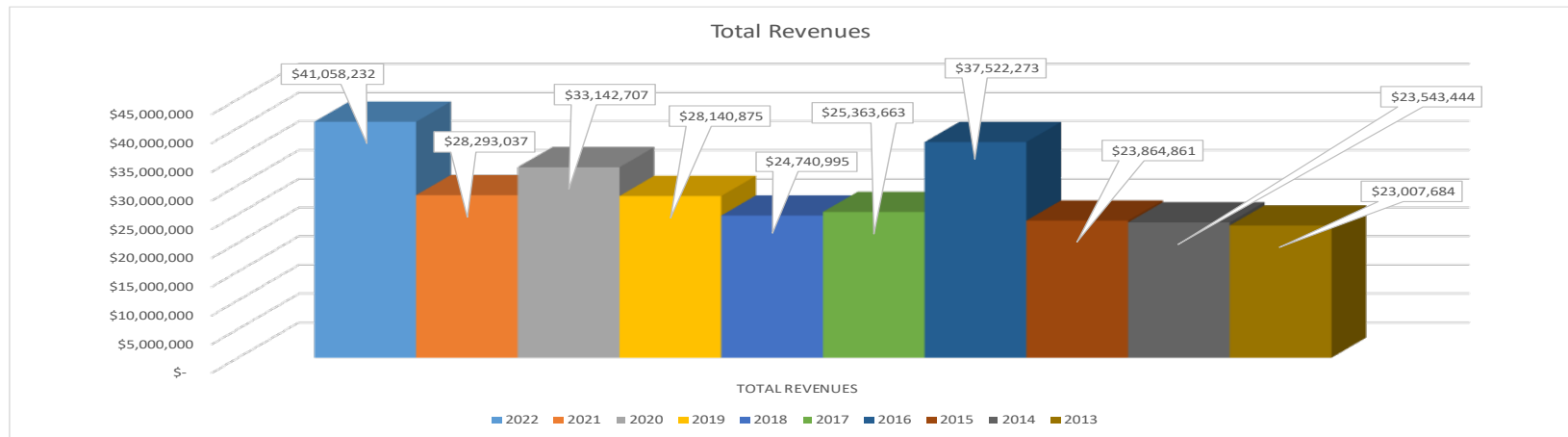
(Unaudited)

- Table 3 – Revenue Base
  - Table 4 – Passenger Revenue Rates
  - Table 5 – Sales Tax Revenue
-

STARK AREA REGIONAL TRANSIT AUTHORITY  
REVENUE BASE  
LAST TEN YEARS  
(Unaudited)

Table 3

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FARES	\$ 1,461,640	\$ 1,595,555	\$ 1,186,800	\$ 2,060,328	\$ 2,401,755	\$ 2,239,219	\$ 2,295,767	\$ 2,448,927	\$ 2,314,785	\$ 1,888,755
SALES TAX	\$ 18,737,354	\$ 17,786,775	\$ 15,224,360	\$ 15,187,998	\$ 15,748,323	\$ 15,231,084	\$ 14,812,362	\$ 14,573,689	\$ 14,225,476	\$ 13,008,940
FEDERAL:										
Operating Grants	\$ 11,660,316	\$ 5,193,896	\$ 8,379,851	\$ 5,867,299	\$ 2,659,812	\$ 5,249,582	\$ 4,424,793	\$ 3,050,742	\$ 3,833,729	\$ 5,607,527
Capital Grant Reimbursements	\$ 6,513,041	\$ 2,268,594	\$ 4,844,758	\$ 4,854,908	\$ 3,779,496	\$ 2,519,273	\$ 15,968,541	\$ 3,736,887	\$ 3,059,094	\$ 2,425,592
STATE:										
Capital Grant Reimbursements	\$ 2,629,101	\$ 530,646	\$ 3,221,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOCAL:										
Non-transportation	\$ 56,780	\$ 917,571	\$ 285,042	\$ 170,342	\$ 151,609	\$ 124,505	\$ 20,810	\$ 54,616	\$ 110,360	\$ 76,870
TOTAL REVENUES	\$ 41,058,232	\$ 28,293,037	\$ 33,142,707	\$ 28,140,875	\$ 24,740,995	\$ 25,363,663	\$ 37,522,273	\$ 23,864,861	\$ 23,543,444	\$ 23,007,684



STARK AREA REGIONAL TRANSIT AUTHORITY  
 PASSANGER REVENUE RATES  
 As of December 31, 2022  
 (Unaudited)

**Table 4**

TICKET/PASS	SINGLE FARE TICKET	10-RIDE TICKET	31-DAY PASS
ROUTES:			
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
DAY PASS	\$ 3.00		
CLEVELAND FIXED ROUTE	\$ 2.50		

Note:

**Regular Fixed Fare**

- For passengers ages 6-64 (eligible for free route transfer).

**Reduced Fixed Fare**

- For passengers 65 years or older, those with a disability, or Medicare cardholders. For the \$.75 cash fares, 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.

**31- Day Pass**

- Good for 31 days from the first time it is activated through the farebox.

**Day Pass**

- Good for unlimited rides from the first 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 age 5 and under, accompanied by an adult, ride for free.

