

Audited Financial Statements
STARK AREA REGIONAL TRANSIT AUTHORITY

For the years ended December 31, 2011 and 2010

SINGLE AUDIT REPORT
For the year ended December 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Stark Area Regional Transit Authority, Stark County, prepared by Dingus and Daga, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 31, 2012

This page intentionally left blank.

STARK AREA REGIONAL TRANSIT AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL STATEMENTS:	
Independent Auditors' Report.	1
Management Discussion and Analysis.	3
Balance Sheet.	10
Statement of Revenues, Expenses and Changes in Net Assets	11
Statement of Cash Flows.	12
Notes to Financial Statements	13
SUPPLEMENTAL INFORMATION:	
Schedule of Expenditures of Federal Awards	34
Notes to the Supplemental Schedule of Expenditures of Federal Awards.	35
REPORT ON COMPLIANCE AND INTERNAL CONTROL:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	36
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Applicable in Accordance with OMB Circular A-133.	38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	40
SCHEDULE OF PRIOR AUDIT FINDINGS	42
CORRECTIVE ACTION PLAN	43

This page intentionally left blank.



Dingus and Daga, Inc.

Certified Public Accountants

®

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the accompanying financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the years ended December 31, 2011 and 2010 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, during the year ended December 31, 2011, the Authority implemented Government Accounting Standards Board ("GASB") Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2012, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basis 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 audits 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statement as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dingus and Doga, Inc.

Shaker Heights, Ohio
July 9, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

As the financial management of the Stark Area Regional Transit Authority (Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2011 and 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority's total net assets increased \$3,098,199 or 9.31% in 2011. Contributing to this increase was the completion of the Belden Village Transfer center.

The Authority's total net assets increased \$7,667,277 or 29.9% in 2010 from 2009. Buses were replaced during the year and federal capital grant funding increased, contributing to the increase in net assets.

The Authority's operating expenses, excluding depreciation, in 2011 were \$482,951 higher than in 2010, a 3.5% increase, primarily due to increased labor costs because there were more employees in 2011 than in 2010.

The Authority's operating expenses, excluding depreciation, in 2010 were \$732,832 lower than in 2009, a 5% decrease, primarily due to decreased labor costs.

Operating revenue for the Authority was \$211,963 higher in 2011, a 1.3% increase. Ridership increased in 2011 while it decreased in 2010.

Operating revenue for the Authority was \$21,106 higher in 2010 over 2009, a 1.3% increase, primarily due to a 20% - 25% increase in fares in the latter months of 2009. Ridership decreased in 2010.

In 2011 sales tax revenue increased \$769,881, or 6.8% compared to 2010. Sales tax revenue accounted for 67.8% of all funding in 2011, exclusive of capital grants.

In 2010 sales tax revenue increased \$959,302, or 9.2% compared to 2009. Sales tax revenue accounted for 65.9% of all funding in 2010, exclusive of capital grants.

Overview of the Financial Statements

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

Required Financial Statements

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

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

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

The *statement of revenues and expenses and changes in net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year and activities giving rise to those changes. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., undistributed sales tax and earned but unused sick leave).

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 13-33 of this report.

Financial Analysis of the Authority

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$36,369,527 at the close of the most recent fiscal year.

The Authority's net assets are comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment, and other equipment) and reserves of cash invested in bonds and CDAR's. 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 2011, the Authority's net assets represented resources that were subject to the restriction of being held to pay for capital assets. In 2011 *unrestricted net assets* totaled \$7,671,590.

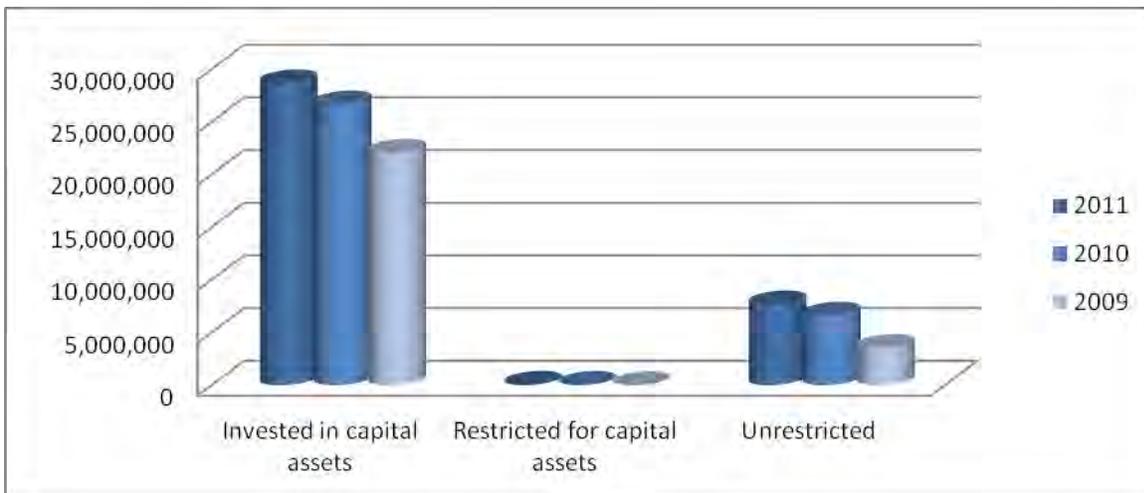
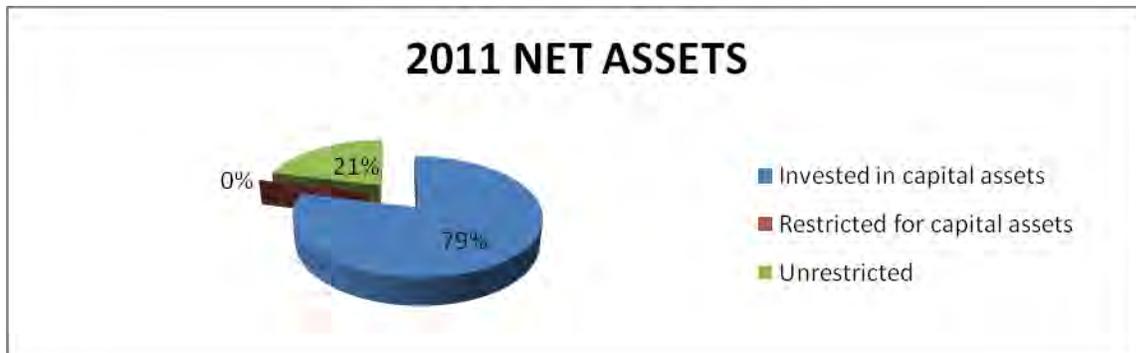
In 2010 the Authority's *unrestricted net assets* totaled \$6,574,635.

At the end of 2011 and 2010, the Authority is able to report positive balances in net assets, and the same held true for 2009.

Stark Area Regional Transit Authority's Net Assets

NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 8,985,840	\$ 7,832,712	\$ 5,038,062
Capital assets, net	<u>28,659,037</u>	<u>26,657,794</u>	<u>22,070,412</u>
Total assets	<u>\$ 37,581,562</u>	<u>\$ 34,490,506</u>	<u>\$ 27,108,474</u>
Current liabilities	<u>\$ 1,275,350</u>	<u>\$ 1,219,178</u>	<u>\$ 1,504,423</u>
Total liabilities	<u>\$ 1,588,110</u>	<u>\$ 1,219,178</u>	<u>\$ 1,504,423</u>
Net assets:			
Invested in capital assets	\$ 28,659,038	\$ 26,657,794	\$ 22,070,412
Restricted for capital assets	38,899	38,899.00	-
Unrestricted	<u>7,671,591</u>	<u>6,613,534</u>	<u>3,533,639</u>
Total net assets	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>



As can be seen from the table of net assets, in 2011 net assets increased \$3,098,199 to \$36,369,527 from \$33,271,328 in 2010. The 9.31% increase was mainly due to the completion of the Belden Village Transit Center

For more information on capital assets, readers are referred to pages 23-24.

CHANGES IN NET ASSETS

OPERATING REVENUES	2011	2010	2009
Passenger Fares	\$ 1,069,426	\$ 1,051,643	\$ 1,052,755
Special Transit Fares	684,509	529,091	491,479
Auxiliary Transportation Revenue	60,938	22,176	37,570
TOTAL OPERATING REVENUES	\$ 1,814,873	\$ 1,602,910	\$ 1,581,804
OPERATING EXPENSES			
Labor	\$ 5,808,571	\$ 5,566,669	\$ 5,898,232
Fringe Benefits	4,952,578	4,143,021	4,844,810
Materials & Supplies	2,297,855	2,198,564	2,367,522
Services	532,761	728,318	570,908
Utilities	237,395	241,461	277,368
Casualty & Liability	368,631	617,237	377,719
Leases & Rentals	1,994	1,738	7,998
Miscellaneous	136,812	356,638	241,921
TOTAL OPERATING EXPENSES	\$ 14,336,597	\$ 13,853,646	\$ 14,586,478
OPERATING LOSS BEFORE DEPRECIATION	(12,521,724)	(12,250,736)	(13,004,674)
Depreciation Expense	3,414,965	1,911,419	1,717,793
OPERATING LOSS	(15,936,689)	(14,162,155)	(14,722,467)
NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	\$ 12,137,349	\$ 11,367,468	\$ 10,408,166
Federal Preventative Maintenance	1,773,989	1,841,668	1,909,366
Federal Operating & Capital Grants	884,033	2,010,817	656,624
State Preventative Maintenance		25,380	284,323
Elderly & Disabled Assistance		372,917	346,642
Federal Planning Grants	11,856	190,354	35,290
Investment/Interest Income	1,534	19,799	230
Interest Expense		0	(1,076)
Sales Tax Collection Expense	(120,172)	(112,509)	(104,082)
Gain (Loss) on Disposal	(16,379)	(13,259)	2,667
Non-transportation Revenue	22,188	32,079	20,065
Unusual Legal Events		(79,708)	(30,000)
NON OPERATING REVENUES (EXPENSES) NET	\$ 14,694,398	\$ 15,655,006	\$ 13,528,215
CAPITAL GRANT REVENUE			
Federal Capital Grant	4,242,590	5,674,426	1,812,717
State/Local Capital Grant	97,900	500,000	
TOTAL CAPITAL GRANTS	4,340,490	6,174,426	1,812,717
CHANGE IN NET ASSETS	3,098,199	7,667,277	618,465
Net Assets, Beginning Balance	\$ 33,271,328	\$ 25,604,051	\$ 24,985,586
Net Assets, Ending Balance	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>

The Authority's *operating revenues* increased 1.3% or \$211,963 to \$1,814,873 in 2011. Passenger fares were increased 20% - 25% at the end of 2009. The passenger fare increase offset a decrease in ridership. *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and fare box cash paid by riders/passengers, and a small amount of revenue is generated by the sale of advertising space on the exteriors and interiors of buses. *Depreciation expense* increased \$1,503,546, due to the write off of the radio system and cancellation of contract.

The 2010 increase in *Non-operating revenues* of \$2,126,791, or 15.7%, is mainly due to increased sales tax revenue and operating grants and reimbursements. In 2011, *Non-operating revenues* remained fairly steady.

Over the course of 3 years, *Operating revenue* has steadily increased, due to increased passenger fares and ridership.

In 2009 the decrease in *Non-operating revenues* of \$1,046,690, or 7%, is mainly due to decreased sales tax revenue.

Cash Flows

Sales tax collections are defined as *non-capital revenue*, and are used to support the regular activities of the agency. The sales tax receipts and transit operating revenues, with the balance being obtained through the use of grants to cover preventative maintenance on buses, generally cover expenses of the agency. Shortfalls in cash inflows are generated by requirements that the agency fund up to 20% of capital purchases with local funding. The Agency purchased both diesel fuel and hybrid buses, and maintenance support equipment, which were two main cash impacts of this 20% requirement for local funding.

The increase in cash equivalents is due to funding for ADA Paratransit service not received in prior years. The reader may review the increase in assets on page 11, in conjunction with the cash flow on page 8, to better understand the change in cash.

CASH FLOWS

	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Gross cash received from customers	\$ 1,722,144	\$ 1,625,181	\$ 1,535,047
Gross cash payments to suppliers for goods & services	(3,494,448)	(4,299,898)	(4,590,548)
Gross cash payments to employees for salaries and wages	(6,037,253)	(5,584,863)	(5,905,419)
Gross cash payments for employee for benefits	(4,913,848)	(4,149,772)	(4,040,215)
Gross other	22,188	(47,629)	(82,248)
Net cash used in operating activities	\$ (12,701,217)	\$ (12,456,981)	\$ (13,083,383)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Gross sales taxes received	\$ 11,838,410	\$ 11,015,399	\$ 10,533,854
Gross operating & preventive maintenance grants received	2,245,396	4,187,772	3,819,970
Gross other		-	(398,908)
Net cash provided by noncapital financing activities	\$ 14,083,806	\$ 15,203,171	\$ 13,954,916
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Gross federal capital grant revenue	\$ 4,242,590	\$ 5,501,283	\$ 1,850,698
Gross state/local capital grant revenue	97,900	500,000	-
Gross acquisition of capital assets & work in process	(5,432,587)	(6,512,060)	(2,409,564)
Net cash used in capital and related financing activities	\$ (1,092,097)	\$ (510,777)	\$ (558,866)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	\$ 1,534	\$ 19,799	\$ 207
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 292,026	\$ 2,255,212	\$ 312,874
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 3,352,481	\$ 1,097,269	\$ 784,395
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,644,507	\$ 3,352,481	\$ 1,097,269

Capital Assets

The Authority's investment in capital assets amounts to \$28,659,037 net of accumulated depreciation as of December 31, 2011, a net increase of \$2,001,243, 7.50% over 2010, primarily due to the purchase of transportation equipment. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenditures during the current fiscal year included the following:

Transportation Equipment	\$ 333,996
Building & Improvements	\$2,255,230

The Authority's investment in capital assets amounts to \$26,657,794 net of accumulated depreciation as of December 31, 2010, a net increase of \$4,587,382, 20.7% over 2009, primarily due to the purchase of transportation equipment. Major capital asset expenditures during the 2010 fiscal year included the following:

