Audited Financial Statements
STARK AREA REGIONAL TRANSIT AUTHORITY

For the years ended December 31, 2009 and 2008

SINGLE AUDIT REPORT
For the year ended December 31, 2009

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Stark Area Regional Transit Authority, Stark County, prepared by Dingus and Daga, Inc., for the audit period January 1, 2009 through December 31, 2009. 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.

Robert R. Hinkle

Robert R. Hinkle, CPA
Chief Deputy Auditor

September 9, 2010

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STARK AREA REGIONAL TRANSIT AUTHORITY

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Dingus and Daga, Inc.
Certified Public Accountants
®

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the accompanying basic financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the years ended December 31, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, during the year ended December 31, 2009, the Authority implemented GASB Statement No., 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" and GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

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In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 18, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

As the financial management of the Stark Area Regional Transit Authority (Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2009 and 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority's total net assets increased $618,465 or 2.5% in 2009. Buses were replaced during the year, contributing to the increase in net assets.

The Authority's net assets in 2008 increased $1,369,498, or 5.8%. The increase was reflected in an increase in capital funding of the communications project and the Alliance Transfer Center.

The Authority's operating expenses, excluding depreciation, in 2009 were $311,013 lower than in 2008, a 2% decrease, primarily due to decreased labor costs. The Authority's operating expenses, excluding depreciation, in 2008 was $142,796 higher than in 2007, a 1% increase, primarily due to the cost of fuel in 2008.

Operating revenue for the Authority was $105,938 lower in 2009, a 6.3% decrease, primarily due to a decrease in ridership.

In 2008 operating revenue for the Authority was $249,228 higher than in 2007, a 17% increase. The increase was primarily due to an increase in passenger fares and average weekday ridership.

In 2009 sales tax revenue decreased $1,391,820, or 11.8% compared to 2008. Sales tax revenue accounted for 69% of all funding, exclusive of capital grants. In 2008 sales tax revenue was $97,846 lower than in 2007, a .82% decrease compared to 2007. In 2008, Sales tax revenue accounted for approximately 74% of all funding, exclusive of capital grants.

Overview of the Financial Statements

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

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

Required Financial Statements

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 13-32 of this report.

Financial Analysis of the Authority

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by $25,604,051 at the close of the most recent fiscal year.

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

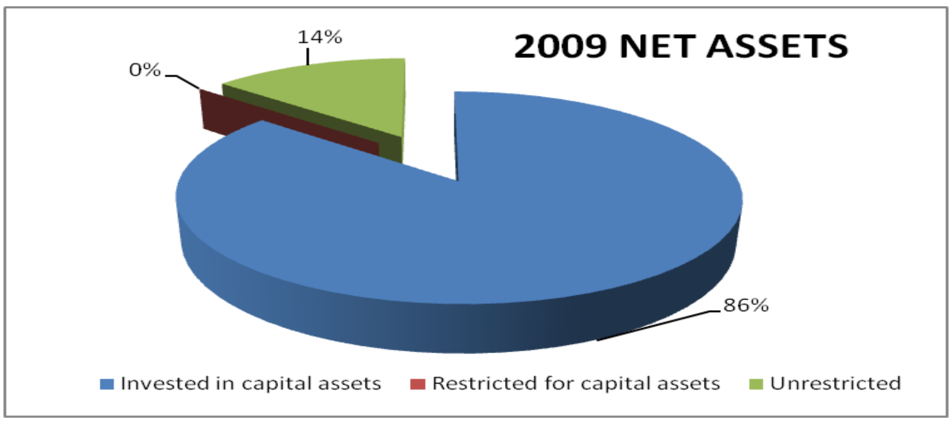
In 2009, the Authority's *unrestricted net assets*, totaled $3,533,639.

