

SARTA

Stark Area Regional Transit Authority



Comprehensive Annual Financial Report for the years ended December 31, 2014 and 2013



1600 Gateway Blvd. SE
Canton, Ohio 44707



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stark Area Regional Transit Authority, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2014 through December 31, 2014. 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

June 26, 2015

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2014
Stark Area Regional Transit Authority
Stark County
Canton, Ohio



Comprehensive Annual Financial Report
For Fiscal Years Ended December 31, 2014 and 2013

Charles DeGraff
President
Board of Trustees

Kirt W. Conrad
CEO
SARTA

Prepared by Finance Division
Carrie Domer, Director of Finance

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Stark Area Regional Transit Authority Canton, Ohio

Comprehensive Annual Financial Report For the Fiscal Years Ended December 31, 2014 and 2013

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Introductory Section 2014

The Introductory Section includes:

*Authority's transmittal letter
Certificate of Achievement for Excellence in Financial Reporting
Award of Financial Reporting Achievement
Auditor of State Award with Distinction
Board of Trustees and Management
Organizational Chart*



May 28, 2015

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

State law requires that every transit authority publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

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

This report is presented in three sections:

The **INTRODUCTORY SECTION** consists of the title page, the table of contents, this letter of transmittal, a district profile, 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, Ohio.

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

The **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" or the "Authority") for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This was the Authority's eleventh consecutive year the agency earned this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and organized CAFR adhering to the highest standards in government accounting and financial reporting. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for the year ended December 31, 2014.

The Auditor of State Award with Distinction by Ohio Auditor of State Dave Yost was awarded to SARTA in 2014. This award was presented for excellence in financial reporting the 2013 CAFR.

The Auditor of State Award with Distinction is presented to local governments and school districts that meet the following criteria of a "clean" audit report:

- The entity must file timely financial reports with the Auditor of State's office in the form of a CAFR;
- The audit report does not contain any findings for recovery, material citations, material weaknesses, significant deficiencies, single audit findings or questioned costs;
- The entity's management letter contains no comment related to:
 - Ethics referrals
 - Questioned costs less than \$10,000
 - Lack of timely report submission
 - Reconciliation
 - Failure to obtain a timely single audit
 - Findings for recovery less than \$100
 - Public meetings or public records

SARTA is honored to have been chosen one of the five percent of 5,800 units the office audits that receive this award from Ohio Auditor of State Dave Yost.

Stark County, Ohio



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

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

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

Management - Board of Trustees

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

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

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

Administration

The Authority’s CEO, appointed by the Board, directs the authority administration, subject to the policies, procedures and supervision from the Board. An organizational chart showing the key functional responsibilities is shown on page 16 of the introductory section.

Operations and Funding

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

Facilities

Gateway – Main administration, garage and maintenance facility, 1600 Gateway Blvd. SE. The 96,000 square foot garage houses 41 Fixed buses, 61 Paratransit buses, 3 Trolley buses and 15 Support vehicles, 9 maintenance bays, 1 chassis bus wash, 1 alignment lift and full paint booth.

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

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

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

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

Services

SARTA offers fixed route and demand response service in Stark County to provide reliable service to as many as possible in Stark County. These fixed routes operate over 20 hours and over 7,500 miles each day Monday through Saturday. SARTA also operates express routes to Cleveland and Akron.

Ridership

In 2014 SARTA provided over 2,812,339 rides between Fixed Routes, ProLine and MedLine services. An increase of 121,314 rides or 1.05 percent from 2013. In 2013 SARTA provided 2,691,025 rides. We attribute the growth to the improving economy, increased service on our busiest routes, our new contract services, the implantation of PinPoint, GoLine and other programs or services we have introduced the last five years, students here in Stark County, as well as riders growing knowledge of and how to fully utilize SARTA's services. Since 2010, SARTA ridership has grown 40 percent.

Fixed Route Service - 41 fixed route buses operating over 20 hours a day from just before 5:30 am and finishing after 1:30 am Monday through Saturday. The Fixed Route fleet covers an average of 7,500 miles a day with service covering Alliance, Akron, Canton, Cleveland, Hartville, Jackson Township, Louisville, Massillon, North Canton and Uniontown. 79 percent of Stark County's population lives within a ½ mile of SARTA's fixed routes.

Proline Services – 61 Proline buses with service available countywide for customers who meet ADA requirements. Proline operates over 20 hours a day from just before 5:30 am and finishing after 1:30 am Monday through Saturday. On average Proline service runs 140,000 trips a year.

MedLine Service - A free non-medical transportation service available for those with I/O and Level One Medicaid Waivers. Similar to ProLine, it allows clients to use SARTA to make up to two non-medical transportation trips per day (up to 240 days) to Employment (including trips to Stark DD Workshops and other private day services), Adult Day Support and Vocational Training.

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

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

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

Local Economy

Stark County is located in the northeastern section of Ohio and is the 7th largest county in Ohio. Stark County is located in the Canton-Massillon metro area, crossroads of the Eastern and Midwestern U.S. markets. Stark County includes 19 municipalities, 17 townships, 13 villages, and 6 cities, the largest of which is the City of Canton, the County Seat, and the eighth largest city in the State. Strategically located in proximity to all modes of transportation including truck, railroad, and air. It is home to the Professional Football Hall of Fame, First Ladies National Historic Site, and the William McKinley Presidential Library and Museum. Six institutions of higher learning are located in Stark County as well as various

cultural attractions. Stark County is known primarily for manufacturing. Business is moving forward into the new economy with a focus on companies in advanced manufacturing and new emerging technologies such as Fuel Cells, Wind Energy and Oil Shale exploration and development. In addition, the number and variety of national and international companies, such as Timken and Diebold, with facilities in Stark County is also a testimony to the growing strength of the area’s business environment.

The Stark County unemployment rate for 2014 was 4.6 percent ¹ compared with State of Ohio’s 4.7 percent and the national average of 5.6 percent.²

County Government

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

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

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

Population

Population in SARTA’s principal service area since 1970 has been as follows³:

<u>YEAR</u>	<u>CANTON</u>	<u>STARK COUNTY</u>
1970	110,053	372,720
1980	93,077	378,823
1990	84,161	368,065
2000	80,806	378,097
2010	73,007	375,417
2013	72,535	320,201
2014	72,535	375,584

¹ <http://ohiolmi.com/laus/ColorRateMap.pdf>

² <https://research.stlouisfed.org/fred2/series/UNRATE/> (US Dept. of Labor: Bureau of Labor Statistics)

³ <http://quickfacts.census.gov/qfd/states/39/3912000.html> 2014 Canton population figures not available.

Employment

The following table shows comparative unemployment statistics for Stark County, the State of Ohio and the United States for the last five years⁴:

<u>YEAR</u>	<u>STARK COUNTY</u>	<u>OHIO</u>	<u>U.S.</u>
2010	9.9	9	9.4
2011	7.9	7.6	8.5
2012	6.7	7	7.9
2013	6.9	6.6	6.7
2014	4.6	4.7	5.6

Major Initiatives - 2014 in Review

MedLine – Started in 2013 with 11 four passenger MV1 vehicles, MedLine provides non-medical transportation services to those eligible for a Medicaid Waiver through the Board of Development Disabilities (including both I/O and Level One). This door-to-door transportation is for employment, adult day support and vocational training anywhere in Stark County had over 10,000 riders in 2014.

Service changes – SARTA continues to adjust service, focusing on Canton and the surrounding area during 2014. Responding to customer demand two major corridors now operate in both inbound and outbound directions. Two routes were revised to be more efficient for SARTA customers. One route was eliminated due to route consolidation.

CNG – SARTA began a compressed natural gas fueling station in May 2012. Six new CNG buses were added in 2014; the total CNG vehicle operation being 43. Our public facility is the only one in Stark County and one of 20 in the State.

Travel Training – This program to assist individuals to learn to ride and utilize the fixed route system was expanded to include PinPoint and GoLine. There are now three full-time travel trainers. In 2014, 2,770 individuals over six years of age attended a travel training class.

Bus Shelter amenities – Southeast Community Bus Stop improvements - (SENA). Relocated shelters to accommodate increased ridership.

Future Initiatives

Written public comment on the proposed Program of Projects was to be accepted by SARTA at the close of business on November 11th, 2014.

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

Comments received by the closing date were considered in preparing and carrying out the Program. A public hearing was scheduled for November 12, 2014 at 4:00 p.m. in the Executive Board Room at SARTA's headquarters located at 1600 Gateway Blvd SE in Canton.

The program became final and was submitted to the Federal Transit Administration (FTA) upon completion of the public participation process and agreed to by the Board of Trustees of the SARTA.

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

The major proposed capital projects include:

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

Management also intends to explore projects such as:

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

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

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

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. Additional information on SARTA’s accounting policies can be found in Note No. 1 in the Notes to Financial Statements, located in the Financial Section and starting on page 29.

Internal Control

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

Budgetary Control

SARTA prepares its annual operating budget and capital budget on the accrual basis of accounting. The Director of Finance, 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 prepare their budgets within that allocation. Adjustments are made, if necessary, to the budget for overall agency requirements. The final balanced budget is presented to the Board Finance Committee. The Board Finance Committee submits the budget to the Board 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.

Financial statements are prepared on a budgetary basis, in accordance with accounting principles generally accepted in the United States of America (GAAP) and may be reviewed starting on page 25.

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

Independent Audit

Ciuni & Panichi, Inc., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Stark Area Regional Transit Authority’s (the Authority) financial statements for the year ended December 31, 2014. Refer to the Financial Section page 17 for auditor’s report.

The independent audit of the Authority’s financial statements was part of the broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government’s internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Authority’s separately issued single audit report.

Acknowledgements

This report would not be possible without the hard work, high standards and dedication of the entire Finance Department staff. The 2014 CAFR prepared by Debra Swickard, conforms to the program requirements and management expectations for continued high levels of excellence in reporting the Authority’s financials in the future.

Sincerely,



Kirt W. Conrad
Executive Director/CEO



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR 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.



Government Finance Officers Association

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

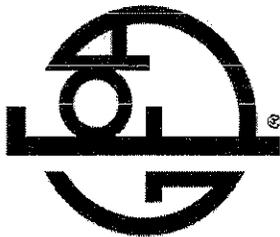
Presented to

**Stark Area
Regional Transit Authority
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



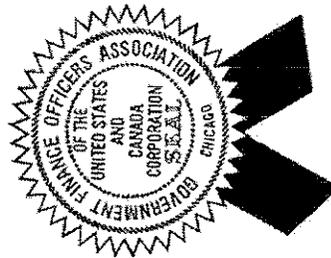
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
Stark Area Regional Transit Authority, Ohio



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the 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 February 9, 2015



OHIO AUDITOR OF STATE
AWARD WITH DISTINCTION

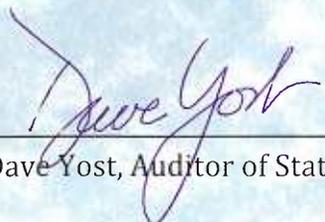
Presented to

Stark Area Regional Transit Authority
Kirt Conrad, Chief Executive Officer

*This award is presented for excellence in financial reporting for your
Comprehensive Annual Financial Report
for the fiscal year ended 2013.*

*Your exemplary reporting serves as the standard for clean, accountable government,
representing the highest level of service to Ohioans.*