STARK AREA REGIONAL TRANSIT AUTHORITY  
SALES TAX REVENUE  
LAST TEN YEARS  
(Unaudited)

Table 5

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>SALES TAX REVENUE</b>	\$ 18,737,354	\$ 17,786,775	\$ 15,224,360	\$ 15,187,998	\$ 15,748,323	\$ 15,231,084	\$ 14,812,362	\$ 14,573,689	\$ 14,225,476	\$ 13,008,940
<b>POPULATION*</b>	372,657	373,834	369,964	370,606	375,586	372,542	375,586	375,165	375,584	375,895
<b>SALES TAX PER CAPITAL</b>	\$ 50.28	\$ 47.58	\$ 41.15	\$ 40.98	\$ 41.93	\$ 40.88	\$ 39.44	\$ 38.85	\$ 37.88	\$ 34.61

\*Population

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

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

2014 <http://quickfacts.census.gov/gfo/stat.html>

2017 <https://factfinder.census.gov>

2018 <https://suburbanstats.org/population/ohio/how-many-people-live-in-stark-county>

2019 <https://census.gov/quickfacts/fact/table/starkcountyohio>

2020 <https://worldpopulationsreview.com/us-counties/oh/stark-county-population>

2021 <https://census.gov/quickfacts/fact/table/starkcountyohio.OH/PST045221>

2022 <https://census.gov/quickfacts/fact/table/starkcountyohio.OH/PST045221>



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## Operating Information 2022

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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
-

STARK AREA REGIONAL TRANSIT AUTHORITY  
EMPLOYEES AND LABOR CLASSIFICATION  
LAST TEN YEARS  
(Unaudited)

Table 6

CLASSIFICATION/YEAR	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
VEHICLE OPERATIONS	153	145	144	160	164	162	163	165	165	159
VEHICLE MAINTENANCE	30	30	33	29	27	31	28	28	29	20
NON-VEHICLE MAINTENANCE	4	4	4	4	4	4	3	3	4	3
GENERAL ADMINISTRATION	34	33	37	29	20	19	19	19	18	23
TOTAL OPERATING LABOR	221	212	218	222	215	216	213	215	216	205
TOTAL CAPITAL LABOR	0	0	0	0	0	0	0	0	0	0
TOTAL LABOR	221	212	218	222	215	216	213	215	216	205

Data compiled from SARTA Payroll and Human Resource reports.

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**OPERATING INDICATORS**  
**LAST TEN YEARS**  
(Unaudited)

**Table 7**

<u>System Ridership*1</u>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fixed Route	1,115,379	1,090,799	1,242,691	2,171,556	2,290,017	2,239,560	2,311,193	2,499,409	2,639,702	2,530,749
Paratransit	125,564	100,045	92,110	158,983	161,264	162,339	171,493	136,901	140,747	138,147
Shuttles and Specials	0	0	0	25,325	28,951	21,619	29,949	44,937	22,129	26,034
<u>Average Weekday*1</u>										
<u>System Ridership</u>										
Fixed Route	3,740	3,659	4,195	7,459	7,909	7,111	8,038	9,009	10,398	9,152
Paratransit	440	347	311	571	576	632	617	552	497	497
<u>Average Weekday*1</u>										
<u>Miles Operated</u>										
Fixed Route	7,783	8,000	7,469	8,238	8,219	7,767	7,988	8,850	8,740	8,812
Paratransit	4,447	3,879	3,450	5,112	5,371	5,307	5,390	5,672	5,852	4,620
<u>Revenue Miles*1</u>										
Fixed Route	2,234,410	2,018,280	2,250,669	2,296,131	2,218,699	2,262,229	2,249,630	2,247,849	2,237,399	2,208,234
Paratransit	1,156,152	1,117,688	826,064	1,268,835	1,281,624	1,307,673	1,384,210	1,440,588	1,498,092	1,138,653
<u>Passenger Miles*1</u>										
Fixed Route	2,234,410	21,004,317	6,063,424	14,799,713	15,374,255	15,613,135	18,696,527	12,738,406	12,789,633	12,789,633
Paratransit	1,156,152	779,029	687,362	1,353,178	1,425,633	1,826,865	1,498,475	1,221,319	1,283,190	1,283,190
<u>Energy Consumption*2</u>										
Gallons of CNG & diesel/biodiesel	568,386	329,580	342,409	654,199	631,499	646,626	575,555	638,703	622,585	576,992
Cost	\$861,166	\$544,443	\$545,466	\$1,266,898	\$851,984	\$857,572	\$755,981	\$1,173,285	\$1,709,986	\$1,882,758
Average Cost per Gallon	\$1.52	\$1.65	\$1.59	\$1.94	\$1.35	\$1.33	\$1.31	\$1.84	\$2.75	\$3.26
<u>Fleet Requirement*1</u>										
Fixed Route	36	36	36	36	36	36	33	34	34	34
Paratransit	30	30	30	30	30	30	30	26	23	23
<u>Total Active Vehicles*1</u>										
Fixed Route	46	47	47	47	47	50	52	38	43	43
Paratransit	74	50	53	53	53	52	42	42	41	41
<u>Number of Employees*3</u>										
Full Time Equivalent	221	212	218	222	215	216	213	215	216	205

\*1 Data compiled from National Transit Database

\*2 Data compiled from Maintenance Department

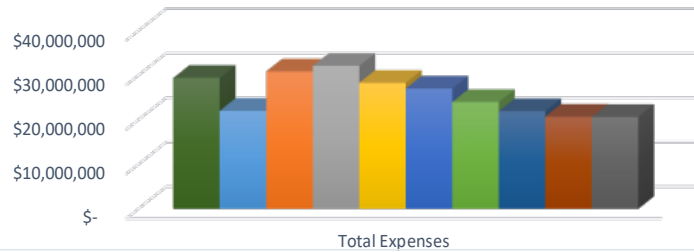
\*3 Data compiled from payroll department