Transportation Equipment	\$4,116,351
Maintenance Support Equipment	\$1,512,019

The *Notes to the Financial Statements*, pages 13-33, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash & cash equivalents	\$ 3,605,608	\$ 3,313,582
Receivables:		
Trade	129,606	36,877
Sales tax	3,273,558	3,094,791
State capital & planning grants		
Federal capital & planning grants	1,165,526	741,044
Materials & supplies inventory	189,731	199,286
Prepaid expenses & other assets	582,912	408,233
 Restricted for capital assets:		
Cash & cash equivalents	38,899	38,899
TOTAL CURRENT ASSETS	<u>8,985,840</u>	<u>7,832,712</u>
Capital assets: (Note 4)		
Land	882,672	337,795
Buildings & improvements	16,130,119	13,874,889
Transportation equipment	20,551,191	20,217,195
Other equipment	4,848,498	3,565,912
Construction & work in progress	732,820	4,487,193
Total capital assets	<u>43,145,300</u>	<u>42,482,984</u>
Less accumulated depreciation	(14,486,263)	(15,825,190)
Capital assets - net	<u>28,659,037</u>	<u>26,657,794</u>
TOTAL ASSETS	<u>\$ 37,644,877</u>	<u>\$ 34,490,506</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 477,890	\$ 353,969
Accrued payroll	201,766	307,859
Accrued payroll taxes & withholdings	403,644	487,503
Other current liabilities	153,151	30,948
Deferred capital grants	38,899	38,899
TOTAL CURRENT LIABILITIES	<u>1,275,350</u>	<u>1,219,178</u>
TOTAL LIABILITIES	<u>1,275,350</u>	<u>1,219,178</u>
 NET ASSETS:		
Invested in capital assets	28,659,037	26,657,794
Restricted	38,899	38,899
Unrestricted	7,671,591	6,574,635
TOTAL NET ASSETS	<u>36,369,527</u>	<u>33,271,328</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,644,877</u>	<u>\$ 34,490,506</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Passenger fares	\$ 1,069,426	\$ 1,051,643
Special transit fares	684,509	529,091
Auxiliary transportation revenues	60,938	22,176
TOTAL OPERATING REVENUES	<u>1,814,873</u>	<u>1,602,910</u>
OPERATING EXPENSES		
Labor	5,808,571	5,566,669
Fringe benefits	4,952,578	4,143,021
Materials & supplies	2,440,798	2,342,831
ODOT Fuel Tax Reimbursement	(142,943)	(144,267)
Services	532,761	728,318
Utilities	237,395	241,461
Casualty & liability insurance	368,631	617,237
Leases & rentals	1,994	1,738
Miscellaneous	136,812	356,638
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>14,336,597</u>	<u>13,853,646</u>
OPERATING LOSS BEFORE DEPRECIATION	(12,521,724)	(12,250,736)
DEPRECIATION EXPENSE (Note 4)	<u>3,414,965</u>	<u>1,911,419</u>
OPERATING LOSS	(15,936,689)	(14,162,155)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	12,137,349	11,367,468
Operating grants and reimbursements	2,669,878	4,068,219
Special fare assistance		372,917
Interest income	1,534	19,799
Sales tax collection expense	(120,172)	(112,509)
Loss on disposal of capital assets	(16,379)	(13,259)
Non-transportation revenues	22,188	32,079
Unusual legal events		(79,708)
Total Non-Operating Revenues - Net	<u>14,694,398</u>	<u>15,655,006</u>
NET GAIN/(LOSS) BEFORE CAPITAL GRANT REVENUE	(1,242,291)	1,492,851
CAPITAL GRANT REVENUE		
Federal capital grant	4,242,590	5,674,426
State capital grant	97,900	500,000
Total Capital Grants	<u>4,340,490</u>	<u>6,174,426</u>
INCREASE IN NET ASSETS	3,098,199	7,667,277
Net assets, beginning of year	33,271,328	25,604,051
Net assets, end of year	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	\$ 1,722,144	\$ 1,625,181
Gross cash payments to suppliers for goods & services	(3,494,448)	(4,299,898)
Gross cash payments to employees for salaries and wages	(6,037,253)	(5,584,863)
Gross cash payments for employees benefits	(4,913,848)	(4,149,772)
Gross other	22,188	(47,629)
Net cash used in operating activities	(12,701,217)	(12,456,981)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	11,838,410	11,015,399
Gross operating & preventive maintenance grants received	2,245,396	4,187,772
Payments of notes payable		
Net cash provided by noncapital financing activities	14,083,806	15,203,171
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	4,242,590	5,501,283
Gross state capital grant revenue	97,900	500,000
Gross acquisition of capital assets & work in process	(5,432,587)	(6,512,060)
Net cash used in capital and related financing activities	(1,092,097)	(510,777)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	1,534	19,799
NET INCREASE IN CASH AND CASH EQUIVALENTS	292,026	2,255,212
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,352,481	1,097,269
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,644,507	\$ 3,352,481
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (15,936,689)	\$ (14,162,155)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,414,965	1,911,419
Change in assets and liabilities:		
(Increase) decrease in accounts receivable - trade	(92,729)	22,271
Decrease in materials & supplies inventory	9,555	57,350
(Increase) decrease in prepaid expenses & other assets	(152,491)	85,907
Increase (decrease) in accounts payable - operations	123,921	(336,967)
Decrease in accrued payroll	(106,093)	(178,506)
(Decrease) increase in accrued payroll taxes	(83,859)	160,312
Increase (decrease) in other current liabilities	122,203	(16,612)
NET CASH USED IN OPERATING ACTIVITIES	\$ (12,701,217)	\$ (12,456,981)

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

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

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 75 percent of the Authority's employees at December 31, 2011 were subject to a collective bargaining agreement that expires on January 4, 2013.

Under Ohio law, the Authority is authorized to levy a sales tax and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 3). On May 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations through June of 2017.

Reporting Entity

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

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

The Authority complies with the provisions of GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. The principal changes in accounting that resulted from GASB Statement No. 33 are the requirements that the Authority prospectively report grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the month the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio.

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

Cash and Cash Equivalents

For purposes of the statement 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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

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

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

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

The Authority has invested funds in federal bonds of the Federal National Mortgage Association per the conditions set forth in the newly authorized and revised investment policy.

Materials and Supplies Inventory and Prepaid Items

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

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

Property and Depreciation

Property, facilities and equipment are stated at historical cost. The cost of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties.

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description	Years
Buildings	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 assets.

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

In 2003, SARTA entered into a contract to be a Beta Site for the development of a Radio/Computer Communications System. This was to be a two-year project but complications delayed the project into 2009 which was then canceled due to non-performance. Negotiations and meetings continued into 2010. In 2011, the Agency determined that a portion of the Radio/Computer System would be unusable and, thereby, selected a new system supplier. A portion of the system was considered usable. Since it was not practical to separate the unusable and usable costs, SARTA decided to depreciate the remaining cost over thirty three (33) months—the timeframe in which the new equipment and software will be installed, tested, and go live.

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.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recognition of Revenue, Receivables, and Deferred Revenues

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

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

Classifications of Expenses

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

Federal and State Operating and Preventive Maintenance Assistance Funds

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

Sales Tax Revenues

The Authority recognizes sales tax revenues at gross when the underlying sales transaction occurs, while recording the accompanying state deduction for administrative costs as an expense.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. Vacation time must be used within the calendar year. Unused vacation benefits are paid to the employees upon separation from service.

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

2. CASH AND CASH EQUIVALENTS

In 2011, the Authority's Board of Trustees revised the investment policy of the Authority. Allowable investments are according to Ohio Revised Code Section 135, and are limited to the following:

- U.S. Treasury Bills, Notes, Bonds, issues of the Federal National Mortgage Assn. (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Assn. (SLMA), Government National Mortgage Assn. (GNMA), and other agencies or instrumentalities for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates with original maturities of between one and five years. Any eligible investment may be purchased at a premium or a discount, and can include instruments that may be called by the issuer prior to the final maturity date.
- Ohio Subdivision's Fund (STAR Ohio), managed by the State Treasurer of Ohio.
- Demand deposit accounts (such as checking accounts) established with local financial institutions.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

- Certificates of Deposit (CDs) issued by local financial institutions mentioned in Section 135.32 of the ORC.
- Commercial paper notes issued by companies incorporated under the laws of the United States; specific limitations apply as defined under Section 135.14(B) (7) of the ORC.
- Banker's acceptances issued by any domestic bank rated in the highest category by a nationally recognized rating agency; specific limitations apply as defined under Section 135.14 (B) (7) of the ORC.
- No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under Section 135.14 of the ORC and repurchase agreements secured by such obligations. Eligible money market funds shall comply with Section 135.01 of the ORC regarding limitations and restrictions.
- Repurchase agreements with any eligible institution mentioned in Section 135.32 of the ORC, or any eligible securities dealer pursuant to the ORC, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held in safekeeping by a third party custodian as agreed to by the Executive Director. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement by at least two percent as defined under the Ohio Revised Code. The Executive Director reserves the right to require an additional percentage of collateral securing such repurchase agreements. Prior to the execution of any repurchase agreement with an eligible dealer, a 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.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

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

Deposits

At December 31, 2011, the carrying amount of the Authority's deposits was \$1,624,560. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011, \$1,282,367 of the Authority's bank balance of \$1,624,560 was exposed to custodial risk as discussed below, while \$342,193 was covered by Federal Deposit Insurance Corporation.

At December 31, 2010, the carrying amount of the Authority's deposits was \$3,332,407. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$3,083,407 of the Authority's bank balance of \$3,332,407 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance Corporation.

However, all of these balances were collateralized with securities held by the pledging financial institution but not in the Authority's name.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments

As of December 31, 2011 and 2010, the Authority held the following investments:

<u>Investment</u>	2011 <u>Fair Value</u>	2010 <u>Fair Value</u>
State Treasurer's Investment Pool		
STAROhio	\$ 20,086	\$20,074
Federal Natl Mtg Assn 0.80000%-Bond	\$ 500,031	-
Federal Natl Mtg Assn 1.15000%-Bond	\$ 499,830	-
CDAR-52 week term	\$ 500,000	-
CDAR-2 year term	\$ 500,000	-
	<u>2,019,947</u>	<u>20,074</u>

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. STAROhio's weighted average maturity was 60 days.

Investments in STAROhio are unclassified investments in the Ohio Subdivisions Fund. The Ohio Subdivisions Fund represents an investment pool managed by another governmental unit and investments therein are not evidenced by securities that exist in physical or book entry form.

	<u>Fair Value</u>	<u>Investment Maturity</u> Less than one year	<u>One to five years</u>
2010 Investment			
State Treasurer's Investment Pool (STAROhio)	\$ 20,074	\$ 20,074	
2011 Investment			
State Treasurer's Investment Pool (STAROhio)	\$ 20,086	\$ 20,086	
Federal National Mortgage Assn. 0.8000% -Maturity Date 10/17/2014	\$ 500,031		\$ 500,031

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

Federal National Mortgage Assn. 1.5000% -Maturity Date 10/26/2015	\$499,830	\$499,830
CDAR-52 week -Maturity Date 10/18/2012	\$500,000	\$500,000
CDAR-2 year -Maturity Date 10/17/2013	\$500,000	\$500,000

Credit Risk

As of December 31, 2011, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm, and the Authority's investment in both FNMA bonds AA+.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy for custodial credit risk. As of December 31, 2011 and 2010, \$1,282,363 and \$3,082,407, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy limits investments to CDARs, Bonds, and StarOhio.

3. TAX REVENUES

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/11	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/11
Capital Assets Not Being Depreciated:					
Land	\$ 337,795	\$ 0		\$ 544,877	\$ 882,672
Construction & Projects in Progress	<u>4,487,193</u>	<u>5,399,471</u>		<u>(9,153,844)</u>	<u>732,820</u>
Total Capital Assets Not Depreciated	4,824,988	5,399,471		(8,608,967)	1,615,492
Capital Assets Being Depreciated:					
Buildings & Improvements	13,874,889		\$ 0	2,255,230	16,130,119
Transportation Equipment	20,217,195		(4,731,173)	5,065,169	20,551,191
Other Equipment	<u>3,565,912</u>		<u>(5,982)</u>	<u>1,288,568</u>	<u>4,848,498</u>
Total Capital Assets Being Depreciated	37,657,996		(4,737,155)	8,608,967	41,529,808
Total Capital Assets	42,482,984	5,399,471	(4,737,155)	0	43,145,300
Buildings & Improvements	1,658,702	395,280	0	0	2,053,982
Transportation Equipment	11,278,631	2,635,344	(4,729,136)	0	9,184,839
Other Equipment	2,887,857	362,233	(2,648)	0	3,247,442
Total Accumulated Depreciation	15,825,190	3,392,857	(4,731,784)	0	14,486,263
Total Capital Assets, Net	<u>\$26,657,794</u>	<u>\$2,006,614</u>	<u>\$ (5,371)</u>	<u>\$ 0</u>	<u>\$28,659,037</u>

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2010 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/10	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/10
Capital Assets Not Being Depreciated:					
Land	\$ 274,543	\$ 0	\$ 0	\$ 63,252	\$ 337,795
Construction & Projects in Progress	<u>4,522,277</u>	<u>1,996,502</u>	<u>136,296</u>	<u>(1,895,290)</u>	<u>4,487,193</u>
Total Capital Assets Not Depreciated	4,796,820	1,996,502	136,296	(1,832,038)	4,824,988
Capital Assets Being Depreciated:					
Buildings & Improvements	12,362,870	19,704	2,170	1,494,485	13,874,889
Transportation Equipment	16,100,844	4,621,719	562,397	57,029	20,217,195
Other Equipment	<u>3,403,995</u>	<u>17,632</u>	<u>136,239</u>	<u>280,524</u>	<u>3,565,912</u>
Total Capital Assets Being Depreciated	31,867,709	4,659,055	700,806	1,832,038	37,657,996
Total Capital Assets	36,664,529	6,655,557	837,102	0	42,482,984
Buildings & Improvements	1,321,872	339,000	2,170	0	1,658,702
Transportation Equipment	10,439,718	1,382,902	543,989	0	11,278,631
Other Equipment	2,832,527	189,518	134,188	0	2,887,857
Total Accumulated Depreciation	14,594,117	1,911,420	680,347	0	15,825,190
Total Capital Assets, Net	<u>\$22,070,412</u>	<u>\$ 4,744,137</u>	<u>\$ 156,755</u>	<u>\$ 0</u>	<u>\$26,657,794</u>

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS

Plan Description

- A. All employees of the Authority are required to be members of the Ohio Public Employees Retirement System (“OPERS”), which administers three separate pension plans as described below:
1. **The Traditional Pension Plan** — A cost sharing, multiple-employer defined benefit pension plan.
 2. **The Member-Directed Plan** — A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
 3. **The Combined Plan** — A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.

The 2011 member contribution rates were 10.0% for members in state and local classifications. Members in the public safety and law enforcement classifications contributed 11.0% and 11.6%, respectively.

The 2011 employer contribution rate for state employers was 14.00% of covered payroll. For law enforcement employers, and public safety employers, the contribution rate was 18.10% of covered payroll.

- F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. Due to contractual agreement with the Union, union employees pay 1.50% of their employee contribution, with the balance paid by the Authority. The Authority has opted to fund the full employee contribution amounts for non-union employees. The Authority's contributions for 2011, 2010, and 2009, were \$940,830, \$901,390, and \$1,058,600, respectively.

Post-Retirement Benefits

A. Plan Description

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

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

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on board action. Employers will be notified if the portion allocated to health care changes during the calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependants and coverage selected.

C. Information from employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portions of the employer contributions used to fund post-employment benefits for 2011, 2010, and 2009, were \$268,795, \$257,527, and \$302,442, respectively.

D. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

6. RESTRICTED ASSETS

The Authority received insurance proceeds in the amount of \$38,899 for a bus that was totaled. The proceeds will be used to offset a future bus purchase, thereby reducing the amount to be drawn from grant funds.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

<u>Grants</u>	<u>2011</u>	<u>2010</u>
State and Federal Preventative Maintenance	\$ 1,771,396	\$ 1,867,048
State/Local Capital	97,900	500,000
Federal Planning	11,856	190,354
Federal Capital	2,756,049	4,918,728
Federal JARC & New Freedom	212,855	363,330
ARRA Operating & Capital	2,160,312	2,403,185
ODOT Elderly Special Fare Assistance	-	<u>372,917</u>
Total Grants	<u>\$ 7,010,368</u>	<u>\$ 10,615,562</u>
<u>Reimbursements</u>		
ODOT Fuel Tax Reimbursement	<u>142,943</u>	<u>144,267</u>
Total Reimbursements	<u>142,943</u>	<u>144,267</u>
Total Grants and Reimbursements	<u><u>\$ 7,153,311</u></u>	<u><u>\$ 10,759,829</u></u>

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, flood and earthquake, errors and omissions, employment-related matters, injuries to employees, and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for nine (as of December 31, 2008) 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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

8. RISK MANAGEMENT (CONT'D)

Current coverage is purchased for commercial property losses in excess of \$100,000 with limits up to \$200,000,000 and for Auto Physical Damages losses in excess of \$250,000 with limits up to \$50,000,000. Additionally, coverage is purchased for all covered liability claims in excess of \$1,000,000 with limits up to \$7,500,000 for automobile liability and \$5,000,000 for all other liability coverages. The Authority is responsible for the first \$1,000 of any property and/or liability claim or occurrence, and any amounts above the per occurrence limit of coverage.