Dave Yost, Auditor of State

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

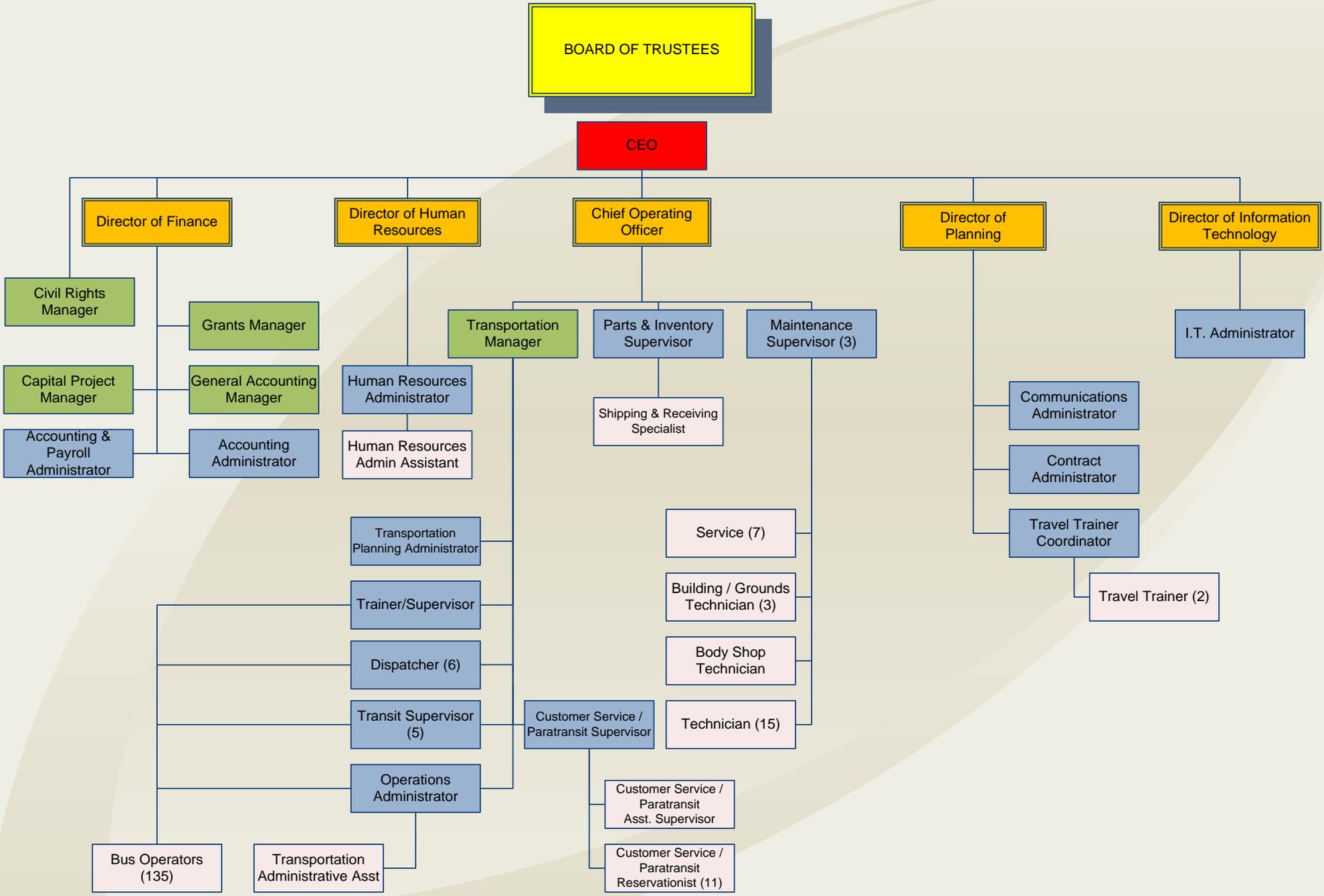
AS OF DECEMBER 31, 2014

BOARD OF TRUSTEES

President.....*Charles DeGraff*
Vice President*Gregory Blasiman*
Trustees..... *Gerald Bixler*
Amanda Fletcher
James Dyke
Ronald Macala
Margaret Egbert
James Reinhard
Chet Warren
Edward Grier

MANAGEMENT

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



Stark Area Regional Transit Authority
Organizational Chart
 December 2014



Financial Section 2014

The Financial Section includes:

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

Independent Auditor's Report

Board of Trustees
Stark Area Regional Transit Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Stark Area Regional Transit Authority (the "Authority") as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ciuni & Paricchi, Inc.

Cleveland, Ohio
May 28, 2015

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2014 and 2013

As the financial management of the Stark Area Regional Transit Authority (Authority or SARTA), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2014 and 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements as a whole.

Financial Highlights

The Authority's total net position increased \$2,965,943 or 6.57 percent in 2014. AVAIL radio project was completed and buses were replaced during the year contributing to the increase in net position.

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

In 2014, the Authority's operating expenses, excluding depreciation were \$622,623 higher than in 2013, a 3.65 percent increase, primarily due to increased benefit costs, materials, utility and fuel costs.

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

Operating revenues for the Authority were \$426,030 higher in 2014, a 22.56 percent increase. In 2014 Ridership increased to over 2.8 million riders with participation in Passes for Employment Program and One-ride for Travel Training which are non-revenue generating programs and increased Medline.

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

In 2014 sales tax revenue increased \$1,216,536, or 9.35 percent compared to 2013. Sales tax revenue accounted for 71.33 percent of all funding in 2014, exclusive of capital grants.

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

Overview of the Financial Statements

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2014 and 2013

Required Financial Statements

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

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

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

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

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

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 30-45 of this report.

Financial Analysis of the Authority

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$48,139,376 at the close of the most recent fiscal year. The Authority's net position is comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment, and other equipment) and reserves of cash invested in CDAR's and Debt Securities. The Authority uses these capital assets to provide transportation services to the citizens of Stark County; consequently, these assets are *not* available for future spending.

In 2014, the Authority's net position represented resources that were subject to the restriction of being held to pay for capital assets. In 2014 *unrestricted net position* totaled \$12,954,110. In 2013, the Authority's net position represented resources that were not subject to the restriction of being held to pay for capital assets. In 2013 *unrestricted net position* totaled \$11,029,737.

At the end of 2014 and 2013, the Authority was able to report positive balances in net position.

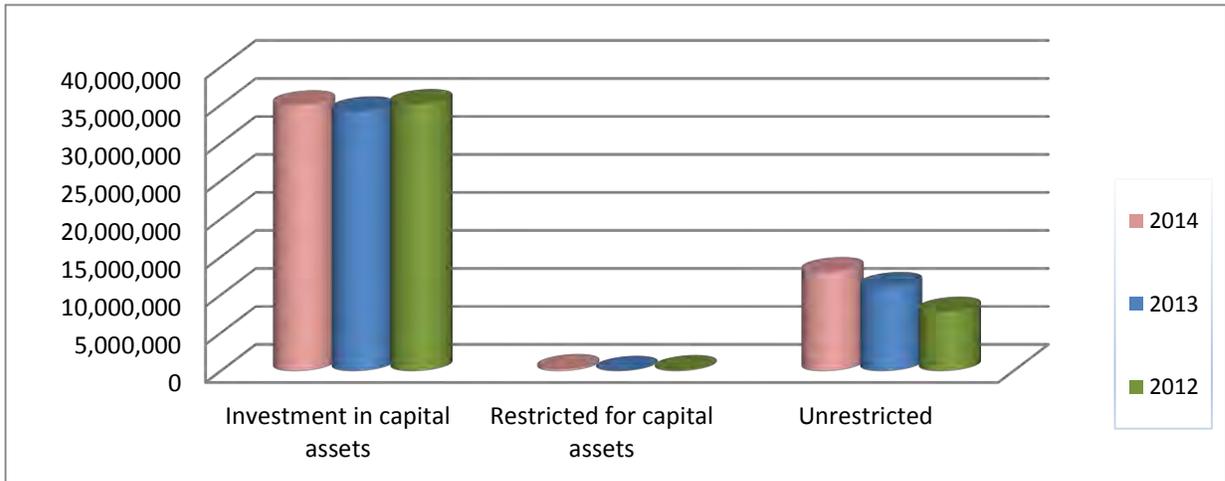
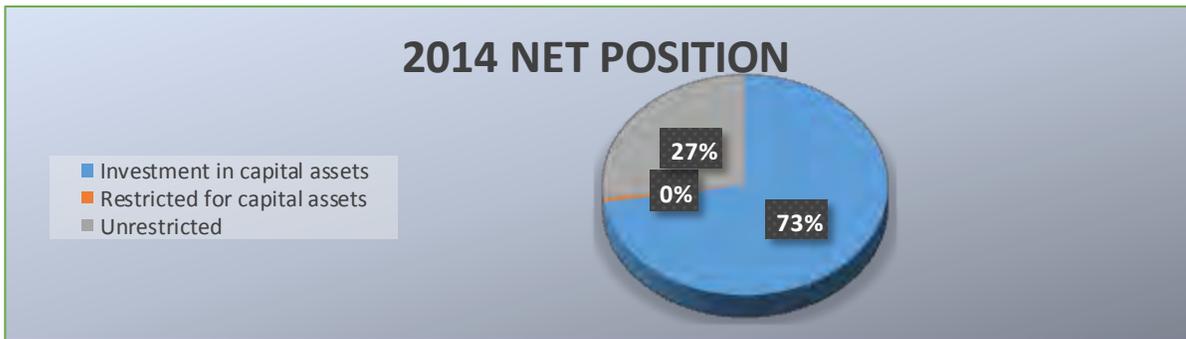
STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2014 and 2013

STARK AREA REGIONAL TRANSIT AUTHORITY'S NET POSITION

NET POSITION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Current assets</i>	\$15,298,718	\$13,084,644	\$9,987,661
<i>Capital assets, net</i>	34,954,513	34,143,696	35,108,740
<i>Total assets</i>	<u>\$50,253,231</u>	<u>\$47,228,340</u>	<u>\$45,096,401</u>
<i>Current liabilities</i>	\$1,791,259	\$1,886,176	\$1,828,755
<i>Long Term Liabilities</i>	\$322,596	\$168,731	\$280,528
<i>Total liabilities</i>	<u>\$2,113,855</u>	<u>\$2,054,907</u>	<u>\$2,109,283</u>
<i>Net position:</i>			
<i>Investment in capital assets</i>	\$34,954,513	\$34,143,696	\$35,108,740
<i>Restricted for capital assets</i>	230,753	-	100,000
<i>Unrestricted</i>	12,954,110	11,029,737	7,778,378
<i>Total net position</i>	<u>\$48,139,376</u>	<u>\$45,173,433</u>	<u>\$42,987,118</u>



STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2014 and 2013

As can be seen from the table of net position, in 2014 net position increased \$2,965,943 to \$48,139,376 from \$45,173,433 in 2013. Six vehicles were purchased as well as the completion of the Radio Communications project. Even with federal capital grant funding decreasing, there was a 6.57 percent increase in net position.

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

CHANGES IN NET POSITION

	2014	2013	2012
OPERATING REVENUES			
Passenger fares	\$1,352,071	\$1,141,471	\$1,111,074
Special transit fares	821,161	654,311	553,229
Auxiliary transportation revenue	141,553	92,973	72,972
TOTAL OPERATING REVENUES	2,314,785	1,888,755	1,737,275
OPERATING EXPENSES			
Labor	6,793,551	6,396,815	5,902,311
Fringe benefits	5,317,403	4,853,118	4,785,964
Materials and supplies	3,800,800	3,638,790	3,085,079
ODOT fuel tax reimbursement	(118,853)	(118,412)	(125,428)
Services	890,085	1,146,558	998,807
Utilities	171,951	271,048	326,085
Casualty and liability insurance	521,659	465,550	388,802
Leases and rentals	19,100	20,311	237
Miscellaneous	303,775	403,070	236,161
TOTAL OPERATING EXPENSES	17,699,471	17,076,848	15,598,018
OPERATING LOSS BEFORE DEPRECIATION	(15,384,686)	(15,188,093)	(13,860,743)
Depreciation expense	2,999,536	3,586,813	3,611,443
OPERATING LOSS	(18,384,222)	(18,774,906)	(17,472,186)
NON-OPERATING REVENUES (EXPENSES)			
Sales tax revenues	14,225,476	13,008,940	12,636,571
Operating grants and reimbursements	3,833,729	5,607,527	3,144,395
Interest income	37,692	17,720	9,979
Sales tax collection expense	(144,995)	(130,089)	(125,115)
Loss on disposal of capital asset	(1,944)	(45,339)	(75,508)
Non-transportation revenue	110,360	76,870	26,552
NON-OPERATING REVENUES (EXPENSES)	18,060,318	18,535,629	15,616,874
CAPITAL GRANT REVENUE			
Federal capital grant	3,059,094	2,425,592	5,391,151
State capital grant	-	-	2,981,752
Restricted for capital assets	230,753	-	100,000
TOTAL CAPITAL GRANTS	3,289,847	2,425,592	8,472,903
CHANGE IN NET POSITION	2,965,943	2,186,315	6,617,591
Net position, beginning balance	\$45,173,433	\$42,987,118	\$36,369,527
Net position, ending balance	\$48,139,376	\$45,173,433	\$42,987,118

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2014 and 2013

The Authority's *operating revenues* increased 22.56 percent or \$426,030 to \$2,314,785 in 2014. Ridership increased to records over 2.8 million riders with participation in Veterans Services, Passes for Employment Program and One-ride for Travel Training which are non-revenue generating programs. *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and fare box cash paid by riders/passengers, and a small amount of revenue is generated by the sale of advertising space on the exteriors and interiors of buses.