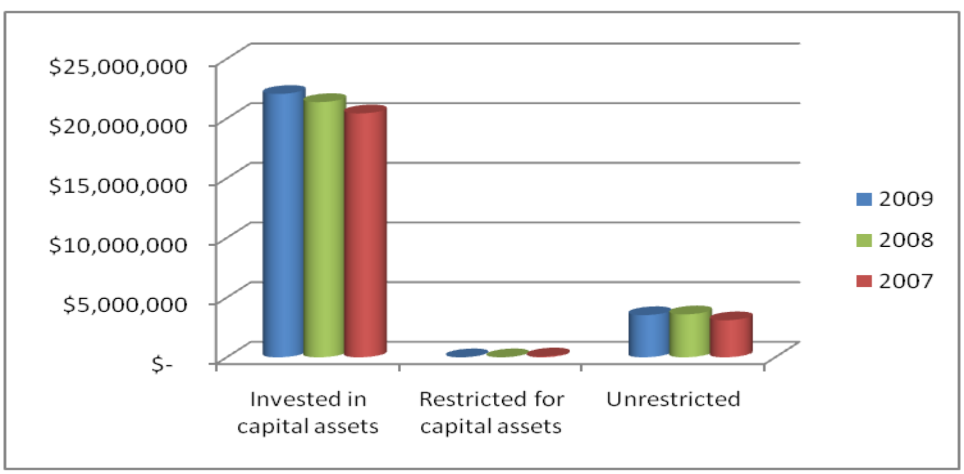
In 2008, the Authority's net assets represented resources that were subject to the restriction of being held to pay for capital assets. In 2008 the amount of *unrestricted net assets* was $3,599,239.

At the end of 2009 and 2008, the Authority is able to report positive balances in net assets, and the same held true for the prior fiscal year.

Stark Area Regional Transit Authority's Net Assets

NET ASSETS	2009	2008	2007
Current assets	$ 5,038,062	$ 5,430,290	$ 4,713,681
Capital assets, net	22,070,412	21,386,347	20,436,088
Total assets	$ 27,108,474	$ 26,816,637	$ 25,149,769
Current liabilities	$ 1,504,423	$ 1,831,051	$ 1,533,681
Total liabilities	$ 1,504,423	$ 1,831,051	$ 1,533,681
Net assets:			
Invested in capital assets	$ 22,070,412	$ 21,386,347	$ 20,436,088
Restricted for capital assets	-	-	75,384
Unrestricted	3,533,639	3,599,239	3,104,616
Total net assets	$ 25,604,051	$ 24,985,586	$ 23,616,088





As can be seen from the table of net assets on the previous page, net assets increased $618,465 to $25,604,051 from $24,985,586 in 2008. The 2.5% increase was mainly due to the purchase of buses, both diesel fuel and hybrid. In 2008 net assets increased $1,369,498 to $24,985,586 from $23,616,088 in 2007. The 5.8% increase was principally due to capital funding to continue the communications project and complete the Alliance Transfer Center.

For more information on capital assets, readers are referred to pages 21-22.