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

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

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

9. LEASES

The Authority entered into a fifty-nine (59) year lease with Charles Street Associates, LTD in July 1998, for a transfer station in Massillon, Ohio. The Authority has two additional options for 20 years each to extend the lease with the lessor. Annual rental is \$1 during the primary term of the lease. The Authority agreed to contribute \$2,000,000 for leasehold improvements at the facility and included same in building improvements in capital assets.

10. NOTES PAYABLE

In 2007 the Authority established a line of credit with a Bank. Interest will be calculated at a rate of 0.26 percentage points over the index. There was a zero balance at December 31, 2011, a zero balance at December 31, 2010 and a zero balance at December 31, 2009.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

10. NOTES PAYABLE (CONT'D)

STARK AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN SHORT TERM DEBT

2009	Increase	(Decrease)	Balance
01/08/09		(100,000)	298,908
02/04/09		(100,000)	198,908
03/18/09	200,000		398,908
06/18/09		(398,908)	\$ -
2010			
12/31/2010	\$ -	\$ -	\$ -
2011			
12/31/2011	\$ -	\$ -	\$ -

11. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2011, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority’s management, no material grant expenditures will be disallowed.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through July 9, 2012, the date the financial statements were available to be issued. Federal Natl Mtg Assn 0.8000%-Bond maturing on 10/17/2014 for \$500,031 was called on 4/17/2012 and Federal Natl Mtg Assn 1.15000%-Bond maturing on 10/26/2015 for \$499,829.86 was called on 4/26/2012.

The Authority opened a Public and SARTA CNG Facility on May 18, 2012.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

13. CHANGES IN ACCOUNTING POLICY

Effective for period beginning after June 15, 2010, the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that will improve financial reporting by providing fund balance categories and classifications that will be more easily understood and Statement No. 59, "Financial Instruments Omnibus." This statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards.

These Statements did not have an impact on the Authority's financial statements.

14. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued these new accounting pronouncements. Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This statement requires disclosures about an service concession arrangements including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions— an amendment of GASB Statement No. 53, this Statement is effective for periods beginning after June 15, 2011. Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This Statement will establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. These Statements are effective for periods beginning after December 15, 2011. Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34." This Statement will also clarify the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset, this Statement is effective for period beginning after June 15, 2012. Statement No. 65,

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

14. NEW ACCOUNTING PRONOUNCEMENTS (CONT'D)

“Items Previously Reported as Assets and Liabilities.” This Statement will clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 66, “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62”. This Statement will improve financial reporting by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. These Statements are effective for periods beginning after December 15, 2012.

The Authority has not completed an analysis of the impact of these statements on its reported financial condition and results of operation.

STARK AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL GRANT NUMBER</u>	<u>GRANT EXPENDITURES</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-04-0008	\$ 29,422
		OH-04-0069	7,539
		OH-90-0550	560
		OH-90-0597	37,280
		OH-90-0622	40,112
		OH-90-0677	84,177
		OH-90-0698	30,889
		OH-90-0714	3,020,075
		OH-95-0059	1,076,575
		OH-95-0080	200,000
		OH-95-0095	16,200
			<u>4,542,829</u>
Job Access Reverse Commute Grant	20.516	OH-37-4072	48,044
		OH-37-4074	10,545
		OH-37-4085	79,612
			<u>138,201</u>
Federal Transit Administration American Recovery and Reinvestment Act Grant	20.509	OH-96-0020	2,156,782
New Freedom Program	20.521	OH-57-4020	35,688
		OH-57-4039	38,965
			<u>74,653</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,912,465</u></u>

See note to Schedule of Expenditures of Federal Awards.

STARK AREA REGIONAL TRANSIT AUTHORITY
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stark Area Regional Transit Authority and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

This page intentionally left blank.



Dingus and Daga, Inc.

Certified Public Accountants

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

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the financial statements of the Stark Area Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2011, and have issued our report thereon dated July 9, 2012, wherein we noted that the Authority adopted Governmental Accounting Standards Board Statement No. 54 and 59. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that results there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 2011-001. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, Authority management, federal awarding agencies, the Auditor of State's office and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dingers and Daga, Inc.

Shaker Heights, Ohio
July 9, 2012



Dingus and Daga, Inc.

Certified Public Accountants

®

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

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

Compliance

We have audited the compliance of Stark Area Regional Transit Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the Board of Trustees, Authority management, federal awarding agencies and the Auditor of State's office and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dingus and Raga, Inc.

Shaker Heights, Ohio
July 9, 2012

STARK AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2011

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified not considered to be material weaknesses?	yes
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
Material weakness identified?	no
Significant deficiency identified not considered to be material weaknesses?	no
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Administration Capital and Operating Assistance Formula Grants

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

For the Year Ended December 31, 2011

PART I - SUMMARY OF AUDITORS' RESULTS (Cont'd)

Federal Awards (Cont'd)

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.516	Job Access Reverse Commute Grant
20.509	Federal Transit Administration American Recovery Reinvestment Act Grant
20.521	New Freedom Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

PART II - FINANCIAL STATEMENT FINDINGS

A. FINDING NUMBER 2011-001

ACCOUNTING RECORDS

During the year, the Authority failed to properly maintain its accounting records. Certain assets, liabilities, revenue and expense transactions and supporting documentation were not reconciled to the general ledger.

The Authority should take all necessary steps to ensure that all transactions are reconciled to the general ledger.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable.

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2011

There were no comments on internal control and legal compliance included in the prior year reports.

SA

1600 Gateway Blvd. SE
Canton, OH 44707

330.47.SARTA
1.800.379.3661
Fax 330.454.5476
TTY 1.800.750.0750

www.SARTAonline.com

July 9, 2012

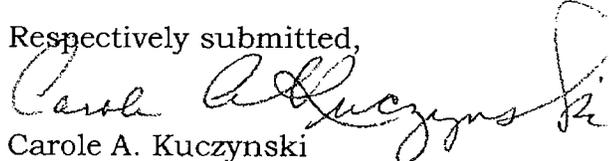
Re: Corrective Action Plan

In addressing the Federal Award Findings and Questioned Costs:

Finding Number 2011-001: Accounting Records: Deficiencies were noted relating to properly maintain its accounting records. Certain assets, liabilities, revenue and expense transactions and supporting documentation were not reconciled to the general ledger.

There was a significant turnover of three critical accounting staff members shortly before and soon after the close of the fiscal year. New staffs are being trained and new procedures are being instituted to ensure reconciliation, and sign off of said reconciliations throughout the year, and at year-end. Additionally, new software was put in place to assist with reconciliations.

Respectively submitted,



Carole A. Kuczynski
Director, Finance & Administration

SARTA

STARK AREA REGIONAL TRANSIT AUTHORITY

WWW.SARTAONLINE.COM



Comprehensive Annual Financial Report for the year ended December 31, 2011

Stark Area Regional Transit Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2011

TABLE OF CONTENTS

	PAGE
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1
Certificate of Achievement	3
Stark County Map.....	5
District Profile	6
Board of Trustees and Management	10
Organizational Chart.....	11
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	12
Management's Discussion and Analysis	14
Basic Financial Statements:	
Balance Sheet.....	21
Statement of Revenue, Expenses, and Changes in Net Assets.....	22
Statement of Cash Flows.....	23
Notes to Financial Statements (The notes to the financial statements are an integral part of the basic financial statements).....	24
 <u>STATISTICAL SECTION</u>	
<i>Financial Trend Information</i>	
Net Assets/Fund Balances	45
Changes in Net Assets & Changes in Fund Balances	46
<i>Revenue Capacity Information</i>	
Revenue Base for the Last Ten Fiscal Years	47
Passenger Revenue Rates	48
Sales Tax Revenue	49
<i>Operating Information</i>	
Employees and Labor Classification	50
Operating Indicators	51
Expenses by Source/Object.....	52
Capital Asset Statistics.....	53
<i>Debt Capacity Information</i>	
Debt Service.....	54
 <i>Demographic and Economic Information</i>	
Economic Condition and Outlook.....	55
Demographics	59

Introductory Section 2011

The Introductory Section includes the Authority's transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, and a District Profile.



www.SARTAonline.com

June 25, 2012

Mr. Charles DeGraff, President

SARTA Board of Trustees

Members of Board of Trustees

And, Residents of Stark County, Ohio

State law requires that every transit authority publish, within six months of the close of each fiscal year unless extended, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2011. SARTA received permission to extend until July 30, 2012.

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.

Dingus and Daga, Inc., Certified Public Accountants, have issued an unqualified ("clear") opinion on the Stark Area Regional Transit Authority's (SARTA's) financial statements for the year ended December 31, 2011. The independent audit of the Authority's financial statements was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Authority's separately issued single audit report.

This report is presented in three sections:

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

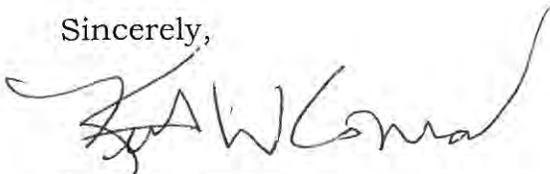
The **FINANCIAL SECTION** contains the Independent Auditor's Report, the SARTA comparative financial statement and the notes to the financial statements. The notes to the financial statements are an integral part of the basic financial statements. Readers are directed to the Management Discussion and Analysis also included in this section.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority (SARTA) for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kirt W. Conrad". The signature is fluid and cursive, with a long, sweeping tail that extends upwards and to the right.

Kirt W. Conrad
Executive Director/CEO

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stark Area Regional
Transit Authority, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director



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

Executive Director

Date January 6, 2012

Stark County, OH

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



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

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

District Profile

The Authority was created in 1997, and is a Stark County transit authority, a state subdivision, enjoying all the rights and privileges accorded political subdivisions. The Stark Area Regional Transit Authority (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. These include traditional fixed-route 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.

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

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

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 adequate.

Basis of Accounting

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

Budgetary Control

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

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

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

Mission Statement

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

Local Economy

Stark County is located in the Canton-Massillon metro area. It is home to the Professional Football Hall of Fame, First Ladies National Historic Site, and the William McKinley Presidential Library and Museum. Six institutions of higher learning are located in Stark County as well as various cultural attractions.

In 2011 the county experienced some recovery from the recession, and sales tax revenues for the agency rebounded.

Long-Term Financial Planning

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 planning transportation for the state.

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

Major Initiatives

2011 In Review

Advanced Communications- SARTA initiated the radio project/communications project started in 2010, focusing on consistent communication with buses by radio and GPS. A contract was awarded and the project will kick off in 2012.

ARRA Funds – SARTA received an allocation of funds from the stimulus funding. The first buses arrived in 2010 and a second six arrived in 2011.

Transit Center- SARTA acquired a permanent site on Whipple Avenue and construction was completed, opening for business in September of 2011.

Service changes – SARTA continues to adjust service, focusing on Alliance and Belden Village area at the end of 2010 and major route timings were initiated early in 2011.

CNG – SARTA began a compressed natural gas fueling station, which will be completed in 2012, this included renovations to the Gateway Garage facility to accommodate CNG Buses.

Bus replacements – ARRA and other bus funding enabled SARTA to replace 19 buses for 2011, most of which are CNG.

Travel Training – the program to assist individuals to learn to ride and utilize the fixed route system was expanded. There are now three full-time travel trainers.

Website- Complete revamping of SARTA's Website, finalized in early 2012.

Future Initiatives

The major proposed capital projects include:

- Preventative maintenance on buses and buildings
- Software expansions.
- Upgrading operational and maintenance equipment
- Mahoning Road Corridor project.
- Phase Two of the effort to reduce paper within the agency with Work Flow Management enabling what were paper-heavy routines to become electronic.
- Emphasizing new Veterans programs to better meet Stark County Veterans transportation needs.
- Updating the Administrative area and three transit stations.

Management also intends to explore such projects as:

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

BOARD OF TRUSTEES AND MANAGEMENT

AS OF DECEMBER 31, 2011

BOARD OF TRUSTEES

President	Charles DeGraff
Vice President	Nancy Johnson
Trustees	Gerald Bixler Dwan Gordon-St John Ronald Macala Nick Navarra James Reinhard Chet Warren

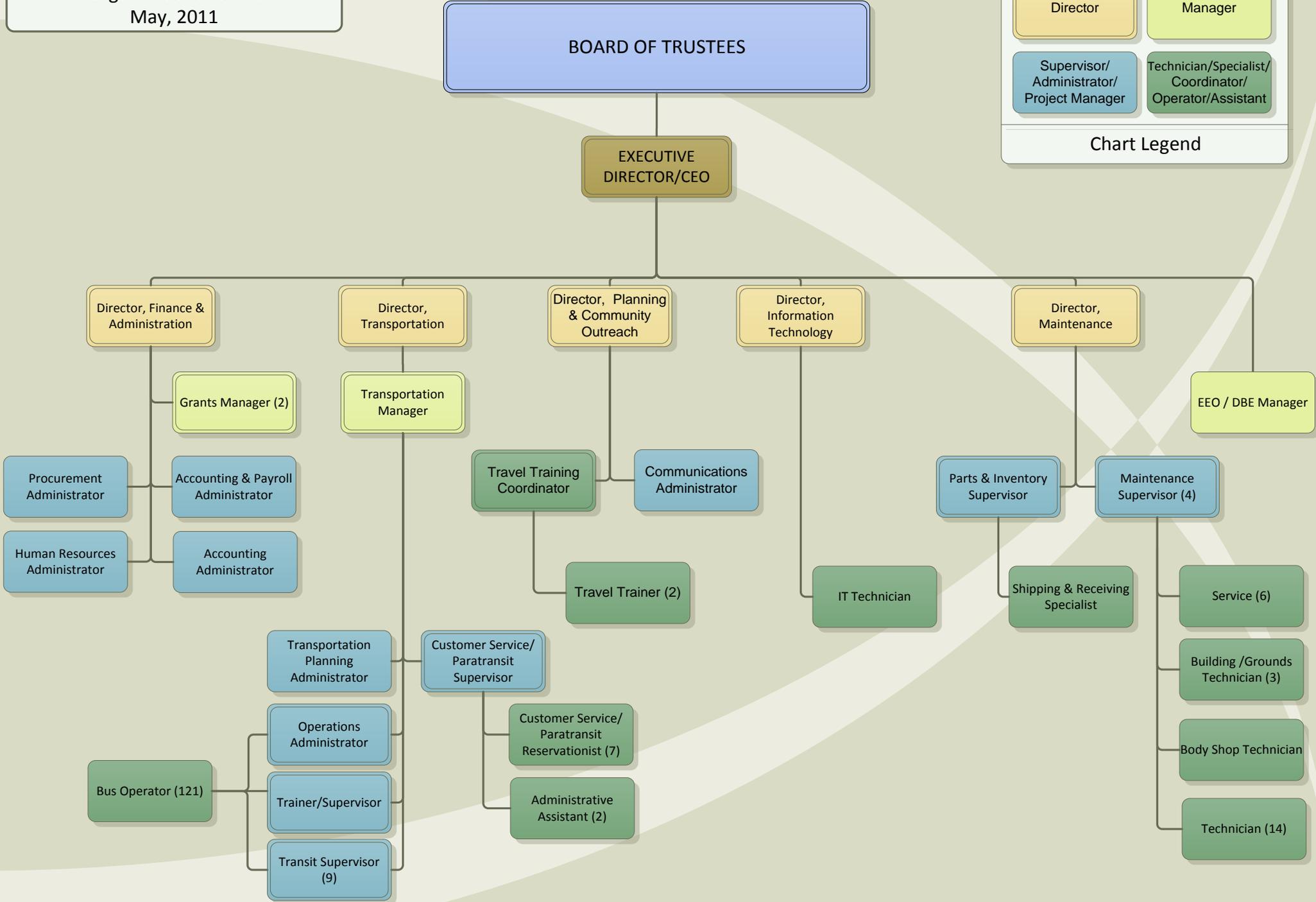
Note: SARTA regrets the passing of Alliance's long serving trustee, Phyllis Beyers

MANAGEMENT

Executive Director/CEO	Kirt W. Conrad
Director of Finance & Administration	Carole Kuczynski
Director of Transportation	Teresa Thompson
Director of Maintenance	Mark Finnicum
Director of Information Technology	Craig Smith
Director of Planning & Community Outreach	Katherine Manning

Stark Area Regional Transit Authority
Organizational Chart
May, 2011

Director	Manager
Supervisor/ Administrator/ Project Manager	Technician/Specialist/ Coordinator/ Operator/Assistant
Chart Legend	



Financial Section 2011

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, other Required Supplementary Information (RSI), and other financial schedules.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the accompanying financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the years ended December 31, 2011 and 2010 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, during the year ended December 31, 2011, the Authority implemented Government Accounting Standards Board ("GASB") Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2012, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basis 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 audits 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statement as a whole. The introductory section and statistically section are presented for purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistically sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dingers and Daga, Inc.