Depreciation expense decreased \$587,277 or 16.37 percent in 2014, due to the retirement of vehicles.

In 2014, *Non-operating revenues (expenses)* decreased \$475,311, or 2.56 percent, to \$18,060,318. In 2013, *Non-operating revenues (expenses)* increased \$2,918,755, or 18.69 percent, to \$18,535,629.

Condensed Summary of Cash Flows

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

CASH FLOWS

	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$2,299,866	\$1,833,653	\$1,781,802
Cash payments to suppliers for goods & services	(5,450,686)	(5,558,222)	(4,121,095)
Cash payments to employees for salaries and wages	(7,278,387)	(6,831,129)	(6,281,062)
Cash payments for employee for benefits	(5,277,207)	(4,645,473)	(4,623,071)
Net cash used in operating activities	(\$15,706,414)	(\$15,201,171)	(\$13,243,426)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Sales tax received	\$13,555,025	\$12,954,407	\$12,433,984
Operating & preventive maintenance grants received	3,833,729	5,632,053	3,511,401
Non-transportation revenues	110,360	76,870	26,552
Net cash provided by noncapital financing activities	\$17,499,114	\$18,663,330	\$15,971,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Federal capital grant revenue	\$3,520,600	\$2,994,308	\$5,657,530
State/local capital grant revenue	-	-	2,981,752
Proceeds from sale of Capital Assets	14,060	-	8,648
Acquisition of capital assets & work in process	(3,826,357)	(2,667,108)	(9,763,448)
Net cash provided (used) by capital and related financing activities	(\$291,697)	\$327,200	(\$1,115,518)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	\$37,692	\$17,720	\$9,979
INCREASE IN CASH AND CASH EQUIVALENTS	\$1,538,695	\$3,807,079	\$1,622,972
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$9,074,558	\$5,267,479	\$3,644,507
CASH AND CASH EQUIVALENTS, END OF YEAR	\$10,613,253	\$9,074,558	\$5,267,479

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2014 and 2013

Capital Assets

The Authority's investment in capital assets amounts to \$34,954,513 as of December 31, 2014 and \$34,143,696 as of December 31, 2013, a net increase of \$810,817, or 2.37 percent from 2013, primarily due to the purchase of seven smaller transport vehicles. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenditures during the current fiscal year included the following:

30', 35', 40' Buses Equipment	\$ 1,812,994
Light Duty Buses	545,039
Radio Software	3,257,873
Fareboxes	120,323

The Authority's investment in capital assets of \$34,143,696 as of December 31, 2013, a net decrease of \$965,044 or 2.75 percent from 2012, primarily due to the purchase of eleven smaller transport vehicles, compared to 2012 where larger vehicles were purchased. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment, and software licenses. Major capital asset expenditures during the prior fiscal year included the following:

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

The *Notes to Financial Statements*, Note 4 page 38, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

STATEMENTS OF NET POSITION

December 31, 2014 and 2013

	<u>Assets</u>	
	2014	2013
Current assets:		
Cash and cash equivalents	\$ 10,382,500	\$ 9,074,558
Receivable:		
Trade, net	155,100	140,181
Sales tax	3,800,929	3,275,473
Materials and supplies inventory	216,714	202,158
Prepaid expenses and other assets	512,722	392,274
Restricted for capital assets:		
Cash and cash equivalents	230,753	-
Total current assets	15,298,718	13,084,644
Capital assets (Note 4):		
Land	932,672	932,672
Buildings and improvements	19,891,877	19,891,877
Transportation equipment	28,801,942	23,435,583
Other equipment	4,520,162	4,488,893
Construction and work-in-process	1,171,452	3,180,854
Total capital assets	55,318,105	51,929,879
Less: accumulated depreciation	(20,363,592)	(17,786,183)
Capital assets, net	34,954,513	34,143,696
Total assets	\$ 50,253,231	\$ 47,228,340

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

STATEMENTS OF NET POSITION
(continued)

December 31, 2014 and 2013

	<u>Liabilities and Net Position</u>	
	<u>2014</u>	<u>2013</u>
Current liabilities:		
Accounts payable	\$ 705,886	\$ 1,075,158
Accrued payroll	279,876	243,053
Accrued payroll taxes and withholdings	261,699	234,961
Compensated absences	30,000	29,848
Other current liabilities	283,045	303,156
Capital grants payable	<u>230,753</u>	<u>-</u>
Total current liabilities	1,791,259	1,886,176
Long-term liabilities:		
Compensated absences, net of current portion (Note 7)	<u>322,596</u>	<u>168,731</u>
Total liabilities	2,113,855	2,054,907
Net Position:		
Investment in capital assets	34,954,513	34,143,696
Restricted for capital assets	230,753	-
Unrestricted	<u>12,954,110</u>	<u>11,029,737</u>
Total net position	<u>48,139,376</u>	<u>45,173,433</u>
Total liabilities and net position	\$ <u>50,253,231</u>	\$ <u>47,228,340</u>

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Passenger fares	\$ 1,352,071	\$ 1,141,471
Special transit fares	821,161	654,311
Auxiliary transportation revenues	<u>141,553</u>	<u>92,973</u>
Total operating revenues	2,314,785	1,888,755
Operating expenses		
Labor	6,793,551	6,396,815
Fringe benefits	5,317,403	4,853,118
Materials and supplies	3,800,800	3,638,790
ODOT fuel tax reimbursement	(118,853)	(118,412)
Services	890,085	1,146,558
Utilities	171,951	271,048
Casualty and liability insurance	521,659	465,550
Leases and rentals	19,100	20,311
Miscellaneous	<u>303,775</u>	<u>403,070</u>
Total operating expenses excluding depreciation	<u>17,699,471</u>	<u>17,076,848</u>
Operating loss before depreciation	(15,384,686)	(15,188,093)
Depreciation expense (Note 4)	<u>2,999,536</u>	<u>3,586,813</u>
Operating loss	<u>(18,384,222)</u>	<u>(18,774,906)</u>
Non-operating revenues (expenses)		
Sales tax revenues (Note 3)	14,225,476	13,008,940
Operating grants and reimbursements	3,833,729	5,607,527
Interest income	37,692	17,720
Sales tax collection expense	(144,995)	(130,089)
Loss on disposal of capital assets	(1,944)	(45,339)
Non-transportation revenues	<u>110,360</u>	<u>76,870</u>
Total non-operating revenues (expenses), net	<u>18,060,318</u>	<u>18,535,629</u>
Net loss before capital grant revenue	<u>(323,904)</u>	<u>(239,277)</u>
Capital grant revenue		
Federal capital grants	3,059,094	2,425,592
Restricted for capital assets	<u>230,753</u>	<u>-</u>
Total capital grant revenue	<u>3,289,847</u>	<u>2,425,592</u>
Increase in net position	2,965,943	2,186,315
Net position, beginning of year	<u>45,173,433</u>	<u>42,987,118</u>
Net position, end of year	\$ <u>48,139,376</u>	\$ <u>45,173,433</u>

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 2,299,866	\$ 1,833,653
Cash payments to suppliers for goods and services	(5,450,686)	(5,558,222)
Cash payments to employees for salaries and wages	(7,278,387)	(6,831,129)
Cash payments for employee benefits	<u>(5,277,207)</u>	<u>(4,645,473)</u>
Net cash used by operating activities	(15,706,414)	(15,201,171)
Cash flows from non-capital financing activities:		
Sales taxes received	13,555,025	12,954,407
Operating and preventive maintenance grants received	3,833,729	5,632,053
Non-transportation revenues	<u>110,360</u>	<u>76,870</u>
Net cash provided by non-capital financing activities	17,499,114	18,663,330
Cash flows from capital and related financing activities:		
Federal capital grant revenue	3,520,600	2,994,308
Proceeds from sale of capital assets	14,060	-
Acquisition of capital assets and work in process	<u>(3,826,357)</u>	<u>(2,667,108)</u>
Net cash (used) provided by capital and related financing activities	(291,697)	327,200
Cash flows from investing activities:		
Interest received from investments	<u>37,692</u>	<u>17,720</u>
Net cash provided by investing activities	<u>37,692</u>	<u>17,720</u>
Increase in cash and cash equivalents	1,538,695	3,807,079
Cash and cash equivalents at beginning of year	<u>9,074,558</u>	<u>5,267,479</u>
Cash and cash equivalents at end of year	\$ <u><u>10,613,253</u></u>	\$ <u><u>9,074,558</u></u>

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

STATEMENTS OF CASH FLOWS
(continued)

For the Years Ended December 31, 2014 and 2013

	2014	2013
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (18,384,222)	\$ (18,774,906)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	2,999,536	3,586,813
Changes in operating assets and liabilities		
Accounts receivable – trade	(14,919)	(55,102)
Materials and supplies inventory	(14,556)	(45,134)
Prepaid expenses and other assets	(120,448)	41,534
Accounts payable	(369,272)	(151,723)
Accrued payroll	36,823	31,236
Accrued payroll taxes and withholdings	26,738	(73,314)
Other current liabilities	(20,111)	151,147
Compensated absences	154,017	88,278
Net cash used in operating activities	\$ (15,706,414)	\$ (15,201,171)

Supplemental disclosures of cash flow information:

Non-cash financing activity:		
Change in accounts payable related to capital assets and work-in-process acquisitions	\$ -	\$ 2,764
Change in sales tax receivable	\$ 525,456	\$ (75,556)

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Stark Area Regional Transit Authority (the “Authority” or “SARTA”) was created pursuant to Section 306.30 through 306.71 of the Ohio Revised Code (“ORC”) 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, 2014 were subject to a collective bargaining agreement that expires on January 4, 2017.

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash and Cash Equivalents

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

Investments

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

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

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

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

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Materials and Supplies Inventory and Prepaid Items

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

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

Property and Depreciation

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

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

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

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 position.

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

The federal government, through the FTA and the Ohio Department of Transportation (“ODOT”), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as a project receivable and credited to non-operating revenues when related capital 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 grant funds and are disposed of, or if revenue from disposal is \$5,000 or more, the Authority is required to notify the granting federal agency. A proportional amount of the above noted proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or, alternatively, remitted to the granting federal agency.

Classifications of Expenses

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

Federal and State Operating and Preventive Maintenance Assistance Funds

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

Sales Tax Revenues

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Comparative Data/Reclassifications

Prior year data presented in Management's Discussion and Analysis and the footnotes have been reclassified in order to be comparative and provide understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2013 financial statements in order to conform to the 2014 presentation.

2. CASH AND CASH EQUIVALENTS

Allowable investments are according to ORC Section 135, and are limited to the following:

- U.S. Treasury Bills, Notes, Bonds, issues of the Federal National Mortgage Assn. (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Assn. (SLMA), Government National Mortgage Assn. (GNMA), and other agencies or instrumentalities for which the full faith and credit of the U.S. Government is pledged for the repayment of principal and interest. Bills are short term (one year or less) obligations issued and sold at a discount. Notes have fixed coupon rates 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 (STAROhio), managed by the State Treasurer of Ohio.
- Demand deposit accounts (such as checking accounts) established with local financial institutions.
- Certificates of Deposit (CDs) issued by local financial institutions mentioned in Section 135.32 of the ORC.