CHANGES IN NET ASSETS

	2009	2008	2007
OPERATING REVENUES			
Passenger Fares	$ 1,052,755	$ 1,184,354	$ 1,024,118
Special Transit Fares	491,479	480,272	383,994
Auxiliary Transportation Revenue	37,570	23,116	30,402
TOTAL OPERATING REVENUES	$ 1,581,804	$ 1,687,742	$ 1,438,514
OPERATING EXPENSES			
Labor	$ 5,898,232	$ 6,124,933	$ 6,085,584
Fringe Benefits	4,844,810	4,591,727	4,555,803
Materials & Supplies	2,367,522	2,795,146	2,299,169
Services	570,908	541,850	635,497
Utilities	277,368	292,402	289,131
Casualty & Liability	377,719	341,309	757,928
Leases & Rentals	7,998	12,693	14,012
Miscellaneous	241,921	197,431	117,571
TOTAL OPERATING EXPENSES	$ 14,586,478	$ 14,897,491	$ 14,754,695
OPERATING LOSS BEFORE DEPRECIATION	(13,004,674)	(13,209,749)	(13,316,181)
Depreciation Expense	1,717,793	1,719,897	1,827,642
OPERATING LOSS	(14,722,467)	(14,929,646)	(15,143,823)
NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	$ 10,408,166	$ 11,799,986	$ 11,897,832
Federal Preventative Maintenance	1,909,366	2,089,920	1,738,436
Federal Operating & Capital Grants	656,624		
State Preventative Maintenance	284,323	187,423	249,548
Elderly & Disabled Assistance	346,642	498,892	202,580
Federal Planning Grants	35,290	127,683	-
Investment/Interest Income	230	1,329	6,523
Interest Expense	(1,076)	(9,981)	
Sales Tax Collection Expense	(104,082)	(118,000)	(136,935)
Gain (Loss) on Disposal	2,667	(4,693)	(3,518)
Non-transportation Revenue	20,065	24,971	16,638
Unusual Legal Events	(30,000)	(22,625)	(30,343)
NON OPERATING REVENUES/EXPENSES-NET	$ 13,528,215	$ 14,574,905	$ 13,940,761
CAPITAL GRANT REVENUE			
Federal Capital Grant	1,812,717	1,724,239	2,065,881
TOTAL CAPITAL GRANTS	1,812,717	1,724,239	2,065,881
CHANGE IN NET ASSETS	618,465	1,369,498	862,819
Net Assets, Beginning Balance	$ 24,985,586	$ 23,616,088	$ 22,753,269
Prior Period Auditor Adjustments			
Net Assets, Ending Balance	$ 25,604,051	$ 24,985,586	$ 23,616,088

In 2009, the Authority's *operating revenues* decreased 6.2% or $105,938 to $1,581,804 in 2009 ($131,599 decrease in ordinary passenger fares, $11,207 increase in special event fares, and $14,454 increase in bus side advertising and miscellaneous sales). *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. *Operating expenses*, excluding depreciation, decreased $311,013, or 2%, as compared to the prior year, mainly due to decreased labor costs. *Depreciation expense* decreased $2,104, due to the retirement of obsolete equipment.

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

In 2008, the Authority's *operating revenues* increased 17% or $249,228 to $1,687,742 compared to 2007 ($160,236 increase in ordinary passenger fares, $96,278 increase in special event fares, and $7,276 decline in bus side advertising and miscellaneous sales). In 2008 *Operating expenses*, excluding depreciation, increased $142,795, or 1%, compared to 2007, mainly due to the increased cost of fuel. *Depreciation expense* decreased $107,745 in 2008, compared to 2007, due to the retirement of obsolete equipment.

In 2008 *Non-operating revenues* increased $634,144 or 4.5% compared to 2007, due to an increase in special fare assistance, preventative maintenance grants from the Federal Transit Administration and Ohio Department of Transit, and an increase in non-transportation revenue. Sales tax revenue decreased .82% while interest income declined slightly due to the continued use of cash for SARTA's local match requirements for capital grants and declining interest rates.

Cash Flows

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

The increase in cash equivalents is due to increased grant funding, particularly operating funds from the ARRA operating grant. The increase in operating and preventative maintenance grants is due to timing of 2008 receivables received in 2009. The reader may review the increase in assets on page 11, in conjunction with the cash flow on page 8, to better understand the change in cash.

CASH FLOWS

	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Gross cash received from customers	$ 1,535,047	$ 1,661,487	$ 1,502,584
Gross cash payments to suppliers for goods & services	(4,590,548)	(5,432,000)	(5,074,524)
Gross cash payments to employees for salaries and wages	(5,905,419)	(5,429,346)	(5,893,911)
Gross cash payments for employee for benefits	(4,040,215)	(3,912,089)	(4,239,861)
Gross other	(82,248)	(127,321)	(136,935)
Net cash used in operating activities	$ (13,083,383)	$ (13,239,269)	$ (13,842,647)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Gross sales taxes received	$ 10,533,854	$ 11,784,903	$ 11,858,184
Gross operating & preventive maintenance grants received	3,819,970	1,886,267	1,954,847
Gross other	(398,908)	398,908	-
Net cash provided by noncapital financing activities	$ 13,954,916	$ 14,070,078	$ 13,813,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Gross federal capital grant revenue	$ 1,850,698	$ 1,749,726	$ 2,227,852
Gross state capital grant revenue	-	-	6,203
Gross acquisition of capital assets & work in process	(2,409,564)	(2,780,092)	(2,321,654)
Net cash used in capital and related financing activities	$ (558,866)	$ (1,030,366)	$ (87,599)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	$ 207	$ 1,254	$ 6,447
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 312,874	$ (198,303)	$ (110,768)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$ 784,395	$ 982,698	$ 1,093,466
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,097,269	$ 784,395	$ 982,698