Shaker Heights, Ohio
July 9, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

As the financial management of the Stark Area Regional Transit Authority (Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2011 and 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority's total net assets increased \$3,098,199 or 9.31% in 2011. Contributing to this increase was the completion of the Belden Village Transfer center.

The Authority's total net assets increased \$7,667,277 or 29.9% in 2010 from 2009. Buses were replaced during the year and federal capital grant funding increased, contributing to the increase in net assets.

The Authority's operating expenses, excluding depreciation, in 2011 were \$482,951 higher than in 2010, a 3.5% increase, primarily due to increased labor costs because there were more employees in 2011 than in 2010.

The Authority's operating expenses, excluding depreciation, in 2010 were \$732,832 lower than in 2009, a 5% decrease, primarily due to decreased labor costs.

Operating revenue for the Authority was \$211,963 higher in 2011, a 1.3% increase. Ridership increased in 2011 while it decreased in 2010.

Operating revenue for the Authority was \$21,106 higher in 2010 over 2009, a 1.3% increase, primarily due to a 20% - 25% increase in fares in the latter months of 2009. Ridership decreased in 2010.

In 2011 sales tax revenue increased \$769,881, or 6.8% compared to 2010. Sales tax revenue accounted for 67.8% of all funding in 2011, exclusive of capital grants.

In 2010 sales tax revenue increased \$959,302, or 9.2% compared to 2009. Sales tax revenue accounted for 65.9% of all funding in 2010, exclusive of capital grants.

Overview of the Financial Statements

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

Required Financial Statements

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

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

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

The *statement of revenues and expenses and changes in net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year and activities giving rise to those changes. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., undistributed sales tax and earned but unused sick leave).

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 24-44 of this report.

Financial Analysis of the Authority

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$36,369,527 at the close of the most recent fiscal year.

The Authority's net assets are comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment, and other equipment) and reserves of cash invested in bonds and CDAR's. 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.

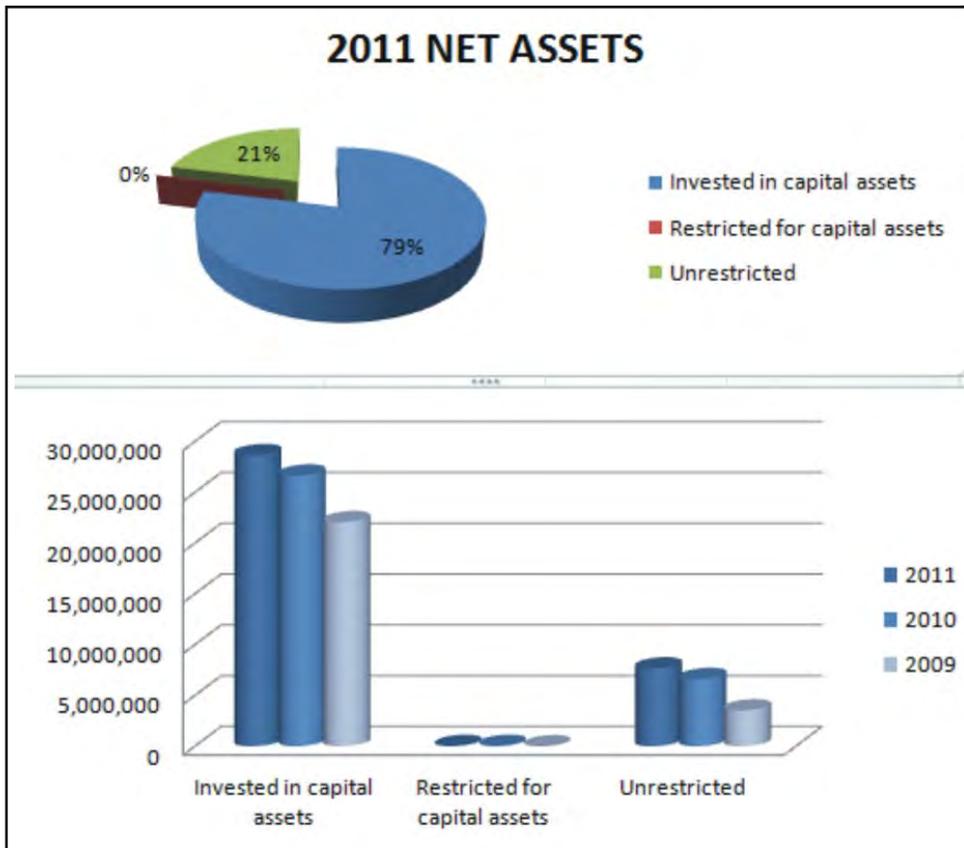
In 2011, the Authority's net assets represented resources that were subject to the restriction of being held to pay for capital assets. In 2011 *unrestricted net assets* totaled \$7,671,590.

In 2010 the Authority's *unrestricted net assets* totaled \$6,574,635.

At the end of 2011 and 2010, the Authority is able to report positive balances in net assets, and the same held true for 2009.

Stark Area Regional Transit Authority's Net Assets

NET ASSETS	2011	2010	2009
Current assets	\$ 8,985,840	\$ 7,832,712	\$ 5,038,062
Capital assets, net	28,659,037	26,657,794	22,070,412
Total assets	<u>\$ 37,644,877</u>	<u>\$ 34,490,506</u>	<u>\$ 27,108,474</u>
Current liabilities	\$ 1,275,350	\$ 1,219,178	\$ 1,504,423
Total liabilities	<u>\$ 1,275,350</u>	<u>\$ 1,219,178</u>	<u>\$ 1,504,423</u>
Net assets:			
Invested in capital assets	\$ 28,659,037	\$ 26,657,794	\$ 22,070,412
Restricted for capital assets	38,899	38,899	
Unrestricted	7,671,591	6,574,635	3,533,639
Total net assets	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>



As can be seen from the table of net assets, in 2011 net assets increased \$3,098,199 to \$36,369,527 from \$33,271,328 in 2010. The 9.31% increase was mainly due to the completion of the Belden Village Transit Center.

For more information on capital assets, readers are referred to pages 34-35.

CHANGES IN NET ASSETS

	2011	2010	2009
OPERATING REVENUES			
Passenger Fares	\$ 1,069,426	\$ 1,051,643	\$ 1,052,755
Special Transit Fares	684,509	529,091	491,479
Auxiliary Transportation Revenue	60,938	22,176	37,570
TOTAL OPERATING REVENUES	\$ 1,814,873	\$ 1,602,910	\$ 1,581,804
OPERATING EXPENSES			
Labor	\$ 5,808,571	\$ 5,566,669	\$ 5,898,232
Fringe Benefits	4,952,578	4,143,021	4,844,810
Materials & Supplies	2,297,855	2,198,564	2,367,522
Services	532,761	728,318	570,908
Utilities	237,395	241,461	277,368
Casualty & Liability	368,631	617,237	377,719
Leases & Rentals	1,994	1,738	7,998
Miscellaneous	136,812	356,638	241,921
TOTAL OPERATING EXPENSES	\$ 14,336,597	\$ 13,853,646	\$ 14,586,478
OPERATING LOSS BEFORE DEPRECIATION	(12,521,724)	(12,250,736)	(13,004,674)
Depreciation Expense	3,414,965	1,911,419	1,717,793
OPERATING LOSS	(15,936,689)	(14,162,155)	(14,722,467)
NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	\$ 12,137,349	\$ 11,367,468	\$ 10,408,166
Federal Preventative Maintenance	1,773,989	1,841,668	1,909,366
Federal Operating & Capital Grants	884,033	2,010,817	656,624
State Preventative Maintenance		25,380	284,323
Elderly & Disabled Assistance		372,917	346,642
Federal Planning Grants	11,856	190,354	35,290
Investment/Interest Income	1,534	19,799	230
Interest Expense		0	(1,076)
Sales Tax Collection Expense	(120,172)	(112,509)	(104,082)
Gain (Loss) on Disposal	(16,379)	(13,259)	2,667
Non-transportation Revenue	22,188	32,079	20,065
Unusual Legal Events		(79,708)	(30,000)
NON OPERATING REVENUES (EXPENSES) NET	\$ 14,694,398	\$ 15,655,006	\$ 13,528,215
CAPITAL GRANT REVENUE			
Federal Capital Grant	4,242,590	5,674,426	1,812,717
State/Local Capital Grant	97,900	500,000	
TOTAL CAPITAL GRANTS	4,340,490	6,174,426	1,812,717
CHANGE IN NET ASSETS	3,098,199	7,667,277	618,465
Net Assets, Beginning Balance	\$ 33,271,328	\$ 25,604,051	\$ 24,985,586
Net Assets, Ending Balance	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>

The Authority's *operating revenues* increased 1.3% or \$211,963 to \$1,814,873 in 2011. Passenger fares were increased 20% - 25% at the end of 2009. The passenger fare increase offset a decrease in ridership. *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and fare box cash paid by riders/passengers, and a small amount of revenue is generated by the sale of advertising space on the exteriors and interiors of buses. *Depreciation expense* increased \$1,503,546, due to the write off of the radio system and cancellation of contract.

The 2010 increase in *Non-operating revenues* of \$2,126,791, or 15.7%, is mainly due to increased sales tax revenue and operating grants and reimbursements. In 2011, *Non-operating revenues* remained fairly steady.

Over the course of 3 years, *Operating revenue* has steadily increased, due to increased passenger fares and ridership.

In 2009 the decrease in *Non-operating revenues* of \$1,046,690, or 7%, is mainly due to decreased sales tax revenue.

Cash Flows

Sales tax collections are defined as *non-capital revenue*, and are used to support the regular activities of the agency. The sales tax receipts and transit operating revenues, with the balance being obtained through the use of grants to cover preventative maintenance on buses, generally cover expenses of the agency. Shortfalls in cash inflows are generated by requirements that the agency fund up to 20% of capital purchases with local funding. The Agency purchased both diesel fuel and hybrid buses, and maintenance support equipment, which were two main cash impacts of this 20% requirement for local funding.

The increase in cash equivalents is due to funding for ADA Paratransit service not received in prior years. The reader may review the increase in assets on page 22, in conjunction with the cash flow on page 19, to better understand the change in cash.

CASH FLOWS

	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Gross cash received from customers	\$ 1,722,144	\$ 1,625,181	\$ 1,535,047
Gross cash payments to suppliers for goods & services	(3,494,448)	(4,299,898)	(4,590,548)
Gross cash payments to employees for salaries and wages	(6,037,253)	(5,584,863)	(5,905,419)
Gross cash payments for employee for benefits	(4,913,848)	(4,149,772)	(4,040,215)
Gross other	22,188	(47,629)	(82,248)
Net cash used in operating activities	<u>\$ (12,701,217)</u>	<u>\$ (12,456,981)</u>	<u>\$ (13,083,383)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Gross sales taxes received	\$ 11,838,410	\$ 11,015,399	\$ 10,533,854
Gross operating & preventive maintenance grants received	2,245,396	4,187,772	3,819,970
Gross other		-	(398,908)
Net cash provided by noncapital financing activities	<u>\$ 14,083,806</u>	<u>\$ 15,203,171</u>	<u>\$ 13,954,916</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Gross federal capital grant revenue	\$ 4,242,590	\$ 5,501,283	\$ 1,850,698
Gross state/local capital grant revenue	97,900	500,000	-
Gross acquisition of capital assets & work in process	(5,432,587)	(6,512,060)	(2,409,564)
Net cash used in capital and related financing activities	<u>\$ (1,092,097)</u>	<u>\$ (510,777)</u>	<u>\$ (558,866)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	<u>\$ 1,534</u>	<u>\$ 19,799</u>	<u>\$ 207</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 292,026	\$ 2,255,212	\$ 312,874
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 3,352,481	\$ 1,097,269	\$ 784,395
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,644,507</u>	<u>\$ 3,352,481</u>	<u>\$ 1,097,269</u>

Capital Assets

The Authority's investment in capital assets amounts to \$28,659,037 net of accumulated depreciation as of December 31, 2011, a net increase of \$2,001,243, 7.50% over 2010, primarily due to the purchase of transportation equipment. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenditures during the current fiscal year included the following:

Transportation Equipment	\$ 333,996
Building & Improvements	\$2,255,230

The Authority's investment in capital assets amounts to \$26,657,794 net of accumulated depreciation as of December 31, 2010, a net increase of \$4,587,382, 20.7% over 2009, primarily due to the purchase of transportation equipment. Major capital asset expenditures during the 2010 fiscal year included the following:

Transportation Equipment	\$4,116,351
Maintenance Support Equipment	\$1,512,019

The *Notes to the Financial Statements*, pages 24-44, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash & cash equivalents	\$ 3,605,608	\$ 3,313,582
Receivables:		
Trade	129,606	36,877
Sales tax	3,273,558	3,094,791
State capital & planning grants		
Federal capital & planning grants	1,165,526	741,044
Materials & supplies inventory	189,731	199,286
Prepaid expenses & other assets	582,912	408,233
Restricted for capital assets:		
Cash & cash equivalents	38,899	38,899
TOTAL CURRENT ASSETS	<u>8,985,840</u>	<u>7,832,712</u>
Capital assets: (Note 4)		
Land	882,672	337,795
Buildings & improvements	16,130,119	13,874,889
Transportation equipment	20,551,191	20,217,195
Other equipment	4,848,498	3,565,912
Construction & work in progress	732,820	4,487,193
Total capital assets	<u>43,145,300</u>	<u>42,482,984</u>
Less accumulated depreciation	<u>(14,486,263)</u>	<u>(15,825,190)</u>
Capital assets - net	<u>28,659,037</u>	<u>26,657,794</u>
TOTAL ASSETS	<u>\$ 37,644,877</u>	<u>\$ 34,490,506</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 477,890	\$ 353,969
Accrued payroll	201,766	307,859
Accrued payroll taxes & withholdings	403,644	487,503
Other current liabilities	153,151	30,948
Deferred capital grants	38,899	38,899
TOTAL CURRENT LIABILITIES	<u>1,275,350</u>	<u>1,219,178</u>
TOTAL LIABILITIES	<u>1,275,350</u>	<u>1,219,178</u>
NET ASSETS:		
Invested in capital assets	28,659,037	26,657,794
Restricted	38,899	38,899
Unrestricted	7,671,591	6,574,635
TOTAL NET ASSETS	<u>36,369,527</u>	<u>33,271,328</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,644,877</u>	<u>\$ 34,490,506</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Passenger fares	\$ 1,069,426	\$ 1,051,643
Special transit fares	684,509	529,091
Auxiliary transportation revenues	60,938	22,176
TOTAL OPERATING REVENUES	<u>1,814,873</u>	<u>1,602,910</u>
OPERATING EXPENSES		
Labor	5,808,571	5,566,669
Fringe benefits	4,952,578	4,143,021
Materials & supplies	2,440,798	2,342,831
ODOT Fuel Tax Reimbursement	(142,943)	(144,267)
Services	532,761	728,318
Utilities	237,395	241,461
Casualty & liability insurance	368,631	617,237
Leases & rentals	1,994	1,738
Miscellaneous	136,812	356,638
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>14,336,597</u>	<u>13,853,646</u>
OPERATING LOSS BEFORE DEPRECIATION	(12,521,724)	(12,250,736)
DEPRECIATION EXPENSE (Note 4)	<u>3,414,965</u>	<u>1,911,419</u>
OPERATING LOSS	(15,936,689)	(14,162,155)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	12,137,349	11,367,468
Operating grants and reimbursements	2,669,878	4,068,219
Special fare assistance		372,917
Interest income	1,534	19,799
Sales tax collection expense	(120,172)	(112,509)
Loss on disposal of capital assets	(16,379)	(13,259)
Non-transportation revenues	22,188	32,079
Unusual legal events		(79,708)
Total Non-Operating Revenues - Net	<u>14,694,398</u>	<u>15,655,006</u>
NET GAIN/(LOSS) BEFORE CAPITAL GRANT REVENUE	(1,242,291)	1,492,851
CAPITAL GRANT REVENUE		
Federal capital grant	4,242,590	5,674,426
State capital grant	97,900	500,000
Total Capital Grants	<u>4,340,490</u>	<u>6,174,426</u>
INCREASE IN NET ASSETS	3,098,199	7,667,277
Net assets, beginning of year	33,271,328	25,604,051
Net assets, end of year	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	\$ 1,722,144	\$ 1,625,181
Gross cash payments to suppliers for goods & services	(3,494,448)	(4,299,898)
Gross cash payments to employees for salaries and wages	(6,037,253)	(5,584,863)
Gross cash payments for employees benefits	(4,913,848)	(4,149,772)
Gross other	22,188	(47,629)
Net cash used in operating activities	(12,701,217)	(12,456,981)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	11,838,410	11,015,399
Gross operating & preventive maintenance grants received	2,245,396	4,187,772
Payments of notes payable		
Net cash provided by noncapital financing activities	14,083,806	15,203,171
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	4,242,590	5,501,283
Gross state capital grant revenue	97,900	500,000
Gross acquisition of capital assets & work in process	(5,432,587)	(6,512,060)
Net cash used in capital and related financing activities	(1,092,097)	(510,777)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	1,534	19,799
NET INCREASE IN CASH AND CASH EQUIVALENTS	292,026	2,255,212
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,352,481	1,097,269
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,644,507	\$ 3,352,481
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (15,936,689)	\$ (14,162,155)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,414,965	1,911,419
Change in assets and liabilities:		
(Increase) decrease in accounts receivable - trade	(92,729)	22,271
Decrease in materials & supplies inventory	9,555	57,350
(Increase) decrease in prepaid expenses & other assets	(152,491)	85,907
Increase (decrease) in accounts payable - operations	123,921	(336,967)
Decrease in accrued payroll	(106,093)	(178,506)
(Decrease) increase in accrued payroll taxes	(83,859)	160,312
Increase (decrease) in other current liabilities	122,203	(16,612)
NET CASH USED IN OPERATING ACTIVITIES	\$ (12,701,217)	\$ (12,456,981)

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

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

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 75 percent of the Authority's employees at December 31, 2011 were subject to a collective bargaining agreement that expires on January 4, 2013.

Under Ohio law, the Authority is authorized to levy a sales tax and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 3). On May 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations through June of 2017.

Reporting Entity

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

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

The Authority complies with the provisions of GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. The principal changes in accounting that resulted from GASB Statement No. 33 are the requirements that the Authority prospectively report grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the month the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio.

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

Cash and Cash Equivalents

For purposes of the statement 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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

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

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

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

The Authority has invested funds in federal bonds of the Federal National Mortgage Association per the conditions set forth in the newly authorized and revised investment policy.

Materials and Supplies Inventory and Prepaid Items

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

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

Property and Depreciation

Property, facilities and equipment are stated at historical cost. The cost of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties.

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description	Years
Buildings	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 assets.

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

In 2003, SARTA entered into a contract to be a Beta Site for the development of a Radio/Computer Communications System. This was to be a two-year project but complications delayed the project into 2009 which was then canceled due to non-performance. Negotiations and meetings continued into 2010. In 2011, the Agency determined that a portion of the Radio/Computer System would be unusable and, thereby, selected a new system supplier. A portion of the system was considered usable. Since it was not practical to separate the unusable and usable costs, SARTA decided to depreciate the remaining cost over thirty three (33) months—the timeframe in which the new equipment and software will be installed, tested, and go live.

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.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recognition of Revenue, Receivables, and Deferred Revenues

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

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

Classifications of Expenses

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

Federal and State Operating and Preventive Maintenance Assistance Funds

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

Sales Tax Revenues

The Authority recognizes sales tax revenues at gross when the underlying sales transaction occurs, while recording the accompanying state deduction for administrative costs as an expense.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. Vacation time must be used within the calendar year. Unused vacation benefits are paid to the employees upon separation from service.

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

2. CASH AND CASH EQUIVALENTS

In 2011, the Authority's Board of Trustees revised the investment policy of the Authority. Allowable investments are according to Ohio Revised Code Section 135, and are limited to the following:

- U.S. Treasury Bills, Notes, Bonds, issues of the Federal National Mortgage Assn. (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Assn. (SLMA), Government National Mortgage Assn. (GNMA), and other agencies or instrumentalities for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates with original maturities of between one and five years. Any eligible investment may be purchased at a premium or a discount, and can include instruments that may be called by the issuer prior to the final maturity date.
- Ohio Subdivision's Fund (STAR Ohio), managed by the State Treasurer of Ohio.
- Demand deposit accounts (such as checking accounts) established with local financial institutions.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

- Certificates of Deposit (CDs) issued by local financial institutions mentioned in Section 135.32 of the ORC.
- Commercial paper notes issued by companies incorporated under the laws of the United States; specific limitations apply as defined under Section 135.14(B) (7) of the ORC.
- Banker's acceptances issued by any domestic bank rated in the highest category by a nationally recognized rating agency; specific limitations apply as defined under Section 135.14 (B) (7) of the ORC.
- No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under Section 135.14 of the ORC and repurchase agreements secured by such obligations. Eligible money market funds shall comply with Section 135.01 of the ORC regarding limitations and restrictions.
- Repurchase agreements with any eligible institution mentioned in Section 135.32 of the ORC, or any eligible securities dealer pursuant to the ORC, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held in safekeeping by a third party custodian as agreed to by the Executive Director. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement by at least two percent as defined under the Ohio Revised Code. The Executive Director reserves the right to require an additional percentage of collateral securing such repurchase agreements. Prior to the execution of any repurchase agreement with an eligible dealer, a 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.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

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

Deposits

At December 31, 2011, the carrying amount of the Authority's deposits was \$1,624,560. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011, \$1,282,367 of the Authority's bank balance of \$1,624,560 was exposed to custodial risk as discussed below, while \$342,193 was covered by Federal Deposit Insurance Corporation.

At December 31, 2010, the carrying amount of the Authority's deposits was \$3,332,407. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$3,083,407 of the Authority's bank balance of \$3,332,407 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance Corporation.

However, all of these balances were collateralized with securities held by the pledging financial institution but not in the Authority's name.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments

As of December 31, 2011 and 2010, the Authority held the following investments:

<u>Investment</u>	2011 <u>Fair Value</u>	2010 <u>Fair Value</u>
State Treasurer's Investment Pool		
STAROhio	\$ 20,086	\$20,074
Federal Natl Mtg Assn 0.80000%-Bond	\$ 500,031	-
Federal Natl Mtg Assn 1.15000%-Bond	\$ 499,830	-
CDAR-52 week term	\$ 500,000	-
CDAR-2 year term	\$ 500,000	-
	<u>2,019,947</u>	<u>20,074</u>

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. STAROhio's weighted average maturity was 60 days.

Investments in STAROhio are unclassified investments in the Ohio Subdivisions Fund. The Ohio Subdivisions Fund represents an investment pool managed by another governmental unit and investments therein are not evidenced by securities that exist in physical or book entry form.

	<u>Fair Value</u>	<u>Investment Maturity</u> Less than one year	<u>One to five years</u>
2010 Investment			
State Treasurer's Investment Pool (STAROhio)	\$ 20,074	\$ 20,074	
2011 Investment			
State Treasurer's Investment Pool (STAROhio)	\$ 20,086	\$ 20,086	
Federal National Mortgage Assn. 0.80000% -Maturity Date 10/17/2014	\$ 500,031		\$ 500,031

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

2. CASH AND CASH EQUIVALENTS (CONT'D)

Federal National Mortgage Assn. 1.5000% -Maturity Date 10/26/2015	\$499,830	\$499,830
CDAR-52 week -Maturity Date 10/18/2012	\$500,000	\$500,000
CDAR-2 year -Maturity Date 10/17/2013	\$500,000	\$500,000

Credit Risk

As of December 31, 2011, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm, and the Authority's investment in both FNMA bonds AA+.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy for custodial credit risk. As of December 31, 2011 and 2010, \$1,282,363 and \$3,082,407, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy limits investments to CDARs, Bonds, and StarOhio.

3. TAX REVENUES

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/11	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/11
Capital Assets Not Being Depreciated:					
Land	\$ 337,795	\$ 0		\$ 544,877	\$ 882,672
Construction & Projects in Progress	<u>4,487,193</u>	<u>5,399,471</u>		<u>(9,153,844)</u>	<u>732,820</u>
Total Capital Assets Not Depreciated	4,824,988	5,399,471		(8,608,967)	1,615,492
Capital Assets Being Depreciated:					
Buildings & Improvements	13,874,889		\$ 0	2,255,230	16,130,119
Transportation Equipment	20,217,195		(4,731,173)	5,065,169	20,551,191
Other Equipment	<u>3,565,912</u>		<u>(5,982)</u>	<u>1,288,568</u>	<u>4,848,498</u>
Total Capital Assets Being Depreciated	37,657,996		(4,737,155)	8,608,967	41,529,808
Total Capital Assets	42,482,984	5,399,471	(4,737,155)	0	43,145,300
Buildings & Improvements	1,658,702	395,280	0	0	2,053,982
Transportation Equipment	11,278,631	2,635,344	(4,729,136)	0	9,184,839
Other Equipment	2,887,857	362,233	(2,648)	0	3,247,442
Total Accumulated Depreciation	15,825,190	3,392,857	(4,731,784)	0	14,486,263
Total Capital Assets, Net	<u>\$26,657,794</u>	<u>\$2,006,614</u>	<u>\$ (5,371)</u>	<u>\$ 0</u>	<u>\$28,659,037</u>

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2010 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/10	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/10
Capital Assets Not Being Depreciated:					
Land	\$ 274,543	\$ 0	\$ 0	\$ 63,252	\$ 337,795
Construction & Projects in Progress	<u>4,522,277</u>	<u>1,996,502</u>	<u>136,296</u>	<u>(1,895,290)</u>	<u>4,487,193</u>
Total Capital Assets Not Depreciated	4,796,820	1,996,502	136,296	(1,832,038)	4,824,988
Capital Assets Being Depreciated:					
Buildings & Improvements	12,362,870	19,704	2,170	1,494,485	13,874,889
Transportation Equipment	16,100,844	4,621,719	562,397	57,029	20,217,195
Other Equipment	<u>3,403,995</u>	<u>17,632</u>	<u>136,239</u>	<u>280,524</u>	<u>3,565,912</u>
Total Capital Assets Being Depreciated	31,867,709	4,659,055	700,806	1,832,038	37,657,996
Total Capital Assets	36,664,529	6,655,557	837,102	0	42,482,984
Buildings & Improvements	1,321,872	339,000	2,170	0	1,658,702
Transportation Equipment	10,439,718	1,382,902	543,989	0	11,278,631
Other Equipment	2,832,527	189,518	134,188	0	2,887,857
Total Accumulated Depreciation	14,594,117	1,911,420	680,347	0	15,825,190
Total Capital Assets, Net	<u>\$22,070,412</u>	<u>\$ 4,744,137</u>	<u>\$ 156,755</u>	<u>\$ 0</u>	<u>\$26,657,794</u>

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS

Plan Description

- A. All employees of the Authority are required to be members of the Ohio Public Employees Retirement System (“OPERS”), which administers three separate pension plans as described below:
1. **The Traditional Pension Plan** — A cost sharing, multiple-employer defined benefit pension plan.
 2. **The Member-Directed Plan** — A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
 3. **The Combined Plan** — A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.

The 2011 member contribution rates were 10.0% for members in state and local classifications. Members in the public safety and law enforcement classifications contributed 11.0% and 11.6%, respectively.

The 2011 employer contribution rate for state employers was 14.00% of covered payroll. For law enforcement employers, and public safety employers, the contribution rate was 18.10% of covered payroll.

- F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. Due to contractual agreement with the Union, union employees pay 1.50% of their employee contribution, with the balance paid by the Authority. The Authority has opted to fund the full employee contribution amounts for non-union employees. The Authority's contributions for 2011, 2010, and 2009, were \$940,830, \$901,390, and \$1,058,600, respectively.

Post-Retirement Benefits

A. Plan Description

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

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

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

5. RETIREMENT BENEFITS (CONT'D)

The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on board action. Employers will be notified if the portion allocated to health care changes during the calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependants and coverage selected.

A. Information from employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portions of the employer contributions used to fund post-employment benefits for 2011, 2010, and 2009, were \$268,795, \$257,527, and \$302,442, respectively.

B. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

6. RESTRICTED ASSETS

The Authority received insurance proceeds in the amount of \$38,899 for a bus that was totaled. The proceeds will be used to offset a future bus purchase, thereby reducing the amount to be drawn from grant funds.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

<u>Grants</u>	<u>2011</u>	<u>2010</u>
State and Federal Preventative Maintenance	\$ 1,771,396	\$ 1,867,048
State/Local Capital	97,900	500,000
Federal Planning	11,856	190,354
Federal Capital	2,756,049	4,918,728
Federal JARC & New Freedom	212,855	363,330
ARRA Operating & Capital	2,160,312	2,403,185
ODOT Elderly Special Fare Assistance	-	<u>372,917</u>
Total Grants	<u>\$ 7,010,368</u>	<u>\$ 10,615,562</u>
<u>Reimbursements</u>		
ODOT Fuel Tax Reimbursement	<u>142,943</u>	<u>144,267</u>
Total Reimbursements	<u>142,943</u>	<u>144,267</u>
Total Grants and Reimbursements	<u><u>\$ 7,153,311</u></u>	<u><u>\$ 10,759,829</u></u>

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, flood and earthquake, errors and omissions, employment-related matters, injuries to employees, and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for nine (as of December 31, 2008) 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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

8. RISK MANAGEMENT (CONT'D)

Current coverage is purchased for commercial property losses in excess of \$100,000 with limits up to \$200,000,000 and for Auto Physical Damages losses in excess of \$250,000 with limits up to \$50,000,000. Additionally, coverage is purchased for all covered liability claims in excess of \$1,000,000 with limits up to \$7,500,000 for automobile liability and \$5,000,000 for all other liability coverages. The Authority is responsible for the first \$1,000 of any property and/or liability claim or occurrence, and any amounts above the per occurrence limit of coverage.

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

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

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

9. LEASES

The Authority entered into a fifty-nine (59) year lease with Charles Street Associates, LTD in July 1998, for a transfer station in Massillon, Ohio. The Authority has two additional options for 20 years each to extend the lease with the lessor. Annual rental is \$1 during the primary term of the lease. The Authority agreed to contribute \$2,000,000 for leasehold improvements at the facility and included same in building improvements in capital assets.

10. NOTES PAYABLE

In 2007 the Authority established a line of credit with a Bank. Interest will be calculated at a rate of 0.26 percentage points over the index. There was a zero balance at December 31, 2011, a zero balance at December 31, 2010 and a zero balance at December 31, 2009.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

10. NOTES PAYABLE (CONT'D)

STARK AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN SHORT TERM DEBT

2009	Increase	(Decrease)	Balance
01/08/09		(100,000)	298,908
02/04/09		(100,000)	198,908
03/18/09	200,000		398,908
06/18/09		(398,908)	\$ -
2010			
12/31/2010	\$ -	\$ -	\$ -
2011			
12/31/2011	\$ -	\$ -	\$ -

11. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2011, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority’s management, no material grant expenditures will be disallowed.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through July 9, 2012, the date the financial statements were available to be issued. Federal Natl Mtg Assn 0.8000%-Bond maturing on 10/17/2014 for \$500,031 was called on 4/17/2012 and Federal Natl Mtg Assn 1.15000%-Bond maturing on 10/26/2015 for \$499,829.86 was called on 4/26/2012.

The Authority opened a Public and SARTA CNG Facility on May 18, 2012.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

13. CHANGES IN ACCOUNTING POLICY

Effective for period beginning after June 15, 2010, the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that will improve financial reporting by providing fund balance categories and classifications that will be more easily understood and Statement No. 59, "Financial Instruments Omnibus." This statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards.

These Statements did not have an impact on the Authority's financial statements.

14. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued these new accounting pronouncements. Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This statement requires disclosures about an service concession arrangements including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions— an amendment of GASB Statement No. 53, this Statement is effective for periods beginning after June 15, 2011. Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This Statement will establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. These Statements are effective for periods beginning after December 15, 2011. Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34." This Statement will also clarify the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset, this Statement is effective for period beginning after June 15, 2012. Statement No. 65,

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

14. NEW ACCOUNTING PRONOUNCEMENTS (CONT'D)

“Items Previously Reported as Assets and Liabilities.” This Statement will clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 66, “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62”. This Statement will improve financial reporting by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. These Statements are effective for periods beginning after December 15, 2012.

The Authority has not completed an analysis of the impact of these statements on its reported financial condition and results of operation.

Statistical Section 2011

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

Contents/Page Number

Financial Trends (Pages 45-46)

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

Revenue Capacity (Pages 47-49)

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

Operating Information (Pages 50-53)

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

Debt Capacity (Page 54)

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

Demographic and Economic (Pages 55-62)

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

Financial Trend Information 2011

(Unaudited)

Table 1 – Net Assets

Table 2 – Changes in Net Assets and Changes in Fund Balances

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

Table 1

	2011	2010	2009	2008	2007	2006	2005
NET ASSETS							
Invested in Capital Assets	\$ 28,659,038	\$ 26,657,794	\$ 22,070,412	\$ 21,386,347	\$ 20,436,088	\$ 19,545,695	\$18,794,569
Restricted	38,899	38,899	-	-	75,384	-	124,842
Unrestricted	7,671,590	6,574,635	3,533,639	3,599,239	3,104,616	3,207,574	3,121,371
TOTAL NET ASSETS	<u>\$ 36,369,527</u>	<u>\$ 33,271,328</u>	<u>\$ 25,604,051</u>	<u>\$ 24,985,586</u>	<u>\$ 23,616,088</u>	<u>\$ 22,753,269</u>	<u>\$22,040,782</u>

* Data for 2002-2004 not accessible

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

Table 2

	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES							
Passenger Fares.....	\$ 1,069,426	\$ 1,051,643	\$ 1,052,755	\$ 1,184,354	\$ 1,024,118	\$ 959,445	\$877,269
Special Transit Fares.....	684,509	529,091	491,479	480,272	383,994	226,553	220,836
Auxiliary Transportation Revenue.....	60,938	22,176	37,570	23,116	30,402	32,711	38,267
TOTAL OPERATING REVENUES	\$ 1,814,873	\$ 1,602,910	\$ 1,581,804	\$ 1,687,742	\$ 1,438,514	\$ 1,218,709	\$1,136,372
OPERATING EXPENSES							
Labor.....	\$ 5,808,571	\$ 5,566,669	\$ 5,898,232	\$ 6,124,933	\$ 6,085,584	\$ 6,237,295	\$5,958,496
Fringe Benefits.....	4,952,578	4,143,021	4,844,810	4,591,727	4,546,981	4,852,882	4,597,730
Materials & Supplies.....	2,297,855	2,198,564	2,367,522	2,795,146	2,299,169	1,914,954	1,778,542
Services.....	532,761	728,318	570,908	541,850	635,497	763,943	743,478
Utilities.....	237,395	241,461	277,368	292,402	289,131	285,521	230,473
Casualty & Liability.....	368,631	617,237	377,719	341,309	757,927	708,362	660,774
Leases & Rentals.....	1,994	1,738	7,998	12,693	14,012	11,044	6,648
Miscellaneous.....	136,812	356,638	241,921	197,431	117,571	121,012	71,270
TOTAL OPERATING EXPENSES							
Before Depreciation Expense.....	\$ 14,336,597	\$ 13,853,646	\$ 14,586,478	\$ 14,897,491	\$ 14,745,872	\$ 14,895,013	\$14,047,411
OPERATING LOSS							
Before Depreciation Expense.....	\$ (12,521,724)	\$ (12,250,736)	\$ (13,004,674)	\$ (13,209,749)	\$ (13,316,181)	\$ (13,676,303)	(\$12,911,039)
Depreciation Expense.....	3,414,965	1,911,419	1,717,793	1,719,897	1,827,642	2,301,805	2,439,508
OPERATING LOSS.....	\$ (15,936,689)	\$ (14,162,155)	\$ (14,722,467)	\$ (14,929,646)	\$ (15,143,823)	\$ (15,978,108)	(\$15,350,547)
NON OPERATING REVENUES (EXPENSES)							
Sales Tax Proceeds.....	\$ 12,137,349	\$ 11,367,468	\$ 10,408,166	\$ 11,799,986	\$ 11,897,832	\$ 11,683,697	\$ 11,384,241.00
Federal Preventative Maintenance.....	1,771,396	1,841,668	1,909,366	2,089,920	1,738,436	1,228,565	639,246
Federal Capital & Operating Grants.....	886,626	2,010,817	656,624				
State Preventative Maintenance.....	-	25,380	284,323	187,423	249,548	301,053	153,186
Elderly & Disables Assistance.....		372,917	346,642	498,892	202,580	100,641	97,639
Federal Planning Grants.....	11,856	190,354	35,290	127,683	-	-	
Investment/Interest Income.....	1,534	19,799	230	1,329	6,523	26,928	52,776
Interest Expense	-	-	(1,076)	(9,981)	-	-	
Sales Tax Collection Expense (Note 1).....	(120,172)	(112,509)	(104,082)	(118,000)	(136,935)	(138,075)	-
Gain (Loss) on Disposal.....	(16,379)	(13,259)	2,667	(4,693)	(3,518)	(3,046)	1,660
Non-transportation Revenue.....	22,188	32,079	20,065	24,971	16,638	20,573	20,884
Special Item*.....		(79,708)	(30,000)	(22,625)	(30,343)	-	(9,500)
NON OPERATING REVENUES/EXPENSES - NET...	\$ 14,694,398	\$ 15,655,006	\$ 13,528,215	\$ 14,574,905	\$ 13,940,761	\$ 13,220,336	\$ 12,340,132.00
CAPITAL GRANT REVENUE							
Federal Capital Grant.....	\$ 4,242,590	\$ 5,674,426	\$ 1,812,717	\$ 1,724,239	\$ 2,065,881	\$ 3,519,606	\$4,175,826
State/Local Capital Grant.....	97,900	500,000	-	-	-	-	301,935
TOTAL CAPITAL GRANTS.....	\$ 4,340,490	\$ 6,174,426	\$ 1,812,717	\$ 1,724,239	\$ 2,065,881	\$ 3,519,606	\$4,477,761
CHANGE IN NET ASSETS.....	\$ 3,098,199	\$ 7,667,277	\$ 618,465	\$ 1,369,498	\$ 862,819	\$ 761,834	\$1,467,346
Net Assets, Beginning Balance.....	33,271,328	25,604,051	24,985,586	23,616,088	22,753,269	22,040,782	20,993,246
Prior Period Auditor Adjustments.....		-	-	-	-	(49,347)	(419,810)
Net Assets, Ending Balance.....	\$ 36,369,527	\$ 33,271,328	\$ 25,604,051	\$ 24,985,586	\$ 23,616,088	\$ 22,753,269	\$22,040,782

* 2005, 2007, 2008 & 2011- Non-recurring Legal Expense
2009 Employee Settlements
2010 Employee Settlements & IRS Settlements
2011 E&H \$0
Data for Years 2002 - 2004 not accessible

Revenue Capacity Information 2011

(Unaudited)

Table 3 – Revenue Base

Table 4 – Passenger Revenue Rates

Table 5 – Sales Tax Revenue

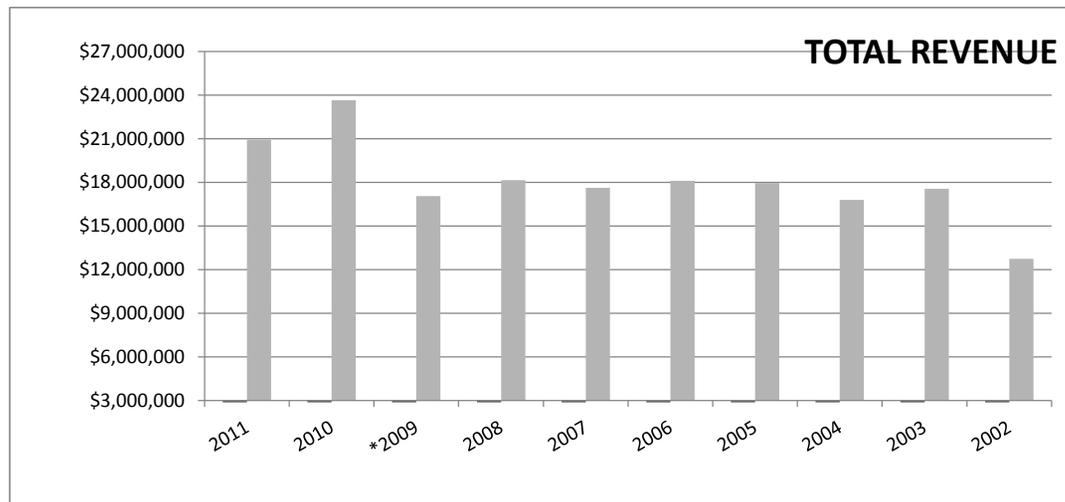
**STARK AREA REGIONAL TRANSIT AUTHORITY
REVENUE BASE FOR THE LAST TEN FISCAL YEARS**

Rounded to The Nearest Dollar

(Unaudited)

Table 3

	2011	2010	*2009	2008	2007	2006	2005	2004	2003	2002
FARES	\$1,753,935	\$1,580,734	\$1,544,234	\$1,664,626	\$1,408,112	\$1,187,321	\$1,098,105	\$1,001,469	\$951,052	\$1,002,220
SALES TAX	\$12,137,349	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241	\$11,430,900	\$10,739,684	\$10,603,218
FEDERAL:										
Operating Grants	\$2,669,878	\$553,684	\$643,655	\$0	\$0	\$0	\$0	\$0	\$37,699	\$0
Capital Grant Reimbursements	\$4,242,590	\$9,163,581	\$3,770,342	\$3,941,842	\$3,804,317	\$4,748,171	\$4,815,072	\$3,444,397	\$4,743,099	\$966,450
STATE:										
Operating Grants										
Special Fare Assistance	\$0	\$372,917	\$346,642	\$498,892	\$202,580	\$100,641	\$97,639	\$54,256	\$120,453	\$96,231
Capital Grant Reimbursements	\$0	\$525,380	\$284,323	\$187,423	\$249,548	\$301,053	\$455,121	\$780,873	\$912,099	\$43,255
LOCAL:										
Operating Grants										
Reimbursement	\$97,900	\$0	\$0	\$0	\$0	\$0	\$0	\$6,820	\$17,500	\$0
Nontransportation	\$22,188	\$32,079	\$20,065	\$24,971	\$16,638	\$20,573	\$20,884	\$40,933	\$11,041	\$4,212
Misc Income		\$41,975	\$37,800	\$24,445	\$36,925	\$58,316	\$91,043	\$26,318	\$15,785	\$17,607
	\$20,923,840	\$23,637,818	\$17,055,227	\$18,142,185	\$17,615,952	\$18,099,772	\$17,962,105	\$16,785,966	\$17,548,412	\$12,733,193



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

STARK AREA REGIONAL TRANSIT AUTHORITY
2009 PASSENGER REVENUE RATES
(As of 12/31/2011)

Table 4

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

Note:

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

Reduced Fare - For passengers 65 years or older, those with disability, or Medicare cardholders. For the \$.60 cash fare, riders should show documentation, or buy tickets from Customer Service.

Student 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 \$1.25 unless showing a 31-Day Pass, Day Pass, or Transfer.

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.

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

Children - Passengers ages 5 and under fie free.