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

2. CASH AND CASH EQUIVALENTS (CONTINUED)

- 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 ORC. The Executive Director reserves the right to require an additional percentage of collateral securing such repurchase agreements. Prior to the execution of any repurchase agreement with an eligible dealer, master repurchase agreement will be signed by the Executive Director and the eligible dealer.

The Authority is prohibited from investments of the following:

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits

At December 31, 2014, the carrying amount of the Authority's deposits was \$3,257,599. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, none of the Authority's bank balance of \$3,328,213 was exposed to custodial risk as discussed below, while \$1,000,000 was covered by Federal Deposit Insurance Corporation.

At December 31, 2013, the carrying amount of the Authority's deposits was \$1,126,114. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, none of the Authority's bank balance of \$1,797,702 was exposed to custodial risk as discussed below, while \$1,250,000 was covered by Federal Deposit Insurance Corporation.

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

Investments

As of December 31, 2014 and 2013, the Authority held the following investments:

<u>Investments</u>	2014 <u>Fair Value</u>	2013 <u>Fair Value</u>
STAROhio	\$ 20,116	\$ 20,109
CDAR-52 week term	-	500,000
CDAR-52 week term	-	500,000
CDAR-52 week term	500,000	500,000
CDAR-52 week term	1,000,000	1,000,000
Money market	1,835,538	2,431,575
Debt securities	<u>4,000,000</u>	<u>2,996,760</u>
Total	\$ <u>7,355,654</u>	\$ <u>7,948,444</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. Star Ohio's weighted average maturity was 60 days.

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>2014 Investments</u>	<u>Fair Value</u>	<u>One Year</u>	<u>One to Five Years</u>
STAROhio	\$ 20,116	\$ 20,116	\$ -
CDAR-2 year-Maturity Date 4/21/2016	1,000,000	-	1,000,000
CDAR-52 week-Maturity Date 10/15/2015	500,000	-	500,000
Debt Securities -156 week -Maturity Date 11/25/16	4,000,000	-	4,000,000
<u>2013 Investments</u>	<u>Fair Value</u>	<u>One Year</u>	<u>One to Five Years</u>
STAROhio	\$ 20,109	\$ 20,109	\$ -
CDAR-52 week-Maturity Date 4/18/2014	1,000,000	-	1,000,000
CDAR-52 week-Maturity Date 6/12/2014	500,000	-	500,000
CDAR-52 week-Maturity Date 6/12/2014	500,000	-	500,000
CDAR-2 year-Maturity Date 10/16/2014	500,000	-	500,000
Debt Securities -156 week -Maturity Date 11/25/16	2,996,760	-	2,996,760

Credit Risk

As of December 31, 2014, 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, 2014 and 2013, no balance (or deposit), was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

Custodial Credit Risk – Investments

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

3. TAX REVENUES

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 1/1/2014	Additions	Disposals	Transfers	Balance 12/31/2014
Capital assets not being depreciated:					
Land	\$ 932,672	\$ -	\$ -	\$ -	\$ 932,672
Construction in progress	3,180,854	1,248,471	-	(3,257,873)	1,171,452
Total capital assets not being depreciated	4,113,526	1,248,471	-	(3,257,873)	2,104,124
Capital assets being depreciated:					
Buildings and improvements	19,891,877	-	-	-	19,891,877
Transportation equipment	23,435,583	2,533,084	(424,598)	3,257,873	28,801,942
Other equipment	4,488,893	44,802	(13,533)	-	4,520,162
Total capital assets being depreciated	47,816,353	2,577,886	(438,131)	3,257,873	53,213,981
Total capital assets	51,929,879	3,826,357	(438,131)	-	55,318,105
Less accumulated depreciation for:					
Buildings and improvements	2,962,098	497,275	-	-	3,459,373
Transportation equipment	11,438,730	2,072,518	(408,594)	-	13,102,654
Other equipment	3,385,355	429,743	(13,533)	-	3,801,565
Total accumulated depreciation	17,786,183	2,999,536	(422,127)	-	20,363,592
Capital assets, net	\$ 34,143,696	\$ 826,821	\$ (16,004)	\$ -	\$ 34,954,513

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

4. CAPITAL ASSETS (CONTINUED)

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

	Balance 1/1/2013	Additions	Disposals	Transfers	Balance 12/31/2013
Capital assets not being depreciated:					
Land	\$ 932,672	\$ -	\$ -	\$ -	\$ 932,672
Construction in progress	5,522,328	1,791,655	-	(4,133,129)	3,180,854
Total capital assets not being depreciated	6,455,000	1,791,655	-	(4,133,129)	4,113,526
Capital assets being depreciated:					
Buildings and improvements	16,119,991	44,780	(3,027)	3,730,133	19,891,877
Transportation equipment	22,733,008	600,506	(123,878)	225,947	23,435,583
Other equipment	4,653,888	232,931	(574,975)	177,049	4,488,893
Total capital assets being depreciated	43,506,887	878,217	(701,880)	4,133,129	47,816,353
Total capital assets	49,961,887	2,669,872	(701,880)	-	51,929,879
Less accumulated depreciation for:					
Buildings and improvements	2,450,729	514,396	(3,027)	-	2,962,098
Transportation equipment	8,909,310	2,617,157	(87,737)	-	11,438,730
Other equipment	3,493,108	455,260	(563,013)	-	3,385,355
Total accumulated depreciation	14,853,147	3,586,813	(653,777)	-	17,786,183
Capital assets, net	\$ 35,108,740	\$ (916,941)	\$ (48,103)	\$ -	\$ 34,143,696

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 percent 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.

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

5. RETIREMENT BENEFITS (CONTINUED)

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. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.
- E. The ORC provides statutory authority for member and employer contributions. For 2014, 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 officers participate in only the Traditional Plan.
- F. The 2014 member contribution rates were 10.00 percent of earnable salary for members in state and local classifications. Public safety and law enforcement members contributed 12.00 percent and 13.00 percent, respectively.
- G. The 2014 employer contribution rate for state and local employers was 14.00 percent of earnable salary. The law enforcement and public safety division employer contribution rate was 18.10 percent of earnable salary. These are the maximum employer contribution rates permitted by the ORC. Active members do not make contributions to the OPEB Plan.
- H. Due to contractual agreement with the Union, union employees pay 1.50 percent 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 2014, 2013, and 2012, were \$1,076,196, \$985,412 and \$934,475, respectively; 100.00 percent has been contributed for 2014, 2013, and 2012.

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

5. RETIREMENT BENEFITS (CONTINUED)

Post-Retirement Benefits

A. Plan Description

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The ORC 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 ORC.

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 ORC provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employers’ contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00 percent of earnable salary and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund the OPEB Plan.

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

5. RETIREMENT BENEFITS (CONTINUED)

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. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.00 percent during calendar year 2014 as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.00 percent for both plans, as recommended by the OPERS' Actuary.

C. Information from employer's records

The total employer contribution rates stated in Section B, above, are the statutorily 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 health benefits. The portions of the employer contributions used to fund post-employment benefits for 2014, 2013 and 2012, were \$296,457, \$281,532 and \$271,868, respectively.

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

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

6. RESTRICTED ASSETS

During 2014, the Authority received insurance proceeds in the amount of \$230,753 for two buses that was deemed unsalvageable due to an accident and a fire. The proceeds will be used to offset future bus purchases, thereby reducing the amount drawn from grant funds.

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

7. COMPENSATED ABSENCES

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

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014	Due Within One Year
Compensated absences	\$ <u>198,579</u>	\$ <u>183,865</u>	\$ <u>(29,848)</u>	\$ <u>352,596</u>	\$ <u>30,000</u>

	Balance 1/1/2013	Additions	Retirements	Balance 12/31/2013	Due Within One Year
Compensated absences	\$ <u>110,301</u>	\$ <u>116,274</u>	\$ <u>(27,996)</u>	\$ <u>198,579</u>	\$ <u>29,848</u>

8. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

	<u>2014</u>	<u>2013</u>
<u>Grants:</u>		
State and Federal Prevention Maintenance	\$ 469,102	\$ 2,154,228
Federal Planning	30,680	119,456
Federal Capital & Operating	6,508,872	5,573,766
Federal JARC & New Freedom	114,922	152,669
ARRA Operating & Capital	-	33,000
Total Grants	<u>7,123,576</u>	<u>8,033,119</u>
<u>Reimbursements:</u>		
ODOT Fuel Tax Reimbursement	<u>118,853</u>	<u>118,412</u>
Total Reimbursements	<u>118,853</u>	<u>118,412</u>
Total Grants and Reimbursements	\$ <u>7,242,429</u>	\$ <u>8,151,531</u>

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, flood, tornado and earthquake, errors and omissions, employment-related matters, injuries to employees, and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self-insurance pool pursuant to Section 2744.081 of the ORC, currently operating as a common risk management and insurance program for ten (as of December 31, 2013) member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage for losses greater than the Pool's retained losses. Quarterly, the Authority pays into a loss and administration fund pursuant to OTRP's bylaws to fund this retained layer. The Agreement of Formation of OTRP provides that OTRP will be self-sustaining through member contributions and will purchase coverage in excess of the Pool retained amount through commercial companies with an industry standard rating of A or better. All retained amounts and limits listed are per occurrence. Coverage is granted per occurrence.

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

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

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

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

10. 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.

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

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, 2014, there were no material questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority’s management, no material grant expenditures will be disallowed.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through May 28, 2015, the date the financial statements were available to be issued.

13. CHANGE IN ACCOUNTING PRINCIPLES

During 2014, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The issuance of this Statement had no impact on the Authority’s financial statements or disclosures.

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

During 2014, the Authority implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The implementation of this Statement had no impact on the Authority’s financial statements or disclosures.

During 2014, the Authority implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this Statement had no impact on the Authority’s financial statements or disclosures.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The requirements of this Statement should be applied simultaneously with the provisions of Statement 68. The Authority has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Authority has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.



Statistical Section 2014

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 47-48)

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

Revenue Capacity (Pages 49-51)

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

Operating Information (Pages 52-55)

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 56)

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

Economic and Demographic (Pages 57-64)

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 2014

(Unaudited)

Table 1 – Net Position

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



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

Table 1

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
NET POSITION										
Net Investment in Capital Assets	\$ 34,954,513	\$ 34,143,696	\$ 35,108,740	\$ 28,659,037	\$ 26,657,794	\$ 22,070,412	\$ 21,386,347	\$ 20,436,088	\$ 19,545,695	\$ 18,794,568
Restricted	230,753	-	100,000	38,899	38,899	-	-	75,384	-	124,842
Unrestricted	12,954,110	11,029,737	7,778,378	7,671,591	6,574,635	3,533,639	3,599,239	3,104,616	3,207,574	3,121,371
TOTAL NET POSITION	\$ 48,139,376	\$ 45,173,433	\$ 42,987,118	\$ 36,369,527	\$ 33,271,328	\$ 25,604,051	\$ 24,985,586	\$ 23,616,088	\$ 22,753,269	\$ 22,040,781