Capital Assets

The Authority's investment in capital assets amounts to $22,070,412 net of accumulated depreciation as of December 31, 2009, a net increase of $684,065, 3.1% over 2008, primarily due to the purchase of transportation equipment and maintenance support equipment. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment and software licenses. Major capital asset expenditures during the current fiscal year included the following:

Transportation Equipment	$1,590,028
Maintenance Support Equipment	$ 153,049

The Authority's investment in capital assets amounts to $21,386,347 net of accumulated depreciation as of December 31, 2008, a net increase of $950,259, 4.6% over 2007, primarily due to the purchase of transportation equipment, the implementation of the computerized Communication System, and the Alliance Transfer Center. Major capital asset expenditures during the 2008 fiscal year included the following:

Gateway Roof Replacement	$ 62,241
Transportation Equipment	$1,312,348
Computerized Communication System	$ 598,553
Alliance Transfer Center	$ 590,138

The *Notes to the Financial Statements,* pages 13-32, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	$ 1,097,269	$ 687,642
Receivables:		
Trade	59,148	49,961
Sales tax	2,855,231	3,087,321
State capital & planning grants	91,620	1,938
Federal capital & planning grants	184,018	1,080,162
Materials & supplies inventory	256,636	249,307
Prepaid expenses & other assets	494,140	177,206
Restricted for capital assets:		
Cash & cash equivalents		96,753
TOTAL CURRENT ASSETS	5,038,062	5,430,290
Capital assets: (Note 4)		
Land	274,543	274,543
Buildings & improvements	12,362,870	12,311,993
Transportation equipment	16,100,844	15,452,824
Other equipment	3,403,995	3,335,046
Construction & WIP	4,522,277	4,406,118
Total capital assets	36,664,529	35,780,524
Less accumulated depreciation	(14,594,117)	(14,394,177)
Capital assets - net	22,070,412	21,386,347
TOTAL ASSETS	$ 27,108,474	$ 26,816,637
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 643,307	$ 533,561
Accrued payroll	486,365	450,633
Accrued payroll taxes & withholdings	327,191	359,941
Line of credit		398,908
Other current liabilities	47,560	64,865
Deferred revenues		23,143
TOTAL CURRENT LIABILITIES	1,504,423	1,831,051
TOTAL LIABILITIES	1,504,423	1,831,051
NET ASSETS:		
Invested in capital assets	22,070,412	21,386,347
Unrestricted	3,533,639	3,599,239
TOTAL NET ASSETS	25,604,051	24,985,586
TOTAL LIABILITIES AND NET ASSETS	$ 27,108,474	$ 26,816,637