**STARK AREA REGIONAL TRANSIT AUTHORITY**  
**EXPENSES BY SOURCE/OBJECT**  
**LAST TEN YEARS**  
(Unaudited)

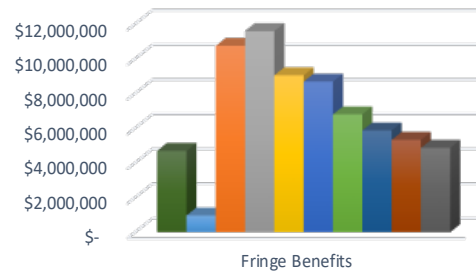
**Table 8**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Labor	\$ 10,788,530	\$ 9,014,151	\$ 8,942,812	\$ 9,135,839	\$ 8,320,070	\$ 7,922,433	\$ 7,601,170	\$ 7,142,492	\$ 6,793,551	\$ 6,396,815
Fringe Benefits	\$ 4,685,862	\$ 959,421	\$ 10,732,287	\$ 11,583,533	\$ 9,035,782	\$ 8,672,802	\$ 6,783,211	\$ 5,858,125	\$ 5,317,403	\$ 4,853,118
General & Administrative	\$ 8,730,242	\$ 7,660,449	\$ 7,396,221	\$ 7,100,275	\$ 6,450,008	\$ 6,379,034	\$ 5,850,492	\$ 5,486,777	\$ 5,588,517	\$ 5,826,915
Depreciation	\$ 5,205,257	\$ 4,377,651	\$ 3,810,221	\$ 4,309,511	\$ 4,504,509	\$ 4,064,382	\$ 3,755,115	\$ 3,453,601	\$ 2,999,536	\$ 3,586,813
Total Expenses	\$ 29,409,891	\$ 22,011,672	\$ 30,881,541	\$ 32,129,158	\$ 28,310,369	\$ 27,038,651	\$ 23,989,988	\$ 21,940,995	\$ 20,699,007	\$ 20,663,661

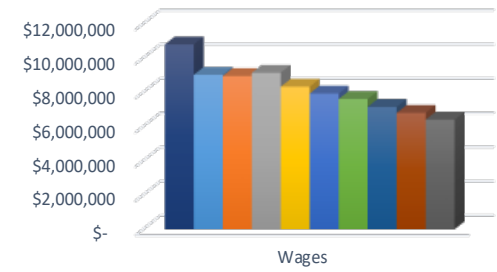
**Total Expenses**



**Fringe Benefits**



**Total Wages**



**EXPENSES BY OBJECT- LAST TEN YEARS**  
**(UNAUDITED)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Wages	\$ 10,788,530	\$ 9,014,151	\$ 8,942,812	\$ 9,135,839	\$ 8,320,070	\$ 7,922,433	\$ 7,601,170	\$ 7,142,492	\$ 6,793,551	\$ 6,396,815
Benefits	\$ 4,685,862	\$ 959,421	\$ 10,732,287	\$ 11,583,533	\$ 9,035,782	\$ 8,672,802	\$ 6,783,211	\$ 5,858,125	\$ 5,317,403	\$ 4,853,118
Services	\$ 2,398,604	\$ 1,902,397	\$ 1,604,585	\$ 1,680,512	\$ 1,483,953	\$ 1,454,817	\$ 1,313,963	\$ 1,375,355	\$ 890,085	\$ 1,146,558
Supplies	\$ 4,015,007	\$ 3,410,280	\$ 2,752,416	\$ 3,068,970	\$ 3,150,209	\$ 2,823,060	\$ 2,396,210	\$ 2,936,442	\$ 3,681,947	\$ 3,520,378
Utilities	\$ 608,718	\$ 501,086	\$ 473,665	\$ 544,078	\$ 532,743	\$ 453,531	\$ 415,293	\$ 414,994	\$ 171,951	\$ 271,048
Casualty & Liability	\$ 737,996	\$ 560,386	\$ 570,203	\$ 710,429	\$ 539,302	\$ 498,287	\$ 683,314	\$ 476,012	\$ 521,659	\$ 465,550
Depreciation	\$ 5,205,257	\$ 4,377,651	\$ 3,810,221	\$ 4,309,511	\$ 4,504,509	\$ 4,064,382	\$ 3,755,115	\$ 3,453,601	\$ 2,999,536	\$ 3,586,813
Miscellaneous Expense	\$ 969,917	\$ 1,286,300	\$ 1,995,352	\$ 1,096,286	\$ 743,801	\$ 1,149,339	\$ 1,041,712	\$ 283,974	\$ 322,875	\$ 423,381
Total Expenses	\$ 29,409,891	\$ 22,011,672	\$ 30,881,541	\$ 32,129,158	\$ 28,310,369	\$ 27,038,651	\$ 23,989,988	\$ 21,940,995	\$ 20,699,007	\$ 20,663,661

Depreciation totals are in the total expenses.

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



STARK AREA REGIONAL TRANSIT AUTHORITY  
CAPITAL ASSET STATISTICS  
LAST TEN YEARS  
(Unaudited)

Table 9

Capital Assets Inventory	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue Vehicle Inventory										
Heavy Duty Vehicles	46	47	47	47	47	50	52	38	43	43
Light Duty Vehicles	74	50	53	53	53	52	42	42	41	41
Total Revenue Vehicle Inventory	120	97	100	100	100	102	94	80	84	84
Administration/Maintenance Buildings	1	1	1	1	1	1	1	1	1	1
Transit Stations	4	4	4	4	4	4	4	4	4	4

Data compiled from SARTA Inventory count



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## Debt Capacity Information 2022

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(Unaudited)

➤ Table 10 – Debt Service

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STARK AREA REGIONAL TRANSIT AUTHORITY  
DEBT SERVICE  
LAST TEN YEARS  
(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	DEBT	COVERAGE
2022	\$ 41,108,458	\$ 24,765,015	\$ 16,343,443				
2021	\$ 28,300,035	\$ 19,464,869	\$ 8,835,166				
2020	\$ 33,219,519	\$ 27,223,564	\$ 5,995,955				
2019	\$ 28,384,625	\$ 27,971,527	\$ 413,098				
2018	\$ 24,898,920	\$ 23,955,387	\$ 943,533				
2017	\$ 25,416,575	\$ 23,122,902	\$ 2,293,673				
2016	\$ 37,590,436	\$ 20,382,997	\$ 17,207,439				
2015	\$ 23,882,164	\$ 18,691,387	\$ 5,190,777				
2014	\$ 23,811,889	\$ 17,927,848	\$ 5,884,041				
2013	\$ 23,025,404	\$ 17,122,187	\$ 5,903,217				

(1) Gross revenues include interest, planning grants, special fares assistance, local grants, gain on disposal of capital assets, and other non-operating revenues.

(2) Total expenses exclusive of depreciation and inclusive of loss on disposal of assets and sales tax administrative charge.