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

Table 2

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES										
Passenger Fares.....	\$ 1,352,071	\$ 1,141,471	\$ 1,111,074	\$ 1,069,426	\$ 1,051,643	\$ 1,052,755	\$ 1,184,354	\$ 1,024,118	\$ 959,445	\$ 877,269
Special Transit Fares.....	821,161	654,311	553,229	684,507	529,091	491,479	480,272	383,994	226,553	220,836
Auxiliary Transportation Revenue.....	141,553	92,973	72,972	60,939	22,176	37,570	23,116	30,402	32,711	38,266
TOTAL OPERATING REVENUES	2,314,785	1,888,755	1,737,275	1,814,872	1,602,910	1,581,804	1,687,742	1,438,514	1,218,709	1,136,371
OPERATING EXPENSES										
Labor.....	\$ 6,793,551	\$ 6,396,815	\$ 5,902,311	\$ 5,808,570	\$ 5,566,669	\$ 5,898,232	\$ 6,124,933	\$ 6,085,584	\$ 6,237,295	\$ 5,958,496
Fringe Benefits.....	5,317,403	4,853,118	4,785,964	4,221,636	4,143,021	4,844,810	4,591,727	4,546,981	4,852,882	4,597,730
Materials & Supplies.....	3,800,800	3,638,790	3,085,079	2,512,522	2,198,564	2,367,522	2,795,146	2,299,169	1,914,954	1,778,542
ODOT Fuel Tax Reimbursement	(118,853)	(118,412)	(125,428)	(142,943)	-	-	-	-	-	-
Services.....	890,085	1,146,558	998,807	884,687	728,318	570,908	541,850	635,497	763,943	743,478
Utilities.....	171,951	271,048	326,085	237,395	241,461	277,368	292,402	289,131	285,521	230,473
Casualty & Liability.....	521,659	465,550	388,802	368,469	617,237	377,719	341,309	757,927	708,362	660,774
Leases & Rentals.....	19,100	20,311	237	2,930	1,738	7,998	12,693	14,012	11,044	6,648
Miscellaneous.....	303,775	403,070	236,161	322,725	356,638	241,921	197,431	117,571	121,012	71,270
TOTAL OPERATING EXPENSES	\$ 17,699,471	\$ 17,076,848	\$ 15,598,018	\$ 14,215,991	\$ 13,853,646	\$ 14,586,478	\$ 14,897,491	\$ 14,745,872	\$ 14,895,013	\$ 14,047,411
Before Depreciation Expense.....	\$ 17,699,471	\$ 17,076,848	\$ 15,598,018	\$ 14,215,991	\$ 13,853,646	\$ 14,586,478	\$ 14,897,491	\$ 14,745,872	\$ 14,895,013	\$ 14,047,411
OPERATING LOSS										
Before Depreciation Expense.....	\$ (15,384,686)	\$ (15,188,093)	\$ (13,860,743)	\$ (12,401,119)	\$ (12,250,736)	\$ (13,004,674)	\$ (13,209,749)	\$ (13,316,181)	\$ (13,676,303)	\$ (12,911,040)
Depreciation Expense.....	2,999,536	3,586,813	3,611,443	3,415,401	1,911,419	1,717,793	1,719,897	1,827,642	2,301,805	2,439,508
OPERATING LOSS.....	\$ (18,384,222)	\$ (18,774,906)	\$ (17,472,186)	\$ (15,816,520)	\$ (14,162,155)	\$ (14,722,467)	\$ (14,929,646)	\$ (15,143,823)	\$ (15,978,108)	\$ (15,350,548)
NON OPERATING REVENUES (EXPENSES)										
Sales Tax Proceeds.....	\$ 14,225,476	\$ 13,008,940	\$ 12,636,571	\$ 12,017,178	\$ 11,367,468	\$ 10,408,166	\$ 11,799,986	\$ 11,897,832	\$ 11,683,697	\$ 11,384,241
Operating Grants and Reimbursements	3,833,729	5,607,527	3,144,395	2,669,878	-	-	-	-	-	-
Federal Preventative Maintenance.....	-	-	-	-	1,841,668	1,909,366	2,089,920	1,738,436	1,228,565	639,246
Federal Capital & Operating Grants.....	-	-	-	-	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.....	-	-	-	-	190,354	35,290	127,683	-	-	-
Investment/Interest Income.....	37,692	17,720	9,979	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).....	(144,995)	(130,089)	(125,115)	(120,172)	(112,509)	(104,082)	(118,000)	(136,935)	(138,075)	-
Gain (Loss) on Disposal.....	(1,944)	(45,339)	(75,508)	(16,379)	(13,259)	2,667	(4,693)	(3,518)	(3,046)	1,660
Non-transportation Revenue.....	110,360	76,870	26,552	22,190	32,079	20,065	24,971	16,638	20,573	20,885
Special Item*.....	-	-	-	-	(79,708)	(30,000)	(22,625)	(30,343)	-	(9,500)
NON OPERATING REVENUES/EXPENSES - NET...	\$ 18,060,318	\$ 18,535,629	\$ 15,616,874	\$ 14,574,229	\$ 15,655,006	\$ 13,528,215	\$ 14,574,905	\$ 13,940,761	\$ 13,220,336	\$ 12,340,133
CAPITAL GRANT REVENUE										
Federal Capital Grant.....	\$ 3,059,094	\$ 2,425,592	\$ 5,391,151	\$ 4,203,691	\$ 5,674,426	\$ 1,812,717	\$ 1,724,239	\$ 2,065,881	\$ 3,519,606	\$ 4,175,826
State/Local Capital Grant.....	-	-	2,981,752	97,900	500,000	-	-	-	-	301,935
Restricted Federal Capital Grant	230,753	-	100,000	38,899	-	-	-	-	-	-
TOTAL CAPITAL GRANTS.....	\$ 3,289,847	\$ 2,425,592	\$ 8,472,903	\$ 4,340,490	\$ 6,174,426	\$ 1,812,717	\$ 1,724,239	\$ 2,065,881	\$ 3,519,606	\$ 4,477,761
CHANGE IN NET POSITION.....	2,965,943	2,186,315	6,617,591	3,098,199	7,667,277	618,465	1,369,498	862,819	761,834	1,467,346
Net Position, Beginning Balance.....	45,173,433	42,987,118	36,369,527	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 Position, Ending Balance.....	\$ 48,139,376	\$ 45,173,433	\$ 42,987,118	\$ 36,369,527	\$ 33,271,328	\$ 25,604,051	\$ 24,985,586	\$ 23,616,088	\$ 22,753,269	\$ 22,040,782

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



Revenue Capacity Information 2014

(Unaudited)

Table 3 – Revenue Base

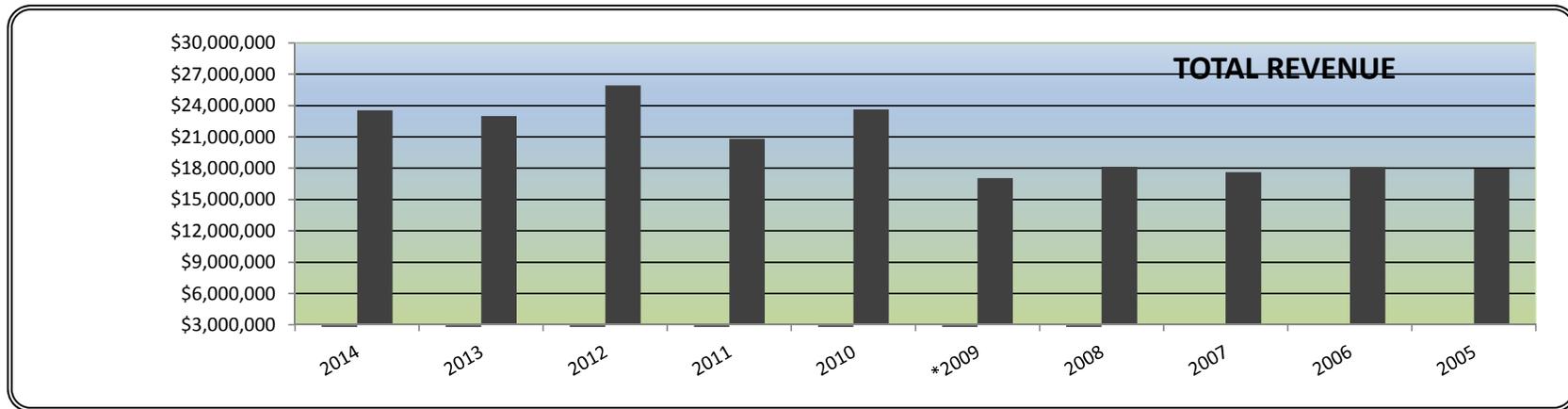
Table 4 – Passenger Revenue Rates

Table 5 – Sales Tax Revenue

STARK AREA REGIONAL TRANSIT AUTHORITY
REVENUE BASE FOR THE LAST TEN FISCAL YEARS
FOR THE LAST TEN FISCAL YEARS
Rounded to The Nearest Dollar
(Unaudited)

Table 3

	2014	2013	2012	2011	2010	*2009	2008	2007	2006	2005
FARES	\$2,314,785	\$1,888,755	\$1,737,275	\$1,814,872	\$1,580,734	\$1,544,234	\$1,664,626	\$1,408,112	\$1,187,321	\$1,098,105
SALES TAX	\$14,225,476	\$13,008,940	\$12,636,571	\$12,017,178	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241
FEDERAL:										
Operating Grants	\$3,833,729	\$5,607,527	\$3,144,395	\$2,669,878	\$553,684	\$643,655	\$0	\$0	\$0	\$0
Capital Grant Reimbursements	\$3,059,094	\$2,425,592	\$5,391,151	\$4,203,691	\$9,163,581	\$3,770,342	\$3,941,842	\$3,804,317	\$4,748,171	\$4,815,072
STATE:										
Special Fare Assistance	\$0	\$0	\$0	\$0	\$372,917	\$346,642	\$498,892	\$202,580	\$100,641	\$97,639
Capital Grant Reimbursements	\$0	\$0	\$0	\$0	\$525,380	\$284,323	\$187,423	\$249,548	\$301,053	\$455,121
LOCAL:										
Reimbursement	\$0	\$0	\$2,981,752	\$97,900	\$0	\$0	\$0	\$0	\$0	\$0
Nontransportation	\$110,360	\$76,870	\$26,522	\$22,190	\$32,079	\$20,065	\$24,971	\$16,638	\$20,573	\$20,884
Misc Income	\$0	\$0	\$0	\$0	\$41,975	\$37,800	\$24,445	\$36,925	\$58,316	\$91,043
	\$23,543,444	\$23,007,684	\$25,917,666	\$20,825,709	\$23,637,818	\$17,055,227	\$18,142,185	\$17,615,952	\$18,099,772	\$17,962,105



* 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
PASSENGER REVENUE RATES
(as of December 31, 2014)**

ROUTE	TICKET/PASS	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				
Day Pass		\$3.00		
CLEVELAND FIXED ROUTE		\$2.50		

Note:

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

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

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

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

Non-ADA Proline – (1) For passengers who do not have a client number and who are merely accompanying a Proline rider. (2) For seniors, 65 or older without a Proline number, who arranges a ride through Proline (based on availability.) No charge.

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

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

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

Children – Passengers ages 5 and under, accompanied by an adult, rides for free.

STARK AREA REGIONAL TRANSIT AUTHORITY
SALES TAX REVENUE
(Unaudited)

Table 5

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SALES TAX REVENUE	\$14,225,476	\$13,008,940	\$12,636,571	\$12,017,178	\$11,367,468	\$10,408,166	\$11,799,986	\$11,897,832	\$11,683,697	\$11,384,241
POPULATION*	375,736	375,432	374,868	375,087	375,586	379,466	379,214	378,664	380,575	380,275
SALES TAX PER CAPITA	\$37.86	\$34.65	\$33.71	\$32.04	\$30.27	\$27.43	\$31.12	\$31.42	\$30.70	\$29.94

* Population

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

2012 http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2012_PEPANNRES

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

(US Census only has population up to 2012)

2014 <http://quickfacts.census.gov/qof/stats.html>

(US Census only has population up to 2012)



Operating Information 2014

(Unaudited)

Table 6 – Employees & Labor Classification

Table 7 – Operating Indicators

Table 8 – Expenses by Source/Object

Table 9 – Capital Asset Statistics

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

Table 6

CLASSIFICATION / YEAR	2014	2013	2013	2012	2011	2010	2009	2008	2007	2006	2005
VEHICLE OPERATIONS	165	159	159	132	144	137	143	149	148	149	149
VEHICLE MAINTENANCE	29	20	20	28	28	28	28	29	28	30	29
NON-VEHICLE MAINTENANCE	4	3	3	3	3	2	3	2	3	3	3
GENERAL ADMINISTRATION	18	23	23	18	16	12	13	22	21	20	22
TOTAL OPERATING LABOR	216	205	205	181	191	179	187	202	200	202	203
TOTAL CAPITAL LABOR	0	0	0	0	0	0	9	9	8	2	2
TOTAL LABOR	216	205	205	181	191	179	196	211	208	204	205

Data compiled from SARTA Payroll and Human Resource reports

STARK AREA REGIONAL TRANSIT AUTHORITY
OPERATING INDICATORS
(Unaudited)