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Passenger fares	$ 1,052,755	$ 1,184,354
Special transit fares	491,479	480,272
Auxiliary transportation revenues	37,570	23,116
TOTAL OPERATING REVENUES	1,581,804	1,687,742
OPERATING EXPENSES		
Labor	5,898,232	6,124,933
Fringe benefits	4,844,810	4,591,727
Materials & supplies	2,522,939	2,960,532
ODOT Fuel Tax Reimbursement	(155,417)	(165,386)
Services	570,908	541,850
Utilities	277,368	292,402
Casualty & liability insurance	377,719	341,309
Leases & rentals	7,998	12,693
Miscellaneous	241,921	197,431
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	14,586,478	14,897,491
OPERATING LOSS BEFORE DEPRECIATION	(13,004,674)	(13,209,749)
DEPRECIATION EXPENSE (Note 4)	1,717,793	1,719,897
OPERATING LOSS	(14,722,467)	(14,929,646)
NONOPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	10,408,166	11,799,986
Operating grants and reimbursements	2,885,603	2,405,026
Special fare assistance	346,642	498,892
Interest income	230	1,329
Interest expense	(1,076)	(9,981)
Sales tax collection expense	(104,082)	(118,000)
Loss on disposal of capital assets	2,667	(4,693)
Non-transportation revenues	20,065	24,971
Unusual legal events	(30,000)	(22,625)
Total Non-Operating Revenues - Net	13,528,215	14,574,905
NET LOSS BEFORE CAPITAL GRANT REVENUE	(1,194,252)	(354,741)
Federal capital grant	1,812,717	1,724,239
INCREASE IN NET ASSETS	618,465	1,369,498
Net assets, beginning of year	24,985,586	23,616,088
Net assets, end of year	$ 25,604,051	$ 24,985,586

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	$ 1,535,047	$ 1,661,487
Gross cash payments to suppliers for goods & services	(4,590,548)	(5,432,000)
Gross cash payments to employees for salaries and wages	(5,905,419)	(5,429,346)
Gross cash payments for employees benefits	(4,040,215)	(3,912,089)
Gross other	(82,248)	(127,321)
Net cash used in operating activities	(13,083,383)	(13,239,269)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	10,533,854	11,784,903
Gross operating & preventive maintenance grants received	3,819,970	1,886,267
Receipts from notes payable		398,908
Payments of notes payable	(398,908)	
Net cash provided by noncapital financing activities	13,954,916	14,070,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	1,850,698	1,749,726
Gross acquisition of capital assets & work in process	(2,409,564)	(2,780,092)
Net cash used in capital and related financing activities	(558,866)	(1,030,366)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	207	1,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	312,874	(198,303)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	784,395	982,698
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,097,269	$ 784,395
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (14,722,467)	$ (14,929,646)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,717,793	1,719,897
Change in assets and liabilities:		
Decrease in accounts receivable - trade	2,341	53,969
(Increase) decrease in materials & supplies inventory	7,329	(29,305)
(Increase) decrease in prepaid expenses & other assets	238,249	(115,937)
Increase in accounts payable - operations	109,746	185,107
Increase (decrease) in accrued payroll	35,732	(48,740)
Decrease in accrued payroll taxes	(32,750)	(215,663)
Decrease in deferred revenue	(23,143)	(16,407)
Increase (decrease) in Notes Payable	(398,908)	163,291
Decrease in other current liabilities	(17,305)	(5,835)
NET CASH USED IN OPERATING ACTIVITIES	$ (13,083,383)	$ (13,239,269)

See accompanying notes to financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 75 percent of the Authority’s employees at December 31, 2008 were subject to a collective bargaining agreement that expires on January 1, 2010.

Under Ohio law, the Authority is authorized to levy a sales tax and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 3). On May 2, 2006, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority’s operations through June of 2012.

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

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

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

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

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

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

Effective January 1, 2001, the Authority implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. The principle changes in accounting that resulted from GASB Statement No. 33 are the requirements that the Authority prospectively report grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the month the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio.

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

Assets, Liabilities and Net Assets or Equity

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

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.

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.

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

Property and Depreciation (cont'd)
Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Description	Years
Buildings	40
Transportation Equipment	5-12
Other Equipment	3-8

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

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

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, Receivables and Deferred Revenues
Passenger fares are recorded as revenue at the time transactions are performed.

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

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

Recognition of Revenue, Receivables and Deferred Revenues (cont'd)
Capital grants for the maintenance of property, plant and equipment are recorded as grant receivable and credited to non-operating revenues in the period operating expenditures are incurred.

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

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

Federal and State Operating and Preventative Maintenance Assistance Funds
Federal and state operating and preventative maintenance assistance funds to be received by the Authority are recorded and reflected as income in the period to which they are applicable.