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## Economic & Demographic Information 2022

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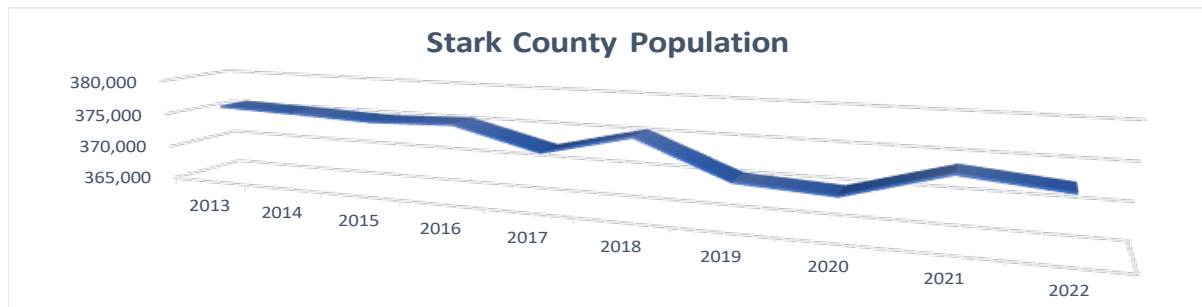
The Economic & Demographic Section includes the Economic Condition and Outlook for Stark County, selected Stark County Demographics, and a list of Major Employers in the county.

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**STARK AREA REGIONAL TRANSIT AUTHORITY  
ECONOMIC CONDITION AND OUTLOOK  
LAST TEN YEARS  
(Unaudited)**

Stark County, Ohio covers an area of 581 square miles. SARTA'S service area is within the boundaries of Stark County, Ohio. The County consists of eighteen municipalities (cities and villages) and seventeen townships. The seat of the county government is the City of Canton.

Stark County Population									
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
375,895	375,584	375,165	375,586	372,542	375,586	370,606	369,964	373,834	372,657



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 Stark County unemployment rate for 2022 was 4.0<sup>4</sup>% compared with the national average of 3.6%.

<sup>4</sup> Source: [https://ohiolmi.com/Home/DS\\_Results\\_LAUS](https://ohiolmi.com/Home/DS_Results_LAUS)

STARK AREA REGIONAL TRANSIT AUTHORITY  
City of Canton Principal Employers  
PRIOR YEAR AND NINE YEARS AGO  
(Unaudited)

2021			
Employers*1	Nature of Activity	Employees	Percentage of Total City Employees
Aultman Hospital	Health Service	6,938	20.27%
Mercy Medical	Health Service	2,700	7.89%
Stark County	Government	2,241	6.55%
Canton City Schools	Education	2,009	5.87%
Fresh Mark Inc	Meat processing	1,918	5.60%
Timken Steel	Steel	1,900	5.55%
City of Canton	Municipal Government	949	2.77%
The Meter Devices Company	Technology	750	2.19%
Belden Brick Company	Brick and Masonry products	525	1.53%
MK Morse Co.	Saw Blades & Accessories	500	1.46%
Total		20,430	59.68%
Estimated Total Employment within the City		34,235	

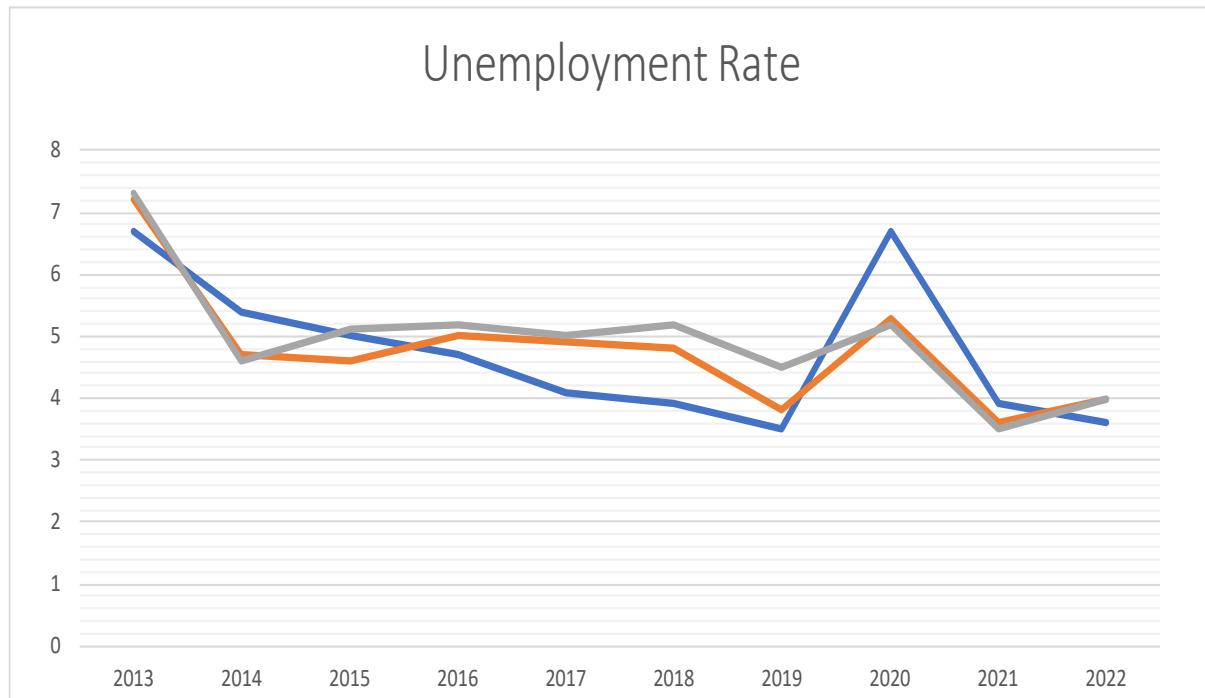
2012			
Employers*1	Nature of Activity	Employees	Percentage of Total City Employment
Aultman Hospital	Health Service	4,056	16.12%
The Timken Co.	Tapered roller bearings and steel	3,714	14.76%
Stark County	County Government	2,781	11.05%
Mercy Medical Center	Health Service	2,109	8.38%
Canton City School District	Education	1,494	5.94%
Fresh Mark Inc.	Meat Processing	1,327	5.27%
City of Canton	Municipal Government	900	3.58%
Republic Engineered Steels, Inc.	Hot-rolled and cold finished steel bars and specialty steels	816	3.24%
Nationwide Insurance	Insurance Provider	780	3.10%
Republic Storage Systems	Manufacturer, Metal Lockers & Equipment	395	1.57%
Total		18,372	73.01%
Estimated Total Employment within the City		25,163	