Table 7

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>System Ridership</u>										
Fixed Route	2,639,702	2,530,749	2,502,299	2,309,425	1,959,470	1,995,218	2,303,725	2,034,437	2,098,200	1,814,412
Paratransit	140,747	138,147	139,992	128,034	128,905	138,217	148,193	156,550	158,622	150,178
Shuttles and Specials	26,034	22,129	16,607	10,636	19,958	30,702	78,012	79,017	92,155	64,008
<u>Average Weekday System Ridership</u>										
Fixed Route	10,398	9,152	8,719	8,053	6,940	7,187	7,828	6,627	6,773	6,146
Paratransit	497	497	455	457	461	495	523	510	566	533
<u>Average Weekday Miles Operated</u>										
Fixed Route	8,740	8,812	8,695	7,592	7,465	7,800	7,899	7,798	8,597	8,711
Paratransit	5,852	4,620	4,404	3,905	4,176	3,752	3,912	4,637	4,880	4,718
<u>Revenue Miles</u>										
Fixed Route	2,237,394	2,208,234	2,119,345	2,256,733	2,116,316	2,324,483	2,518,321	2,479,147	2,519,313	2,561,836
Paratransit	1,498,092	1,138,653	1,132,028	977,902	1,026,751	1,207,790	1,118,488	1,321,761	1,220,104	1,183,973
<u>Passenger Miles</u>										
Fixed Route	12,789,633	12,789,633	12,616,719	11,464,591	9,916,934	10,149,079	11,540,775	9,449,219	7,892,852	7,442,335
Paratransit	1,283,190	1,283,190	1,221,319	1,201,757	1,193,861	1,340,807	1,475,840	1,429,668	1,385,939	1,268,802
<u>Energy Consumption</u>										
Gallons of CNG & diesel/biodiesel	622,585	576,992	573,162	529,331	534,326	575,616	612,542	658,278	646,562	586,863
Cost	1,709,986	1,882,758	1,841,540	\$1,603,873	\$1,245,736	\$1,486,250	\$1,886,629	\$1,579,867	\$1,430,134	\$876,015
Avg Cost Per Gallon	\$2.75	\$3.26	\$3.21	\$3.03	\$2.33	\$3.08	\$2.40	\$2.21	\$2.21	\$1.25
<u>Fleet Requirement</u>										
Fixed Route	34	34	34	34	32	35	38	34	34	35
Paratransit	23	23	23	23	23	23	25	24	24	26
<u>Total Active Vehicles</u>										
Fixed Route	43	43	39	38	38	40	82	79	82	42
Paratransit	41	41	41	42	42	43	42	45	41	42
<u>Number of Employees</u>										
Full Time Equivalent	216	205	190	191	179	187	209	208	204	214

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

Table 8

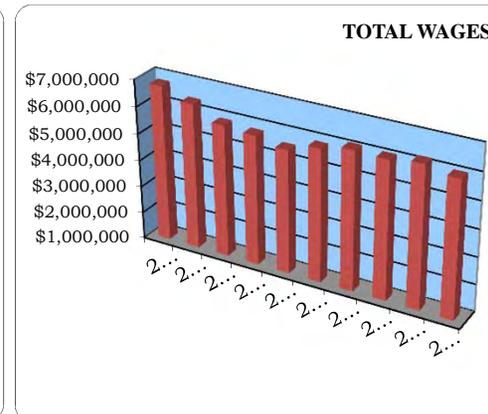
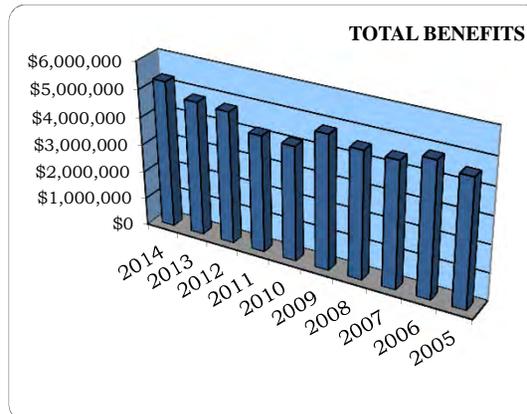
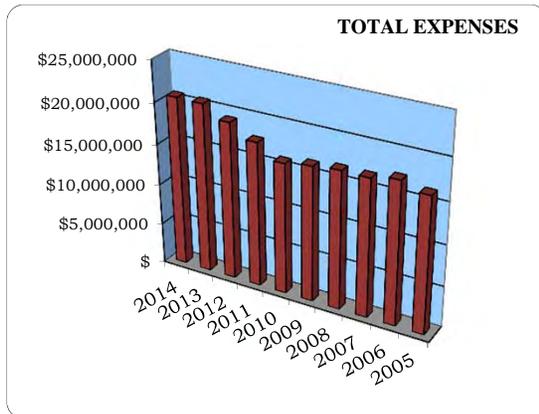
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Labor	\$6,793,551	\$6,396,815	\$5,902,311	\$5,808,570	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734
Fringe Benefits	\$5,317,403	\$4,853,118	\$4,785,964	\$4,221,636	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730
General & Administrative	\$5,588,517	\$5,826,915	\$4,909,743	\$4,185,785	\$4,349,432	\$3,978,594	\$4,331,437	\$4,284,104	\$3,945,957	\$3,409,947
Depreciation	\$2,999,536	\$3,586,813	\$3,611,443	\$3,415,401	\$1,911,419	\$1,717,793	\$1,719,897	\$1,827,642	\$2,301,806	\$2,439,508
Total	\$20,699,007	\$20,663,661	\$19,209,461	\$17,631,392	\$15,970,541	\$16,439,429	\$16,767,994	\$16,744,311	\$17,337,939	\$16,486,919

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Wages	\$6,793,551	\$6,396,815	\$5,902,311	\$5,808,570	\$5,566,669	\$5,898,232	\$6,124,933	\$6,085,584	\$6,237,294	\$6,039,734
Benefits	\$5,317,403	\$4,853,118	\$4,785,964	\$4,221,636	\$4,143,021	\$4,844,810	\$4,591,727	\$4,546,981	\$4,852,882	\$4,597,730
Services	\$890,085	\$1,146,558	\$998,807	\$884,687	\$728,318	\$570,908	\$541,850	\$635,497	\$763,944	\$743,478
Supplies **	\$3,681,947	\$3,520,378	\$2,959,651	\$2,369,740	\$2,198,564	\$2,367,522	\$2,795,146	\$2,299,169	\$1,914,954	\$1,778,542
Utilities	\$171,951	\$271,048	\$326,085	\$237,395	\$241,461	\$277,368	\$292,402	\$289,131	\$285,521	\$230,473
Casualty & Liability **	\$521,659	\$465,550	\$388,802	\$368,469	\$617,237	\$377,719	\$341,309	\$757,928	\$708,362	\$598,556
Depreciation	\$2,999,536	\$3,586,813	\$3,611,443	\$3,415,401	\$1,911,419	\$1,717,793	\$1,719,897	\$1,822,338	\$2,301,806	\$2,439,508
Miscellaneous Expenses	\$322,875	\$423,381	\$236,398	\$325,494	\$563,852	\$385,077	\$360,730	\$307,683	\$273,176	\$58,898
Total Expenses	\$20,699,007	\$20,663,661	\$19,209,461	\$17,631,392	\$15,970,541	\$16,439,429	\$16,767,994	\$16,744,311	\$17,337,939	\$16,486,919

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

** Later years reflect rising insurance & fuel costs.



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

Table 9

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue Vehicle Inventory										
Heavy Duty Vehicles	41	43	39	38	38	38	40	42	41	42
Light Duty Vehicles	61	41	41	42	42	43	42	42	41	42
Total Revenue Vehicle Inventory	102	84	80	80	80	81	82	84	82	84
Administration/Maintenance Buildings	1	1	1	1	1	1	1	1	1	1
Transit Stations	4	4	4	4	3	3	3	3	3	3

Data compiled from SARTA inventory count



Debt Capacity Information 2014

(Unaudited)

Table 10 – Debt Service

STARK AREA REGIONAL TRANSIT AUTHORITY
Debt Service
(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	DEBT (3)	COVERAGE
2014	\$ 23,811,889	\$ 17,927,848	\$ 5,884,041				
2013	23,025,404	17,122,187	5,903,217				
2012	25,827,052	15,598,018	10,229,034				
2011	20,729,589	14,473,148	6,256,441				
2010	23,637,818	14,059,122	9,578,696				
2009	17,055,227	14,721,636	2,333,591				
2008	18,142,185	15,052,791	3,089,394	\$398,908	\$9,981	\$408,889	7.56
2007	17,615,952	14,916,670	2,699,282				
2006	18,099,772	15,174,207	2,925,565				
2005	17,962,105	14,047,411	3,914,694				

- (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.

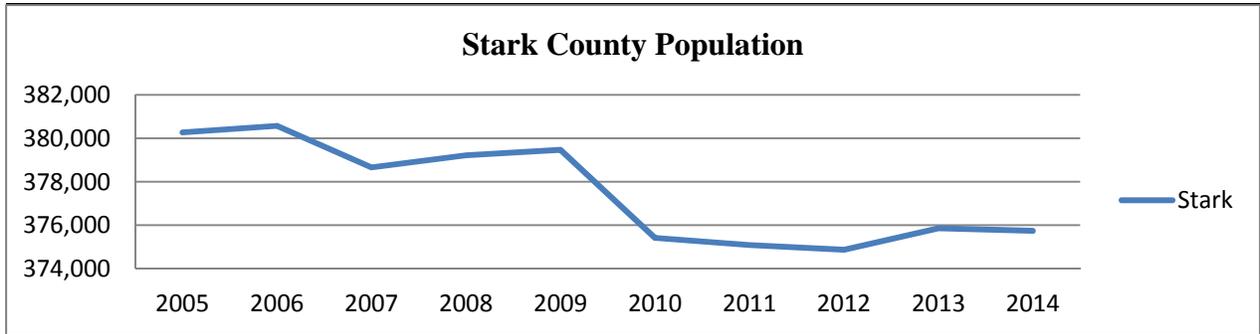


Economic & Demographic Information 2014

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

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.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Stark	380,275	380,575	378,664	379,214	379,466	375,417	375,087	374,868	375,895	375,736

1

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

The Unemployment rate continues to trend upwards despite the growth in non-manufacturing jobs. The jobs created by the non-manufacturing sector have not been numerous enough to outpace the loss of manufacturing jobs. The Stark County unemployment rate for 2014 was 4.6 %² compared with the national average of 5.4%.³

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

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

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

Stark County Major Employers

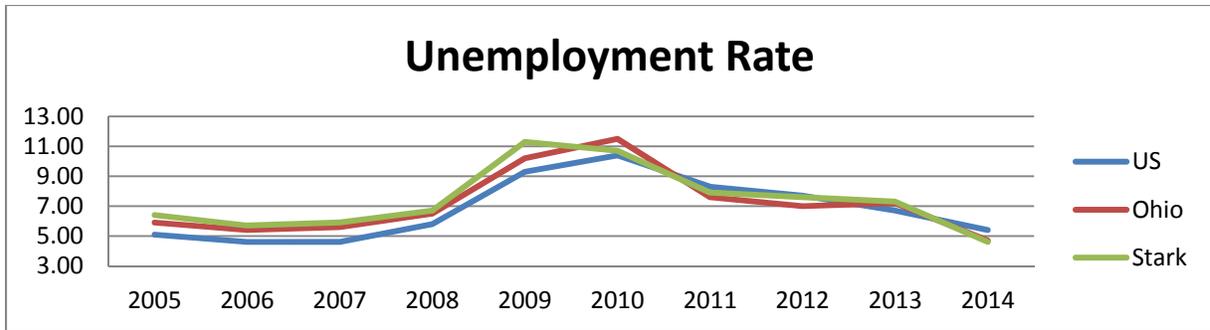
2013 Employers ^{*3}	Nature of Business	Employees	Percentage of Total County Employment
Aultman Hospital	Health Care	5,000	0.0133
The Timken Company	Manufacturing, Steel and Tapered Roller Bearings	4,120	0.0110
Mercy Medical Center	Health Care	2,500	0.0067
County of Stark	Governmental	2,499	0.0066
Diebold, Inc	Computer Services, Finance	1,900	0.0051
Canton Board of Education	Education	1,823	0.0048
Freshmark, Inc	Meat Processing	1700	0.0045
Stark State College	Education	1123	0.0030
Alliance Community Hospital	Health Care	953	0.0025
Republic Engineered Steels, Inc	Manufacturing, Steel and Tapered Roller Bearings	910	0.0024
	Total County employment	22,528	
2014 population	375,584		