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

Compensated Absences
The Authority accrues vacation and sick pay benefits as earned by its employees. Accrued vacation time must be used or cashed in within the calendar year as accrued or the year after accrued. Unused vacation benefits are paid to the employees upon separation from service.

It is the Authority's policy to allow administrative employees to accumulate earned but unused sick leave. Administrative employees are paid accrued sick days upon separation from service at fifty percent value, at current earnings rate.

2. CASH AND CASH EQUIVALENTS

The provisions of the Ohio Revised Code govern the investment and deposit of Authority monies. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, saving accounts, money market accounts (STAROhio), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements for a period not exceeding 30 days with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) or may pledge a pool of government securities valued at a minimum of 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specified government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require public deposits and investments to be maintained in the Authority’s name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, separate from the financial instruments, contracts, or obligations itself (commonly known as a “derivative”). The Authority is also prohibited from investing in reverse repurchase agreements.

Deposits

At December 31, 2009, the carrying amount of the Authority’s deposits was $1,077,216. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2009, $827,216 of the Authority’s bank balance of $1,077,216 was exposed to custodial risk as discussed below, while $250,000 was covered by Federal Deposit Insurance Corporation.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Deposits (cont'd)
At December 31, 2008, the carrying amount of the Authority's deposits was $882,250. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, $632,250 of the Authority's bank balance of $882,250 was exposed to custodial risk as discussed below, while $250,000 was covered by Federal Deposit Insurance Corporation.

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

Investments
As of December 31, 2009 and 2008, the Authority had the following investments:

Investment	2009 Fair Value	2008 Fair Value
State Treasurer's Investment Pool (StarOhio)	$20,053	$19,998

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 to Ohio Investment Pool to less than twelve months. Star Ohio's weighted average maturity was sixty 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.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments (cont'd)

		Investment maturity	
	Fair Value	Less than one year	One to five years
2008 Investment			
State Treasurer's Investment Pool (Star Ohio)	\$19,998	\$19,998	\$0
2009 Investment			
State Treasurer's Investment Pool (Star Ohio)	\$20,053	\$20,053	\$0

Credit Risk
As of December 31, 2009, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm.

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 does not have a deposit policy for custodial credit risk. As of December 31, 2009 and 2008, \$827,216 and \$632,250, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

Custodial Credit Risk-Investments
For an investment, this is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy limits investments to CD sand StarOhio.

3. TAX REVENUES

A .25 per cent sales tax levy expires in June of 2012. On May 2, 2006, the voters of Stark County renewed the .25 percent sales tax levy. The Authority sought and won the extension until June of 2012 on the May 2, 2006 ballot. 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, 2009 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/09	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/09
Capital Assets Not Being Depreciated:					
Land	$ 274,543				$ 274,543
Construction & Projects in Progress	4,406,118	$ 2,392,937		$ (2,276,778)	4,522,277
Total Capital Assets Not Depreciated	4,680,661	2,392,937		(2,276,778)	4,796,820
Capital Assets Being Depreciated:					
Buildings & Improvements	12,311,993			50,877	12,362,870
Transportation Equipment	15,452,824		$ 1,510,842	2,158,862	16,100,844
Other Equipment	3,335,046	9,101	7,191	67,039	3,403,995
Total Capital Assets being Depreciated	31,099,863	9,101	1,518,033	2,276,778	31,867,709
Total Capital Assets	35,780,524	2,402,038	1,518,033		36,664,529
Buildings & Improvements	993,715	328,157			1,321,872
Transportation Equipment	10,768,501	1,182,059	1,510,842		10,439,718
Other Equipment	2,631,961	207,757	7,191		2,832,527
Total Accumulated Depreciation	14,394,177	1,717,973	1,518,033		14,594,117
Total Capital Assets, Net	$ 21,386,347	$ 684,065	$ 0	$ 0	$ 22,070,412