Source: [Archive Center • Canton, OH • CivicEngage \(cantonohio.gov\)](#)

STARK AREA REGIONAL TRANSIT AUTHORITY  
Stark County Demographics  
(Unaudited)

## Unemployment Rate

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
US	6.7	5.4	5.0	4.7	4.1	3.9	3.5	6.7	3.9	3.6
Ohio	7.2	4.7	4.6	5.0	4.9	4.8	3.8	5.3	3.6	4.0
Stark	7.3	4.6	5.1	5.2	5.0	5.2	4.5	5.2	3.5	4.0



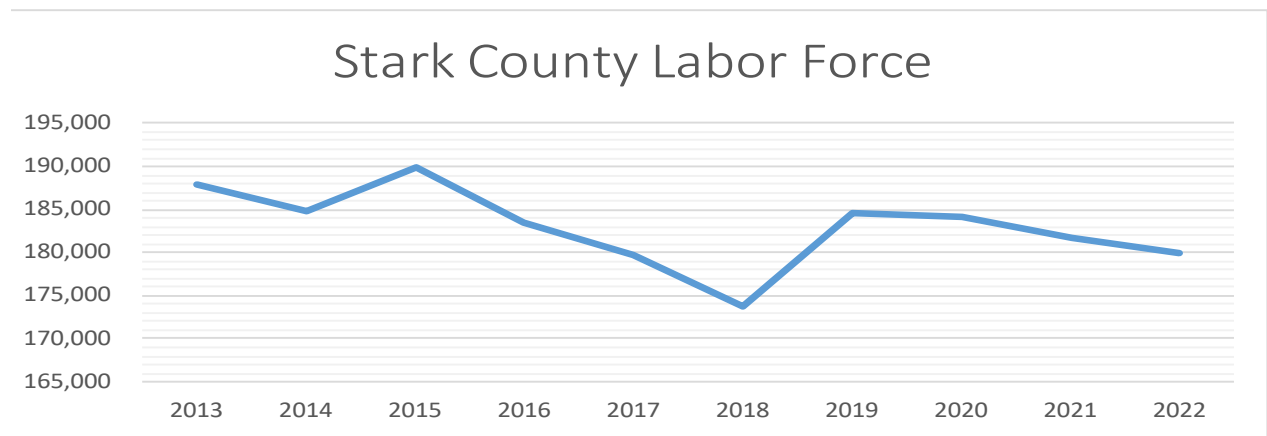
Source: [http://ohiolmi.com/Home/DS\\_Results\\_LAUS](http://ohiolmi.com/Home/DS_Results_LAUS)

STARK AREA REGIONAL TRANSIT AUTHORITY  
Stark County Demographics  
(Unaudited)

Demographics (Continued)

Stark County Labor Force

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Stark	188,000	184,908	189,900	183,500	179,626	173,722	184,552	184,149	181,744	180,041

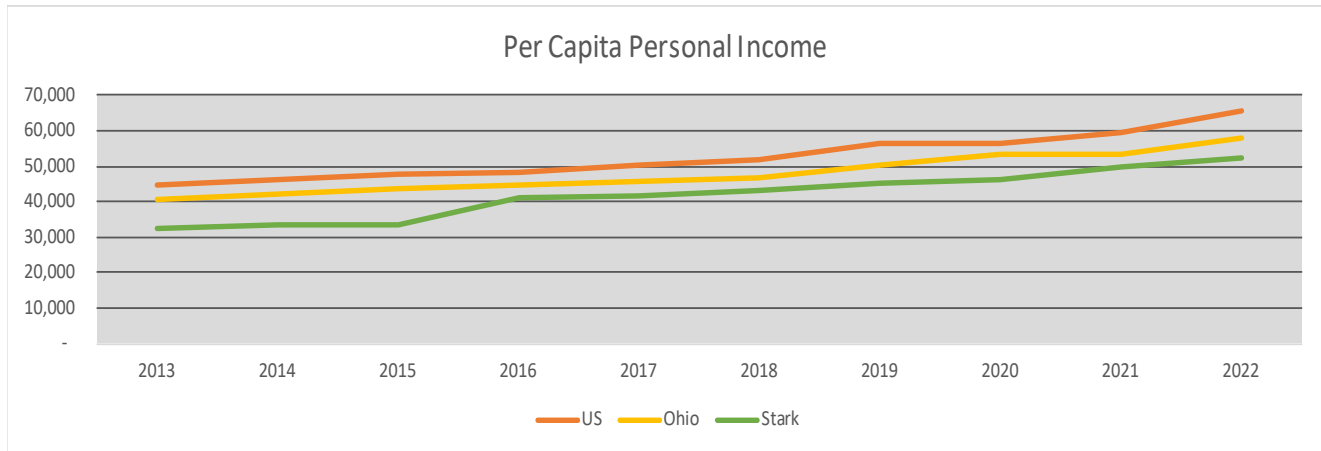


Source: <https://fred.stlouisfed.org/series/OHSTAR1LFN>



STARK AREA REGIONAL TRANSIT AUTHORITY  
Stark County Demographics  
(Unaudited)

Demographics (Continued)



Per Capita Personal Income

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
US	44,543	46,280	47,669	48,111	50,392	51,640	56,663	56,490	59,510	65,423
Ohio	40,865	42,377	43,478	44,876	45,615	46,732	50,546	53,296	53,641	57,880
Stark	32,356	33,488	33,488	41,026	41,741	43,293	45,136	46,441	49,592	52,426