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

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

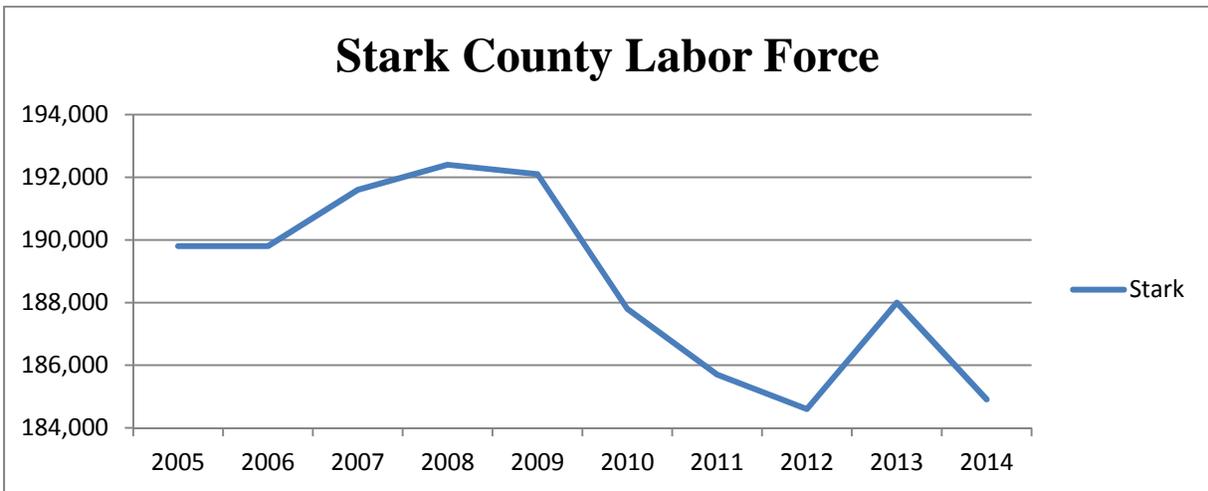
*2 - Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P27, P28, P29, P30, and PCT15, factfinder2.census.gov

*3 - Source: http://www.starkcoohio.com/html/economics_overview.html#major_employers (information not updated for 2014)



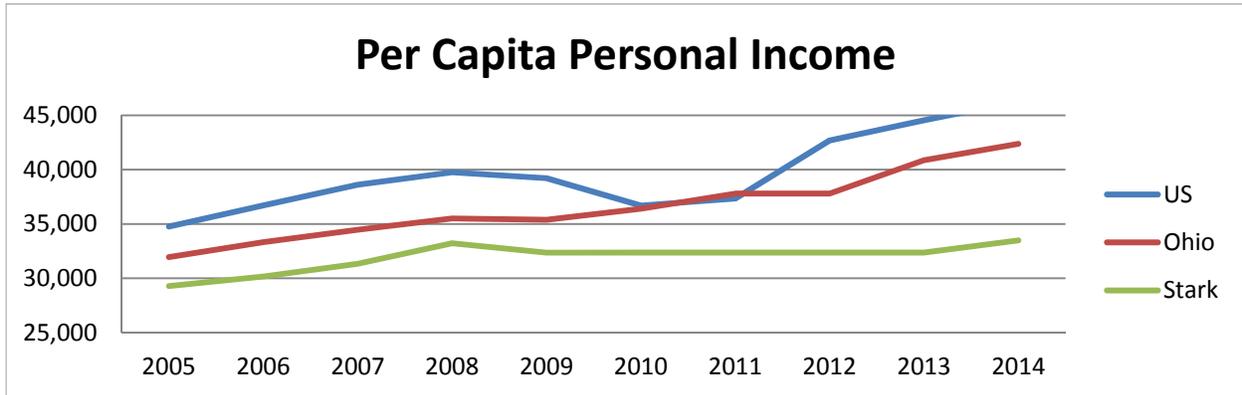
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
US	5.1	4.6	4.6	5.8	9.3	10.4	8.3	7.7	6.7	5.4
Ohio	5.9	5.4	5.6	6.5	10.2	11.5	7.6	7	7.2	4.7
Stark	6.4	5.7	5.9	6.7	11.3	10.7	7.9	7.6	7.3	4.6

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



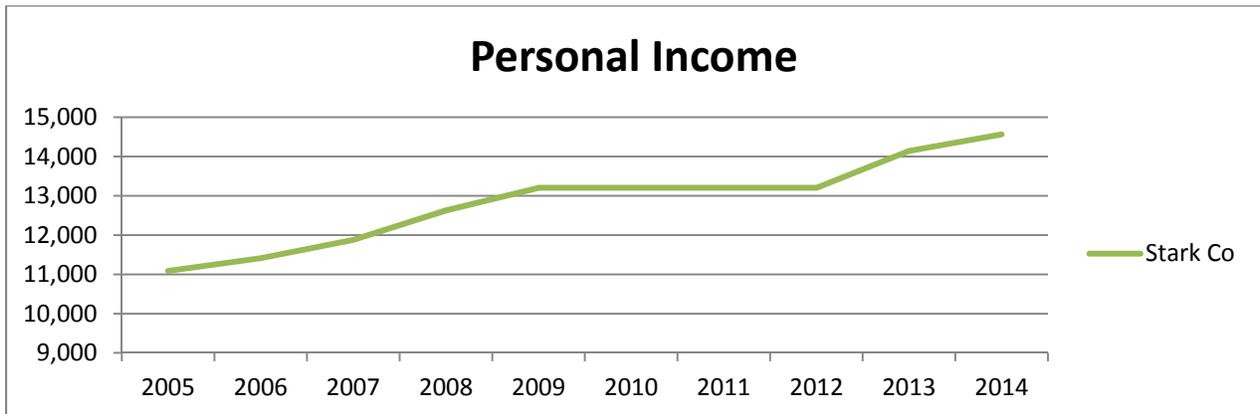
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Stark	189,800	189,800	191,600	192,400	192,100	187,800	185,700	184,600	188,000	184,908

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



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
US	34,757	36,714	38,611	39,751	39,212	36,697	37,345	42,693	44,543	46,280
Ohio	31,939	33,320	34,468	35,511	35,381	36,395	37,791	37,791	40,865	42,377
Stark	29,271	30,150	31,331	33,221	32,356	32,356	32,356	32,356	32,356	33,488

Source: Bureau of Economic Analysis, US Department of Commerce



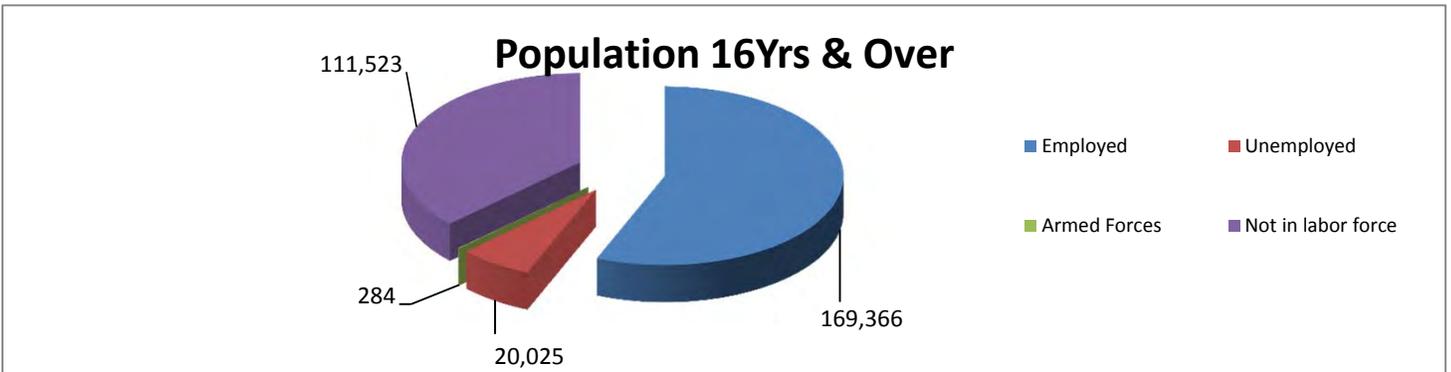
Personal Income

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
US	10,284,356	10,968,393	11,645,882	12,233,500	12,097,700	12,701,052	13,105,700	13,602,600	14,309,800	14,882,192
Ohio	366,017	381,963	399,897	407,874	407,874	425,614	436,297	436,297	472,845	487,030
Stark Co	11,088	11,414	11,876	12,627	13,201	13,201	13,201	13,201	14,141	14,565

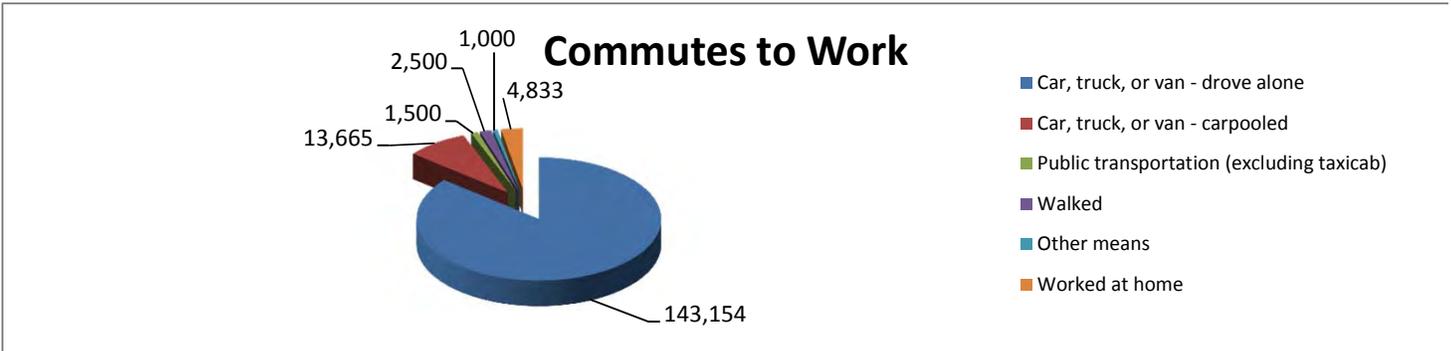
Source: Bureau of Economic Analysis, US Department of Commerce - Link: www.bea.gov

STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2014 Community Survey*
 US Census Bureau / American Fact Finder

Employment Status	Number	Percent
Population 16 Years and Over	301,198	100%
Employed	169,366	56.23%
Unemployed	20,025	6.65%
Armed Forces	284	0.09%
Not in labor force	111,523	37.03%



Commuting to Work	Number	Percent
Workers 16 years and over	166,652	100%
Car, truck, or van - drove alone	143,154	85.90%
Car, truck, or van - carpooled	13,665	8.20%
Public transportation (excluding taxicab)	1,500	0.90%
Walked	2,500	1.50%
Other means	1,000	0.60%
Worked at home	4,833	2.90%
Mean travel time to work (minutes)	21.4	