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2008 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/08	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/08
Capital Assets Not Being Depreciated:					
Land	$ 274,543				$ 274,543
Construction & Projects in Progress	9,444,166	$ 2,660,594	$ 987	$ (7,697,655)	4,406,118
Total Capital Assets Not Depreciated	9,718,709	2,660,594	987	(7,697,655)	4,680,661
Capital Assets Being Depreciated:					
Buildings & Improvements	9,376,409	7,814	4,542,526	7,470,296	12,311,993
Transportation Equipment	14,577,290	1,312,349	436,815		15,452,824
Other Equipment	3,179,610	30,631	102,554	227,359	3,335,046
Total Capital Assets being Depreciated	27,133,309	1,350,794	5,081,895	7,697,655	31,099,863
Total Capital Assets	36,852,018	4,011,388	5,082,882		35,780,524
Buildings & Improvements	3,973,180	227,983	3,207,448		993,715
Transportation Equipment	9,925,522	1,279,794	436,815		10,768,501
Other Equipment	2,517,228	212,120	97,387		2,631,961
Total Accumulated Depreciation	16,415,930	1,719,897	3,741,650		14,394,177
Total Capital Assets, Net	$ 20,436,088	$ 2,291,491	$ 1,341,232	$ 0	$ 21,386,347

5. RETIREMENT BENEFITS

Plan Description

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

   1. **The Traditional Pension Plan** — A cost sharing, multiple-employer defined benefit pension plan.

   2. **The Member-Directed Plan —** A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

   3. **The Combined Plan —** A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

5. RETIREMENT BENEFITS (CONT'D)

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.

   The 2009 member contribution rates were 10.00% for members in state and local classifications. Members in the public safety and law enforcement classifications contributed 10.10%.

   The 2009 employer contribution rate for state employers was 14.00% of covered payroll. For law enforcement employers, and public safety employers, the contribution rate was 17.63%.

F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. Due to contractual agreement with the Union, union employees pay 1.50% of their employee contribution, with the balance paid by the Authority. The Authority has opted to fund the full employee contribution amounts for non-union employees. The Authority's contributions for 2009, 2008, and 2007, were $1,058,600, $1,079,258, & $968,475, respectively. 100% of this amount was paid.

Post-Retirement Benefits

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

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

5. RETIREMENT BENEFITS (CONT'D)

Post-Retirement Benefits (cont'd)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12 and GASB Statement 45.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2009, state and local employers (the Authority is part of this unit) contributed at a rate of 14.00% of covered payroll. Public safety and law enforcement employer units contributed at 17.40%.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

C. Summary of Assumptions:

- Actuarial Review — The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2008.

- Funding Method — The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

- Assets Valuation Method — All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

5. RETIREMENT BENEFITS (CONT'D)

C. Summary of Assumptions (cont'd):

- Investment Return — The investment assumption rate for 2008 was 6.5%.

- Active Employee Total Payroll — An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00%, were assumed to range from 0.50% to 6.30%.

- Health Care — Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 6 years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

D. OPEBs are advance-funded on an actuarially determined basis. The following disclosures were required:

1. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

2. The rates stated in Section A, above, are the contractually required contribution rates for OPERS. The portion of SARTA's contributions that were used to fund post employment benefits can be approximated by multiplying actual employer contributions for January 1 through December31, 2009 by 0.500. The amount of SARTA's required contribution to fund post-employment benefits in 2009, 2008 and 2007 were $467,104, $471,798 and $466,356, respectively. 100% of this amount was paid.

3. The amount of $10.7 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2008.

5. RETIREMENT BENEFITS (CONT'D)

D. OPEBs are advance-funded on an actuarially determined basis. The following disclosures were required (cont'd):

4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.6 billion and $18.9 billion, respectively.

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

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

6. CONTINGENCIES AND COMMITMENTS

Federal and State Grants

Under the terms of various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant.