Source (US): [BEA Interactive Data Application](#)

Source (State): [BEA Interactive Data Application](#)

Source (County): [BEA Interactive Data Application](#)

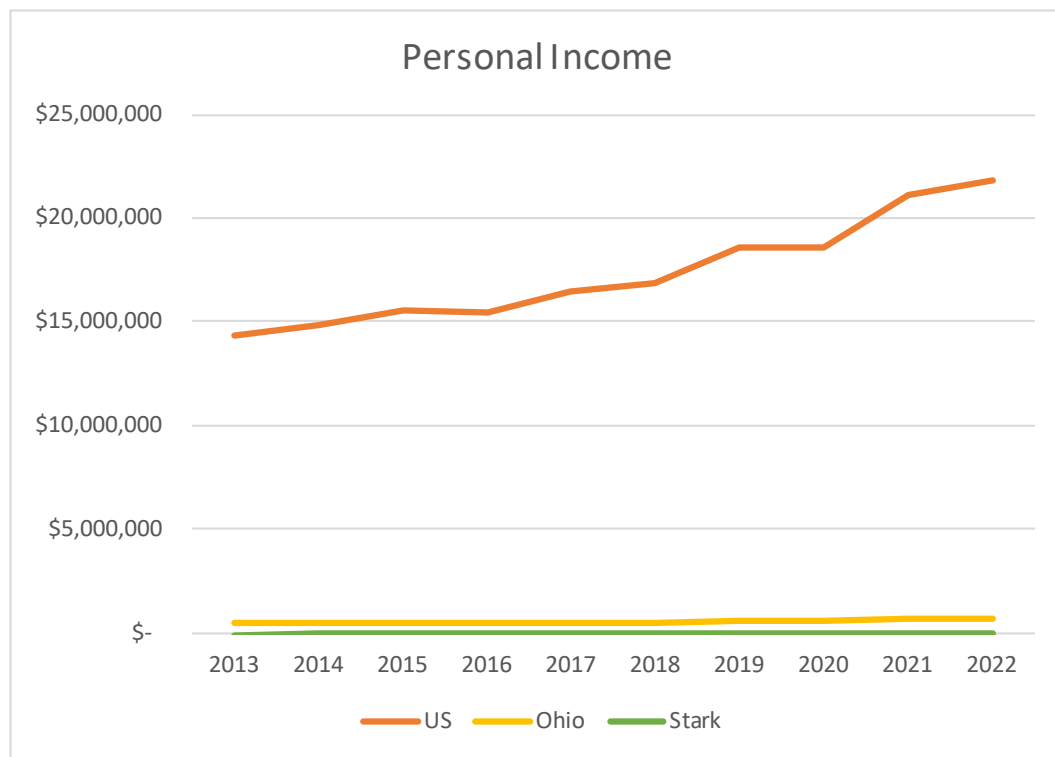
# STARK AREA REGIONAL TRANSIT AUTHORITY

## Stark County Demographics

(Unaudited)

### Demographics (Continued)

Personal Income in Millions of Dollars										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
US	\$ 14,309,800	\$ 14,882,192	\$ 15,551,891	\$ 15,463,981	\$ 16,413,550	\$ 16,820,250	\$ 18,599,062	\$ 18,542,262	\$ 21,092,760	\$ 21,804,788
Ohio	\$ 472,845	\$ 487,030	\$ 501,642	\$ 521,208	\$ 531,810	\$ 544,828	\$ 590,838	\$ 623,207	\$ 665,374	\$ 680,435
Stark	\$ 14,141	\$ 14,565	\$ 14,565	\$ 15,408	\$ 15,594	\$ 16,128	\$ 16,771	\$ 17,211	\$ 18,337	\$ 19,598



Source (State): [BEA Interactive Data Application](#)

Source (USA): [BEA Interactive Data Application](#)

Source (Stark): [Personal Income in Stark County, OH | ALFRED | St. Louis Fed \(stlouisfed.org\)](#)

# STARK AREA REGIONAL TRANSIT AUTHORITY

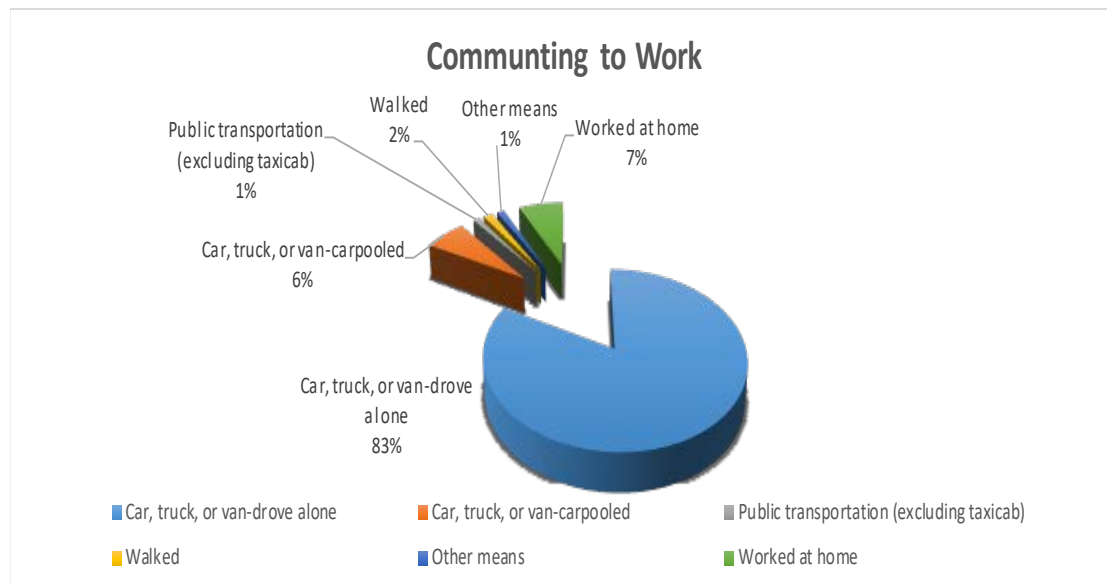
## Stark County Demographics

(Unaudited)