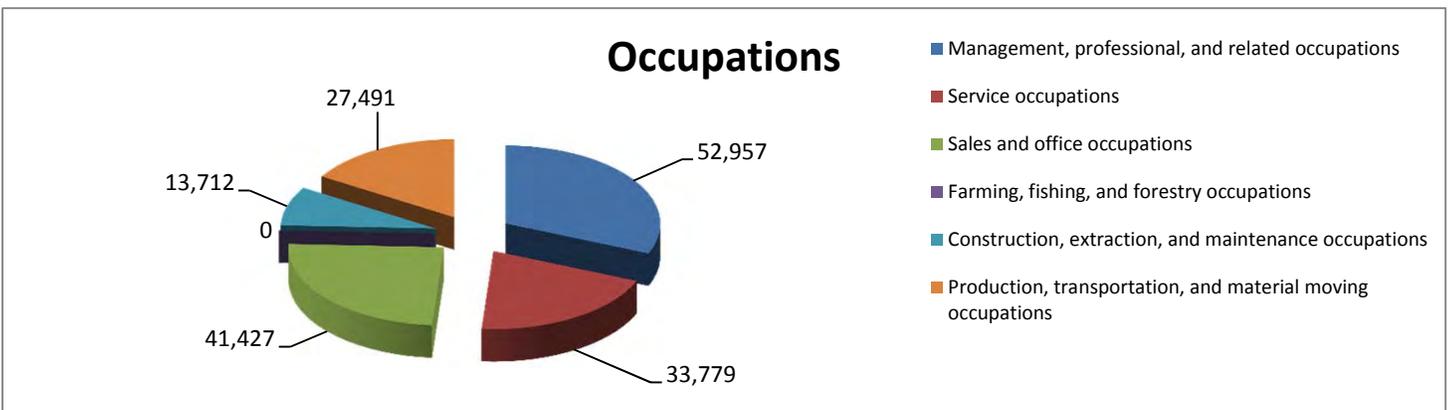
STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY DEMOGRAPHICS

2014 Community Survey*

DEMOGRAPHICS (CONTINUED)

Occupation		
Employed Civilian Population 16 Years and Over	169,366	100%
Management, professional, and related occupations	52,957	31.27%
Service occupations	33,779	19.94%
Sales and office occupations	41,427	24.46%
Farming, fishing, and forestry occupations	0	0.00%
Construction, extraction, and maintenance occupations	13,712	8.10%
Production, transportation, and material moving occupations	27,491	16.23%



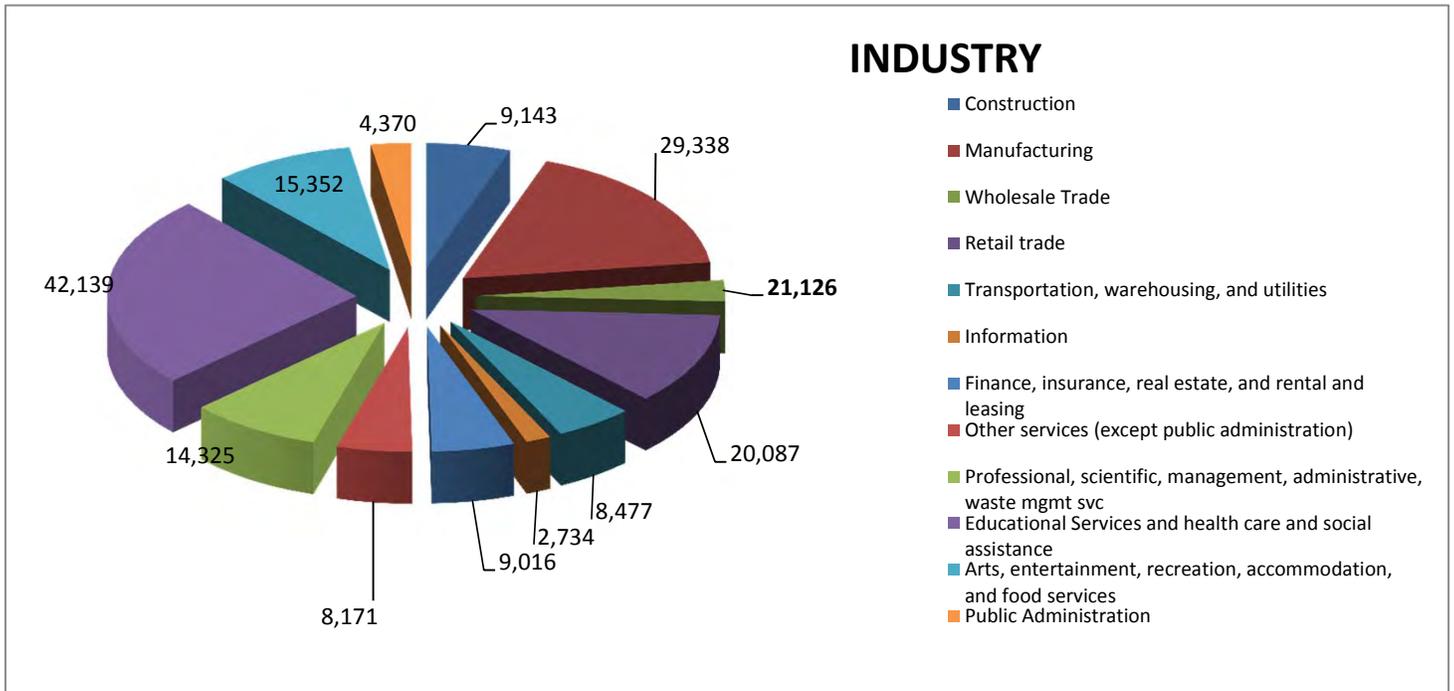
STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY DEMOGRAPHICS

2014 Community Survey*

DEMOGRAPHICS (CONTINUED)

Industry		
Employed Civilian Population 16 Years and Over	169,366	100%
Agriculture, forestry, fishing and hunting, mining	1,568	0.93%
Construction	9,143	5.40%
Manufacturing	29,338	17.32%
Wholesale Trade	4,646	2.74%
Retail trade	20,087	11.86%
Transportation, warehousing, and utilities	8,477	5.01%
Information	2,734	1.61%
Finance, insurance, real estate, and rental and leasing	9,016	5.32%
Other services (except public administration)	8,171	4.82%
Professional, scientific, management, administrative, waste mgmt svc	14,325	8.46%
Educational Services and health care and social assistance	42,139	24.89%
Arts, entertainment, recreation, accommodation, and food services	15,352	9.06%
Public Administration	4,370	2.58%



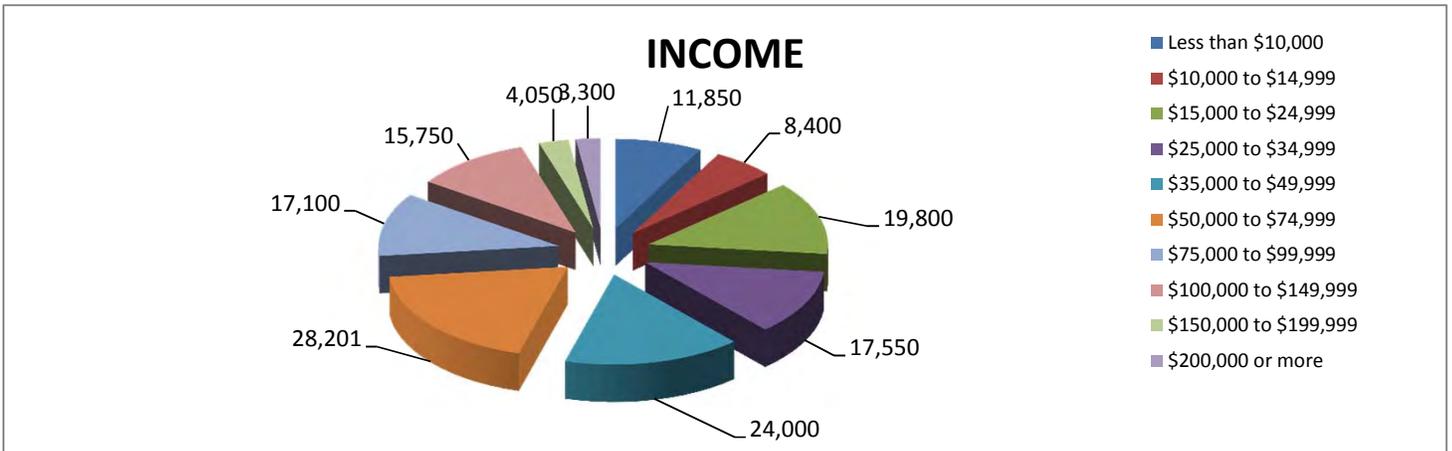
STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY DEMOGRAPHICS

2014 Community Survey*

DEMOGRAPHICS (CONTINUED)

Households	Income		
		150,003	100%
Less than \$10,000		11,850	7.9%
\$10,000 to \$14,999		8,400	5.6%
\$15,000 to \$24,999		19,800	13.2%
\$25,000 to \$34,999		17,550	11.7%
\$35,000 to \$49,999		24,000	16.0%
\$50,000 to \$74,999		28,201	18.8%
\$75,000 to \$99,999		17,100	11.4%
\$100,000 to \$149,999		15,750	10.5%
\$150,000 to \$199,999		4,050	2.7%
\$200,000 or more		3,300	2.2%
Median household income (dollars)		45,641	
			100.0%



*2014 US Census survey results not available at time of reporting.

Source: U.S. Census Bureau, 2009-2013 American Community Survey

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

Stark Area Regional Transit Authority

**Single Audit Reports
For the Year Ended December 31, 2014**

Stark Area Regional Transit Authority

For the Year Ended December 31, 2014

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	3-5
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Notes to the Schedule of Expenditures of Federal Awards	7
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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Stark Area Regional Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 28, 2015.

Internal Control over Financial Reporting

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

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

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

Board of Trustees
Stark Area Regional Transit Authority

Compliance and Other Matters

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

Purpose of this Report

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

Cini & Parichi, Inc.

Cleveland, Ohio
May 28, 2015

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

Board of Trustees
Stark Area Regional Transit Authority

Report on Compliance for Each Major Federal Program

We have audited the Stark Area Regional Transit Authority’s (the “Authority”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority’s major federal program for the year ended December 31, 2014. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control over Compliance

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

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

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

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

Board of Trustees
Stark Area Regional Transit Authority

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

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 28, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cini & Paricki, Inc.

Cleveland, Ohio
May 28, 2015

Stark Area Regional Transit Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-04-0069	\$ 48,329
	20.507	OH-04-0084	33,612
	20.507	OH-04-0088	143,026
	20.507	OH-04-0094	1,361,200
	20.507	OH-34-0002	74,241
	20.507	OH-34-0006	81,441
	20.507	OH-90-0622	83,831
	20.507	OH-90-X677	3,590
	20.507	OH-90-X714	287,468
	20.507	OH-90-X764	219,381
	20.507	OH-90-X785	28,626
	20.507	OH-90-X797	3,414,745
	20.507	OH-95-0158	377,446
	20.507	OH-95-0101	687,439
	20.507	OH-95-4172	<u>164,279</u>
Total Federal Transit Cluster/Direct Programs			7,008,654
Transit Services Programs Cluster:			
Job Access and Reverse Commute	20.516	OH-37-4072	12,337
	20.516	OH-37-4080	12,165
	20.516	OH-37-6080	29,528
	20.516	OH-37-4094	<u>41,297</u>
Total Job Access and Reverse Commute			95,327
New Freedom Program			
	20.521	OH-57-4054	9,750
	20.521	OH-57-4039	<u>9,845</u>
Total New Freedom Program			<u>19,595</u>
Total Transit Services Programs Cluster			<u>114,992</u>
Total U.S. Department of Transportation			\$ <u><u>7,123,576</u></u>

The accompanying notes are an integral part of this schedule.

Stark Area Regional Transit Authority

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Note 1 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (“Schedule”) reflects the expenditures of the Stark Area Regional Transit Authority (the “Authority”) under programs financed by the U.S. government for the year ended December 31, 2014. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

During 2014, the Authority provided \$95,327 and \$19,595 of job access and reverse commute and new freedom program grant funds, respectively, to a sub-recipient.

Stark Area Regional Transit Authority

Schedule of Findings

OMB Circular A-133 Section .505

For the Year Ended December 31, 2014

1. Summary of Auditor's Results

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

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

None noted.

3. Findings for Federal Audits

None noted.

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Dave Yost • Auditor of State

STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 9, 2015**