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY
SALES TAX REVENUE
(Unaudited)

Table 5

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
SALES TAX REVENUE	\$12,017,177	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241	\$11,430,900	\$10,739,684	\$10,603,218
POPULATION*	375,087	375,586	379,466	379,214	378,664	380,575	380,275	380,421	380,076	379,402
SALES TAX PER CAPITA	\$32.04	\$30.27	\$27.43	\$31.12	\$31.42	\$30.70	\$29.94	\$30.05	\$28.26	\$27.95

* Population

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

Operating Information 2011

(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
NUMBER OF EMPLOYEES AND LABOR CLASSIFICATION

(Unaudited)

Table 6

CLASSIFICATION / YEAR	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
VEHICLE OPERATIONS	144	137	143	149	148	149	149	149	150	154
VEHICLE MAINTENANCE	28	28	28	29	28	30	29	23	32	31
NON-VEHICLE MAINTENANCE	3	2	3	2	3	3	3	7	2	2
GENERAL ADMINISTRATION	16	12	13	22	21	20	22	30	17	16
TOTAL OPERATING LABOR	191	179	187	202	200	202	203	209	201	203
TOTAL CAPITAL LABOR	0	0	9	9	8	2	2	0	0	0
TOTAL LABOR	191	179	196	211	208	204	205	209	201	203

STARK AREA REGIONAL TRANSIT AUTHORITY
OPERATING INDICATORS
(Unaudited)

Table 7

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>System Ridership</u>										
Fixed Route	2,309,425	1,959,470	1,995,218	2,303,725	2,034,437	2,098,200	1,814,412	1,299,848	1,157,633	1,196,725
Paratransit	128,034	128,905	138,217	148,193	156,550	158,622	150,178	135,450	112,756	105,832
Shuttles and Specials	10,636	19,958	30,702	78,012	79,017	92,155	64,008	27,952	N/A	N/A
<u>Average Weekday System Ridership</u>										
Fixed Route	8,053	6,940	7,187	7,828	6,627	6,773	6,146	3,561	3,771	3,898
Paratransit	457	461	495	523	510	566	533	371	367	345
<u>Average Weekday Miles Operated</u>										
Fixed Route	7,592	7,465	7,800	7,899	7,798	8,597	8,711	6,954	7,083	8,825
Paratransit	3,905	4,176	3,752	3,912	4,637	4,880	4,718	4,455	2,836	3,641
<u>Revenue Miles</u>										
Fixed Route	2,256,733	2,116,316	2,324,483	2,518,321	2,479,147	2,519,313	2,561,836	2,414,981	2,528,612	2,709,275
Paratransit	977,902	1,026,751	1,207,790	1,118,488	1,321,761	1,220,104	1,183,973	1,097,628	1,012,374	1,117,699
<u>Passenger Miles</u>										
Fixed Route	11,464,591	9,916,934	10,149,079	11,540,775	9,449,219	7,892,852	7,442,335	3,899,544	3,472,899	3,590,175
Paratransit	1,201,757	1,193,861	1,340,807	1,475,840	1,429,668	1,385,939	1,268,802	1,140,136	778,016	730,241
<u>Energy Consumption</u>										
Gallons of diesel/biodiesel	529,331	534,326	575,616	612,542	658,278	646,562	586,863	566,079	607,845	674,334
Cost	\$1,603,873	\$1,245,736	\$1,486,250	\$1,886,629	\$1,579,867	\$1,430,134	\$876,015	\$705,429	\$604,601	\$706,363
Avg Cost Per Gallon	\$3.03	\$2.33	\$3.08	\$2.40	\$2.21	\$2.21	\$1.25	\$0.99	\$1.05	\$1.15
<u>Fleet Requirement</u>										
Fixed Route	34	32	35	38	34	34	35	36	36	53
Paratransit	23	23	23	25	24	24	26	44	42	42
<u>Total Active Vehicles</u>										
Fixed Route	38	38	40	82	79	82	42	49	49	71
Paratransit	42	42	43	42	45	41	42	44	42	42
<u>Number of Employees</u>										
Full Time Equivalent	191	179	187	209	208	204	214	202	199	194

* Ridership increased due to rising fuel costs.

** Source National Transit Database

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

Table 8

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002*
Labor	\$5,808,571	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734	\$6,381,800	\$5,680,342	\$5,545,835
Fringe Benefits	\$4,952,578	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730	\$3,652,213	\$3,810,667	\$3,728,101
General & Administrative	\$3,718,391	\$4,349,432	\$3,978,594	\$4,331,437	\$4,284,104	\$3,945,957	\$3,409,947	\$3,062,213	\$2,703,210	\$2,484,236
Depreciation	\$3,414,965	\$1,911,419	\$1,717,793	\$1,719,897	\$1,827,642	\$2,301,806	\$2,439,508	\$2,425,655	\$2,636,151	\$1,784,152
	\$17,894,505	\$15,970,541	\$16,439,429	\$16,767,994	\$16,744,311	\$17,337,939	\$16,486,919	\$15,521,881	\$14,830,370	\$13,542,324

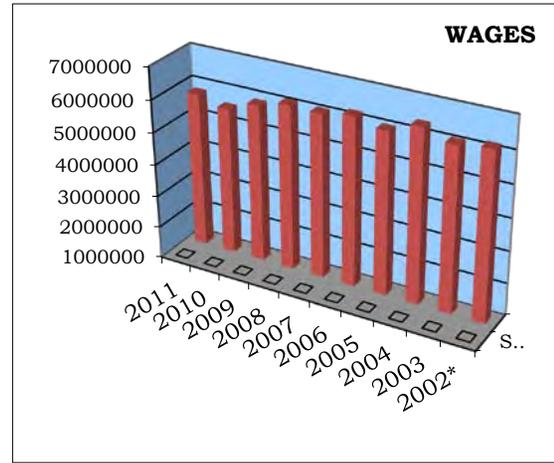
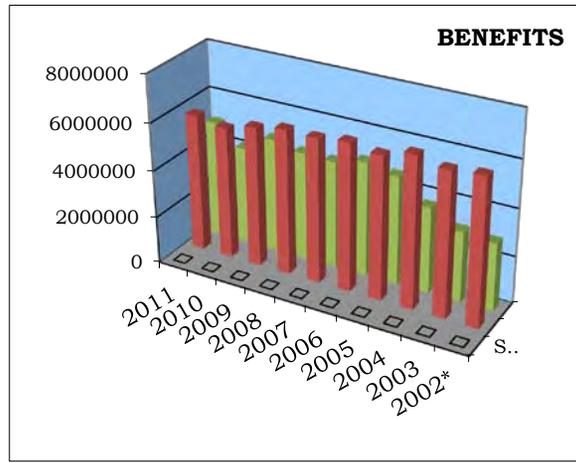
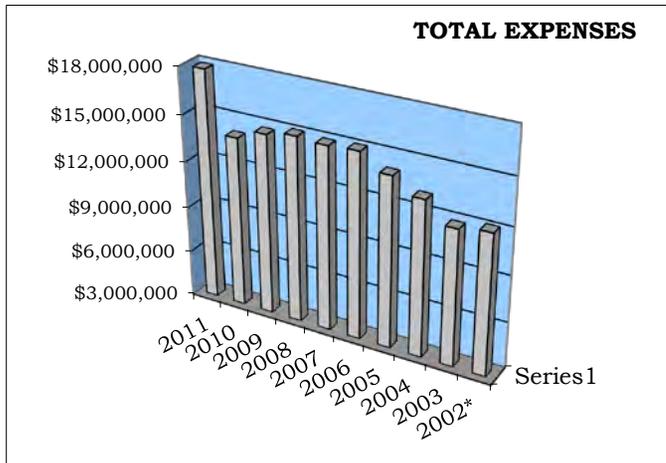
EXPENSES BY OBJECT - LAST TEN YEARS
Rounded to The Nearest Dollar
(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002*
Wages	\$5,808,571	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734	\$6,381,800	\$6,103,474	\$6,215,003
Benefits	\$4,952,578	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730	\$3,652,213	\$3,009,814	\$2,888,719
Services	\$532,761	\$728,318	\$570,908	\$541,850	\$635,497	\$763,944	\$743,478	\$434,676	\$497,825	\$524,720
Supplies **	\$2,440,798	\$2,198,564	\$2,367,522	\$2,795,146	\$2,299,169	\$1,914,954	\$1,778,542	\$1,207,937	\$1,254,734	\$1,449,992
Utilities	\$237,395	\$241,461	\$277,368	\$292,402	\$289,131	\$285,521	\$230,473	\$203,814	\$194,100	\$164,305
Casualty & Liability **	\$368,631	\$617,237	\$377,719	\$341,309	\$757,928	\$708,362	\$598,556	\$671,035	\$609,618	\$478,313
Depreciation	\$3,414,965	\$1,911,419	\$1,717,793	\$1,719,897	\$1,827,642	\$2,301,806	\$2,439,508	\$2,425,655	\$2,376,075	\$2,087,004
Miscellaneous Expenses	\$136,812	\$563,852	\$385,077	\$360,730	\$307,683	\$273,177	\$58,898	\$544,751	\$162,596	\$397,247
Total Expenses	\$17,892,511	\$14,059,122	\$14,721,636	\$15,048,097	\$14,921,973	\$15,036,134	\$14,047,411	\$13,096,226	\$11,832,161	\$12,118,299

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

* Service reduction occurred in April 2002.

** Later years reflect rising insurance & fuel costs.



Debt Capacity Information 2011

(Unaudited)

Table 10 – Debt Service

STARK AREA REGIONAL TRANSIT AUTHORITY

Debt Service

(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST	DEBT (3)	COVERAGE
2011	20,729,589	14,473,148	6,256,441				
2010	23,637,818	14,059,122	9,578,696				
2009	17,055,227	14,721,636	2,333,591				
2008	18,142,185	15,052,791	3,089,394	398,908	9,981	408,889	7.56
2007	17,615,952	14,916,670	2,699,282				
2006	18,099,772	15,174,207	2,925,565				
2005	17,962,105	14,047,411	3,914,694				
2004	16,785,966	13,096,226	3,689,740				
2003	17,548,412	12,244,067	5,304,345				
2002	12,733,193	11,758,172	975,021				

(1) Gross revenues include interest, planning grants, special fares assistance, local grants, and other non-operating revenues.

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

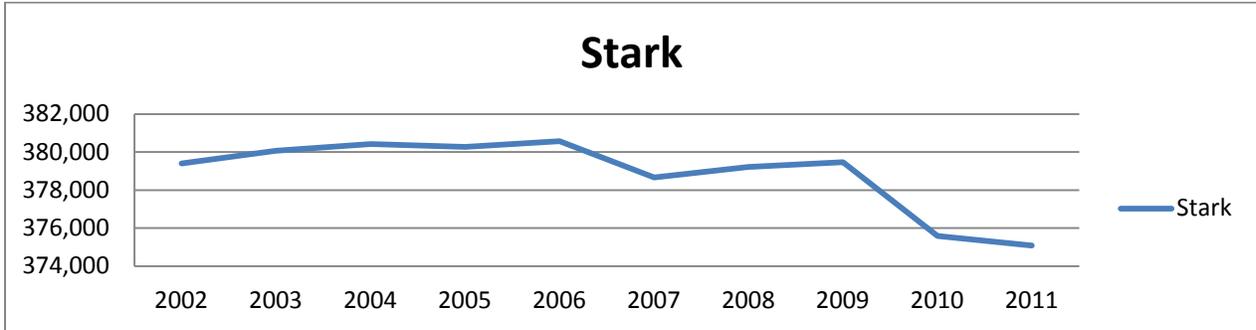
(3) Huntington National Bank Line of Credit principal and interest.

Economic & Demographic Information 2011

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

ECONOMIC CONDITION AND OUTLOOK

Stark County, Ohio covers an area of 567 square miles. SARTA'S service area is within the boundaries of Stark County, Ohio. The County consists of nineteen municipalities (cities and villages) and seventeen townships. The seat of the county government is the City of Canton.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Stark	379,402	380,076	380,421	380,275	380,575	378,664	379,214	379,466	375,586	375,087

Source: Stark County Quick facts from the US Census Bureau
 Link: <http://quickfacts.census.gov>

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 2002 to 2011.

The Unemployment rate continues to trend upwards despite the growth in non-manufacturing jobs. The jobs created by the non-manufacturing sector have not been numerous enough to outpace the loss of manufacturing jobs.

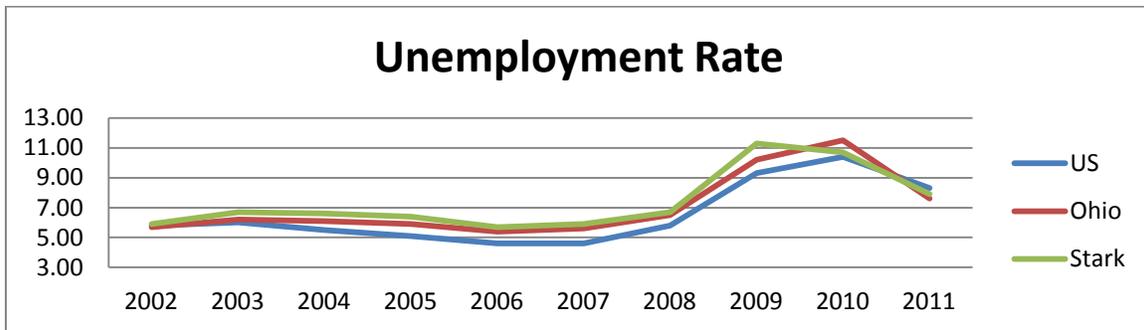
Stark County Major Employers			
2010		2000	
Company	Employees*	Company	Employees
Aultman Hospital	4,056	Timken Company	6,108
The Timken Company	3,714	Aultman Health Foundation	3,515
Stark County Government	2,781	Stark County Government	2,852
Mercy Medical Center	2,109	Republic Engineered Steels	2,800
Diebold, Inc.	1,826	Maytag-Hoover	2,750
Freshmark, Inc.	1,327	Mercy Medical Center	2,700
Alliance Community Hospital	1,082	Canton City Board of Education	1,794
Stark State College	884	Diebold, Inc.	1,578
Republic Engineered Products, Inc.	816	The Akron Corporation	1,250

*Self-reported number of employees working in Stark County

* No new data available at time of reporting.