### Demographics (Continued)

#### Communting to Work

	Number	Percent
<b>Workers 16 Years and Over</b>	<b>174,049</b>	<b>100%</b>
Car, truck, or van-drove alone	144,496	83.0%
Car, truck, or van-carpooled	11,171	6.4%
Public transportation (excluding taxicab)	1,696	1.0%
Walked	2,608	1.5%
Other means	2,048	1.2%
Worked at home	12,030	6.9%
Mean travel time to work (minutes)	20.6	



Source: [B08134: MEANS OF TRANSPORTATION TO ... - Census Bureau Table](#)

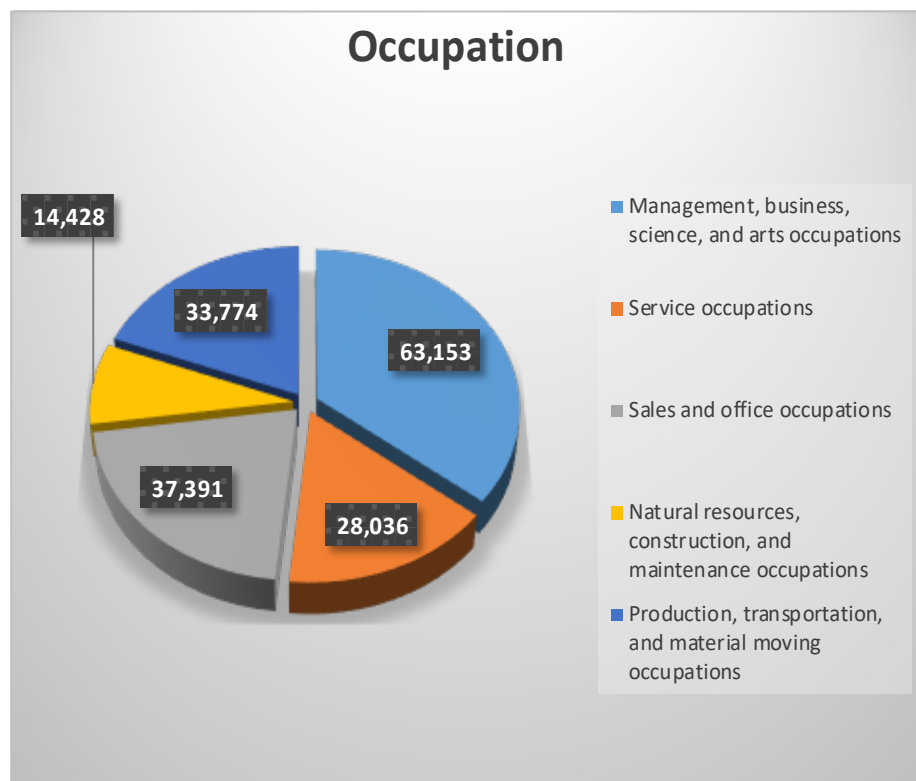
Source: [S0802: MEANS OF TRANSPORTATION TO ... - Census Bureau Table](#)

Source: [S0801: COMMUTING CHARACTERISTICS ... - Census Bureau Table](#)

STARK AREA REGIONAL TRANSIT AUTHORITY  
STARK COUNTY DEMOGRAPHICS  
2021 Community Survey  
US Census Bureau/ American Fact Finder  
(Unaudited)

Demographics (Continued)

<b>Employed Civilian Population 16 Years and Over</b>	<b>176,782</b>	<b>100%</b>
Management, business, science, and arts occupations	63,153	35.72%
Service occupations	28,036	15.86%
Sales and office occupations	37,391	21.15%
Natural resources, construction, and maintenance occupations	14,428	8.16%
Production, transportation, and material moving occupations	33,774	19.11%



Source: [Occupations in Stark county ohio - Census Bureau Tables](#)

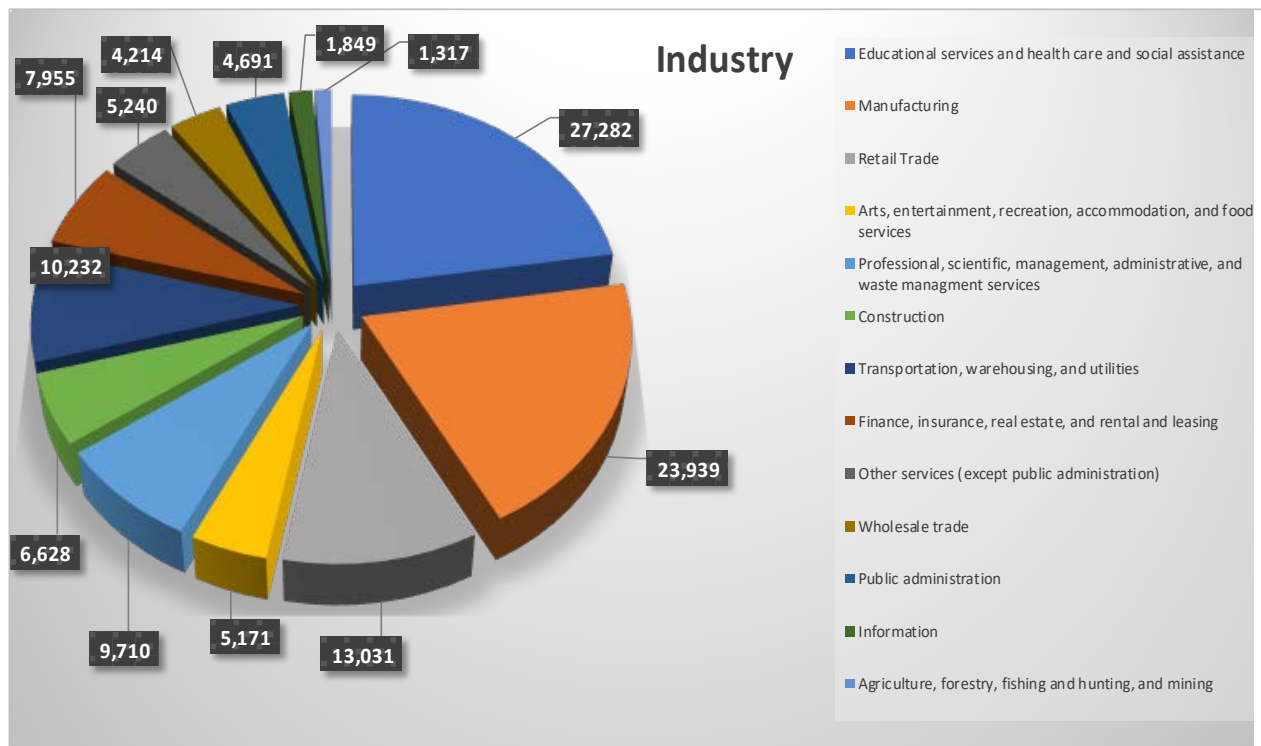
STARK AREA REGIONAL TRANSIT AUTHORITY  
STARK COUNTY DEMOGRAPHICS  
2021 Community Survey  
US Census Bureau/ American Fact Finder  
(Unaudited)