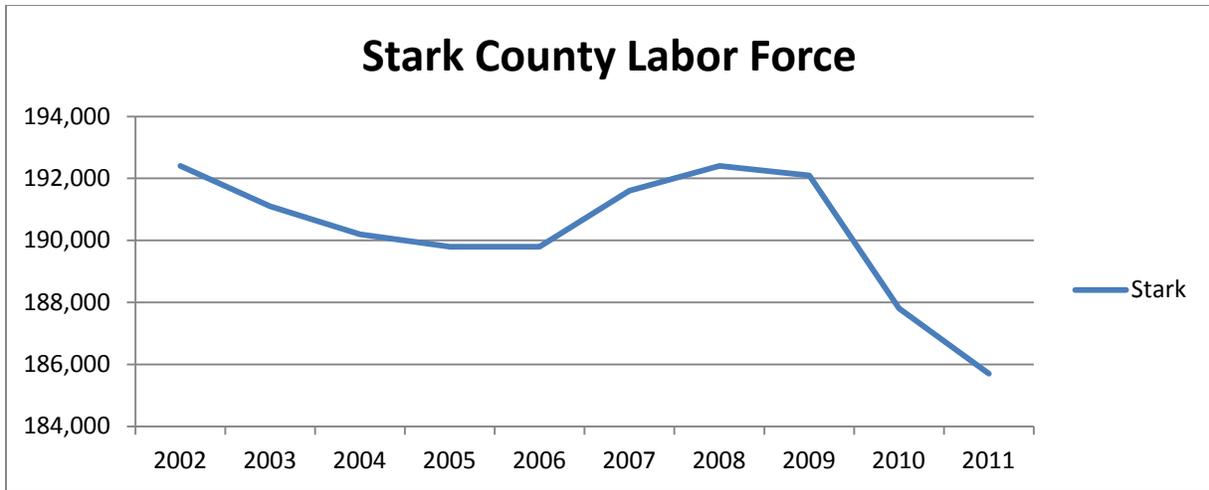
Source: Stark Development Board Inc

Link: www.starkcoohio.com



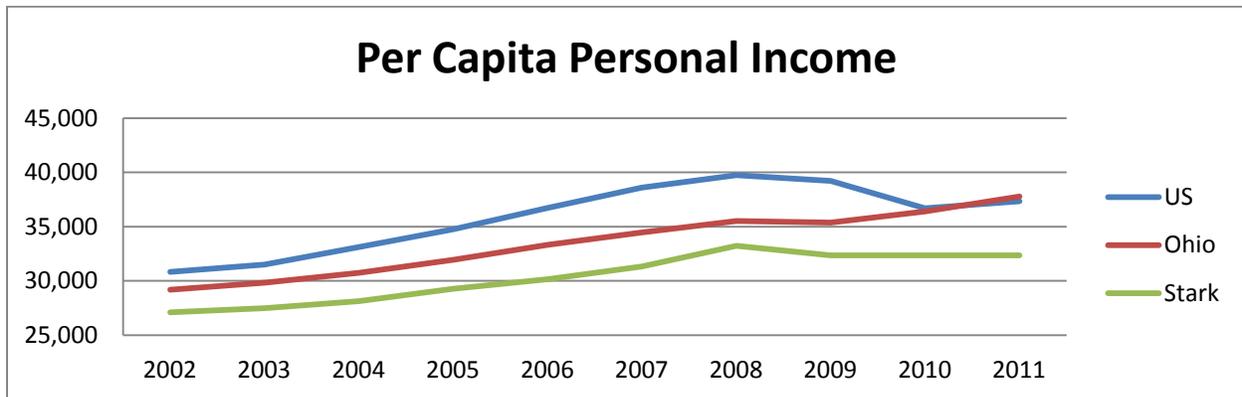
Source: Google Public Data

Link: <http://google.com/publicdata>



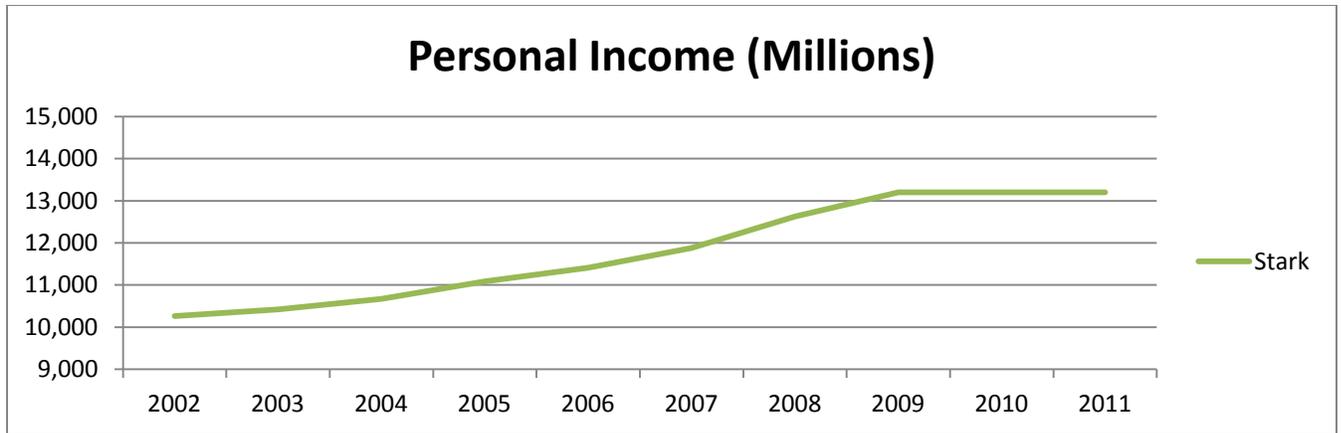
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Stark	192,400	191,100	190,200	189,800	189,800	191,600	192,400	192,100	187,800	185,700

Source: Ohio Department of Job and Family Services
 Link: ohiolmi.com



	Per Capita Personal Income (dollars)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
US	30,821	31,504	33,123	34,757	36,714	38,611	39,751	39,212	36,697	41,663
Ohio	29,186	29,831	30,744	31,939	33,320	34,468	35,511	35,381	36,395	37,791
Stark	27,100	27,486	28,137	29,271	30,150	31,331	33,221	32,356	#NA	#NA

Source: Bureau of Economic Analysis, US Department of Commerce
 Link: www.bea.gov



	Personal Income (millions)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
US	8,872,871	9,150,320	9,711,363	10,284,356	10,968,393	11,645,882	12,233,500	12,097,700	12,701,052	13,105,700
Ohio	333,158	341,146	352,103	366,017	381,963	399,897	407,874	407,874	425,614	436,297
Stark	10,265	10,424	10,675	11,088	11,414	11,876	12,627	13,201	#NA	#NA

Source: Bureau of Economic Analysis, US Department of Commerce
 Link: www.bea.gov

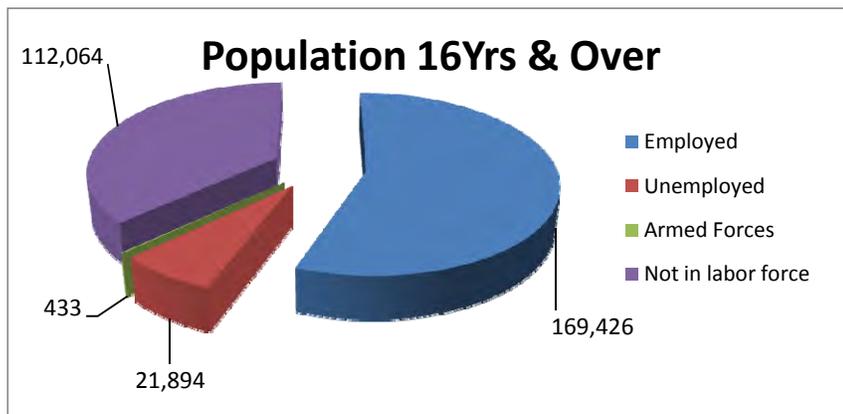
STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY DEMOGRAPHICS

2010 Community Survey*

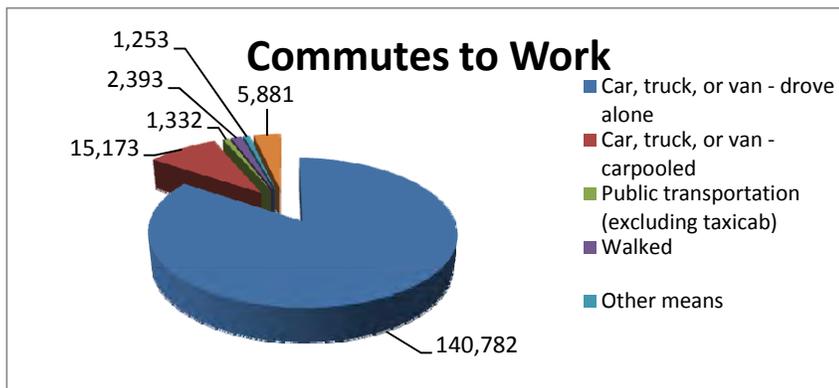
US Census Bureau / American Fact Finder

	Number	Percent
Population 16 Years and Over	303,817	100%
Employed	169,426	55.77%
Unemployed	21,894	7.21%
Armed Forces	433	0.14%
Not in labor force	112,064	36.89%



Commuting to Work

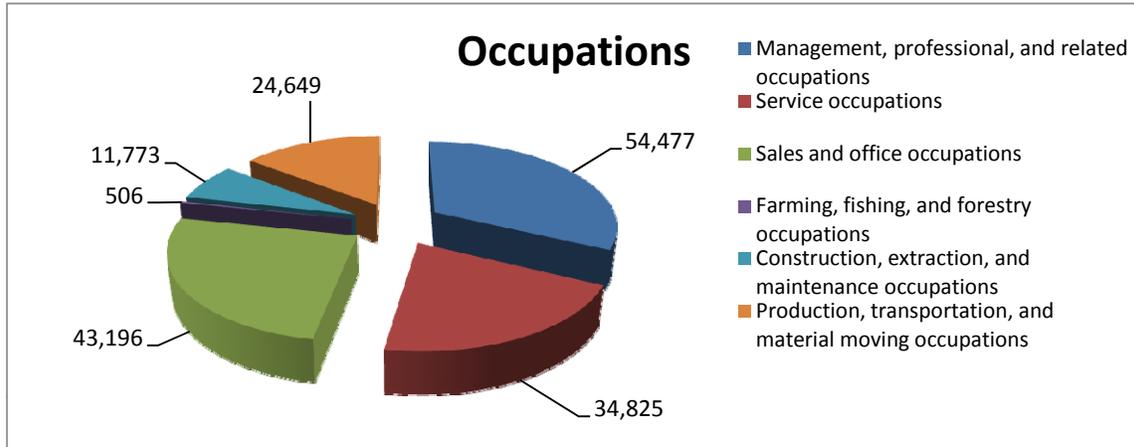
Workers 16 years and over	166,814	100%
Car, truck, or van - drove alone	140,782	84.39%
Car, truck, or van - carpooled	15,173	9.10%
Public transportation (excluding taxicab)	1,332	0.80%
Walked	2,393	1.43%
Other means	1,253	0.75%
Worked at home	5,881	3.53%
Mean travel time to work (minutes)	20.5	



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
 2010 Community Survey*

DEMOGRAPHICS (CONT'D)

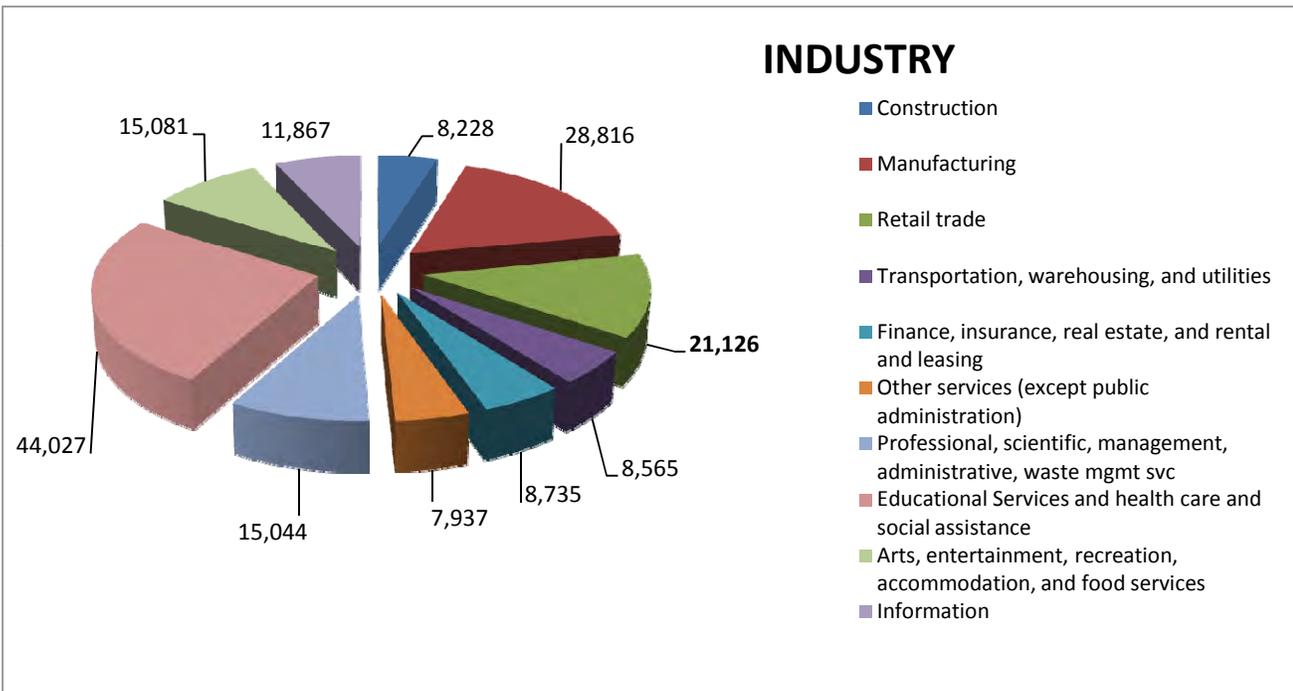
Employed Civilian Population 16 Years and Over	169,426	100%
Occupation		
Management, professional, and related occupations	54,477	32.15%
Service occupations	34,825	20.55%
Sales and office occupations	43,196	25.50%
Farming, fishing, and forestry occupations	506	0.30%
Construction, extraction, and maintenance occupations	11,773	6.95%
Production, transportation, and material moving occupations	24,649	14.55%



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
 2010 Community Survey*

DEMOGRAPHICS (CONT'D)

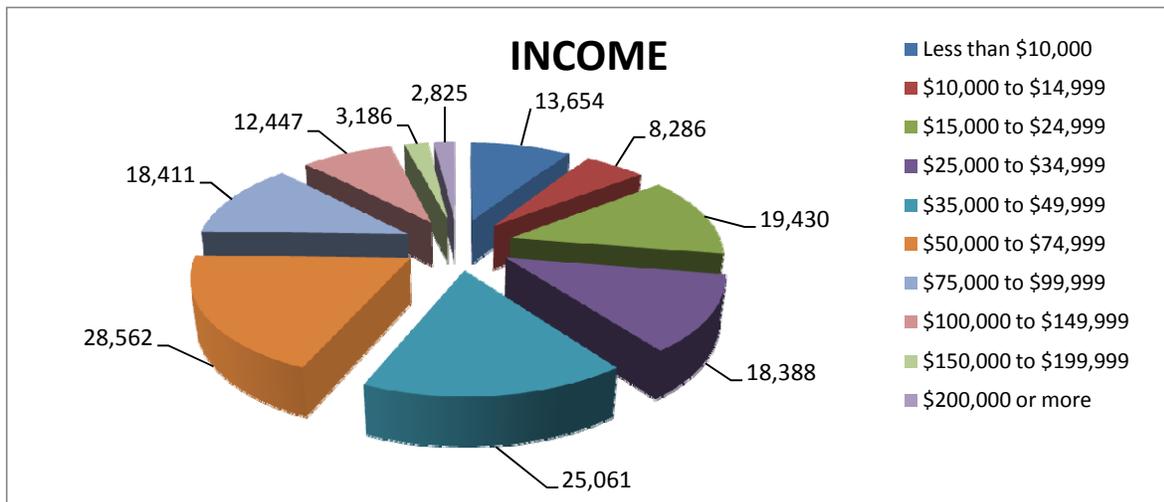
Industry	169,426	100%
Construction	8,228	4.86%
Manufacturing	28,816	17.01%
Retail trade	21,126	12.47%
Transportation, warehousing, and utilities	8,565	5.06%
Finance, insurance, real estate, and rental and leasing	8,735	5.16%
Other services (except public administration)	7,937	4.68%
Professional, scientific, management, administrative, waste mgmt svc	15,044	8.88%
Educational Services and health care and social assistance	44,027	25.99%
Arts, entertainment, recreation, accommodation, and food services	15,081	8.90%
Information	11,867	7.00%



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2010 Community Survey*

Income

Households	150,250	100%
Less than \$10,000	13,654	9.09%
\$10,000 to \$14,999	8,286	5.51%
\$15,000 to \$24,999	19,430	12.93%
\$25,000 to \$34,999	18,388	12.24%
\$35,000 to \$49,999	25,061	16.68%
\$50,000 to \$74,999	28,562	19.01%
\$75,000 to \$99,999	18,411	12.25%
\$100,000 to \$149,999	12,447	8.28%
\$150,000 to \$199,999	3,186	2.12%
\$200,000 or more	2,825	1.88%
Median household income (dollars)	44,362	



*2011 Survey results not available at time of reporting.



Dave Yost • Auditor of State

STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 10, 2013