## Demographics (Continued)

### Industry

#### Employed Civilian Population 16 Years and Over

	Number	Percent
<b>Employed Civilian Population 16 Years and Over</b>	<b>121,259</b>	<b>100%</b>
Educational services and health care and social assistance	27,282	22.50%
Manufacturing	23,939	19.74%
Retail Trade	13,031	10.75%
Arts, entertainment, recreation, accommodation, and food services	5,171	4.26%
Professional, scientific, management, administrative, and waste management services	9,710	8.01%
Construction	6,628	5.47%
Transportation, warehousing, and utilities	10,232	8.44%
Finance, insurance, real estate, and rental and leasing	7,955	6.56%
Other services (except public administration)	5,240	4.32%
Wholesale trade	4,214	3.47%
Public administration	4,691	3.87%
Information	1,849	1.52%
Agriculture, forestry, fishing and hunting, and mining	1,317	1.09%

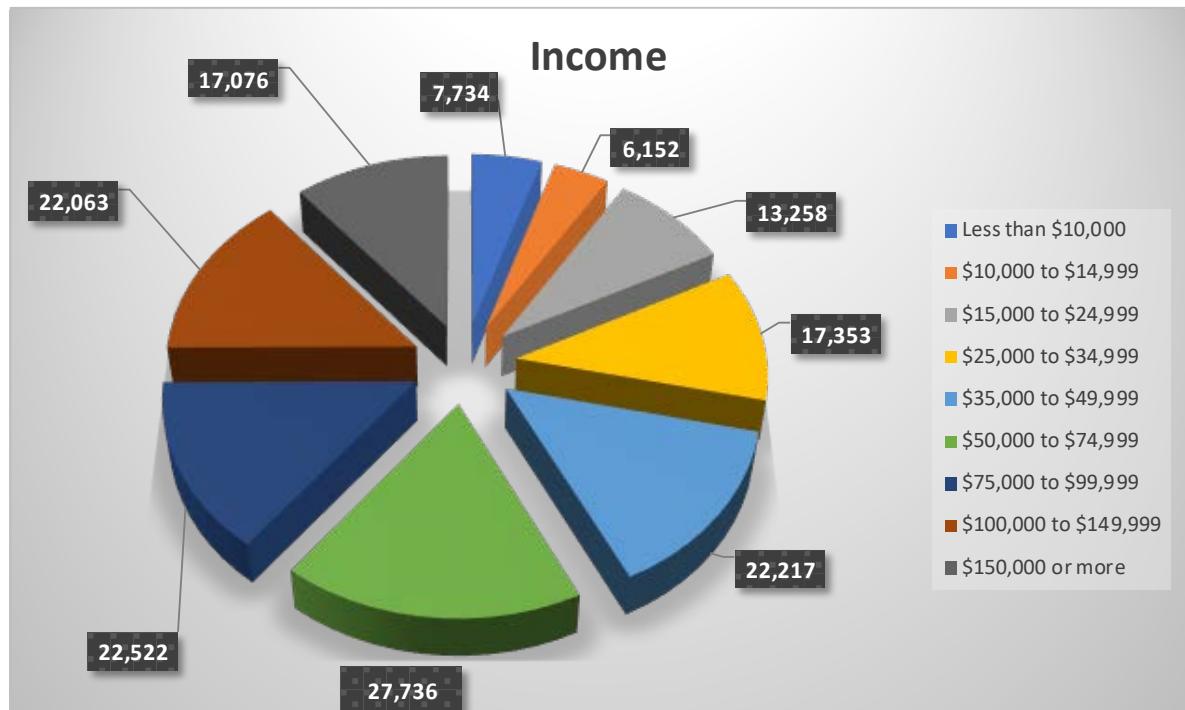


Source: [industry workers in Stark county ohio - Census Bureau Tables](#)

STARK AREA REGIONAL TRANSIT AUTHORITY  
STARK COUNTY DEMOGRAPHICS  
2021 Community Survey  
US Census Bureau/ American Fact Finder  
(Unaudited)

Demographics (Continued)

	<b>156,111</b>	<b>100%</b>
Less than \$10,000	7,734	4.95%
\$10,000 to \$14,999	6,152	3.94%
\$15,000 to \$24,999	13,258	8.49%
\$25,000 to \$34,999	17,353	11.12%
\$35,000 to \$49,999	22,217	14.23%
\$50,000 to \$74,999	27,736	17.77%
\$75,000 to \$99,999	22,522	14.43%
\$100,000 to \$149,999	22,063	14.13%
\$150,000 or more	17,076	10.94%
Median household income (dollars)	59,127	



Source: <https://data.census.gov/table?q=household+income+in+stark+county+ohio&tid=ACSS1Y2021.S2503>