Agreement was reached with the Federal Transit Administration (FTA) in April, 2009 to de-obligate some balances and charge off amounts on old grants unspent and/or unspendable by SARTA to settle an issue with FTA on the Alliance Transfer Center construction Process. These grants are: OH-03-0221, OH-03-0235, OH-03-0260, OH-04-008 (partial), OH-90-0417, OH-90-0434 (partial), OH-90-0474 (partial), OH-90-0498 (partial), OH-90-0550 (partial), OH-90-0597 (partial), OH-90-0614. The total net amount of funds to be de-obligated by FTA is $834,447.

This de-obligation of funds of $834,447 was completed in 2009.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

Grants	2009	2008
State and Federal Preventative Maintenance	$2,193,689	$2,176,097
Federal Planning	35,290	127,683
Federal Operating	514,527	
Federal Capital	1,812,717	1,724,239
Federal JARC & New Freedom	93,838	101,246
ARRA Operating & Capital	48,259	
ODOT Elderly Special Fare Assistance	346,642	498,892
Total Grants	$5,044,962	$4,628,157
Reimbursements		
ODOT Fuel Tax Reimbursement	155,417	165,386
Total Grants and Reimbursements	$5,200,379	$4,793,543

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment-related matters, injuries to employees and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for 9 (as of December 31, 2008) member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage for losses greater than the Pool's retained losses. Quarterly, the Authority pays into a loss and administration fund pursuant to OTRP's bylaws to fund this retained layer. The Agreement of Formation of OTRP provides that OTRP will be self-sustaining through member contributions and will purchase coverage in excess of the Pool retained amount through commercial companies with an industry standard rating of A or better. All retained amounts and limits listed are per occurrence. Coverage is granted per occurrence.

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

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

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

The Authority does not have a policy relating to the credit risk of investments.

9. LEASES

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

10. NOTES PAYABLE

In 2007 the Authority established a line of credit with a local bank, with a maximum of $500,000. This was subsequently increased in 2009 to $1,000,000. Interest will be calculated at a rate of 0.26 percentage points over the index. There was a zero balance at December 31, 2009 and a balance of $398,908 at December 31, 2008.

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

2008	**Increase**	**(Decrease)**	**Balance**
04/30/08	$ 500,000		$ 500,000
11/30/08		$ (1,092)	498,908
12/17/08		(100,000)	398,908
2009			
01/08/09		(100,000)	298,908
02/04/09		(100,000)	198,908
03/18/09	200,000		398,908
06/18/09		(398,908)	$ -0-

11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 18, 2010, the date the financial statements were available to be issued.

The Authority at the January 2010 Board meeting approved a new Union contract to expire January 4, 2013.

12. NEW ACCOUNTING PRONOUNCEMENTS

Effective for period upon issuance in March, 2009, the Authority implemented GASB Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards” and GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, that will improve financial reporting by contributing to the GASB’s efforts to codify all GAAP for state and local governments so that they derive from a single source. These Statements did not have an impact on the Authority’s financial statements. Effective for periods beginning after June 15, 2008, the Authority implemented GASB Statement No., 52, “Land and Other Real Estate Held as Investments by Endowments”, that reports the resources available in endowments and more closely aligns financial reporting with the objectives of endowments. The Statement did not have an impact on the Authority’s financial statements.

The Governmental Accounting Standards Board (GASB) issued these new accounting pronouncements. Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.” This Statement will improve financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy, these Statements are effective for periods beginning after June 15, 2009. Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood, this Statement is

12. NEW ACCOUNTING PRONOUNCEMENTS (CONT'D)

effective for period beginning after June 15, 2010. Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting, this Statement is effective for period beginning after June 15, 2011. The Authority has not completed an analysis of the impact of these statement on its reported financial condition and results of operation.

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	GRANT EXPENDITURES
U. S. DEPARTMENT OF TRANSPORTATION			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-04-0008	$ 522
		OH-90-0417	1,522
		OH-90-0434	2,024
		OH-90-0474	13,270
		OH-90-0498	6,880
		OH-90-0550	128,602
		OH-90-0597	321,732
		OH-90-0614	1,692
		OH-90-0622	1,142,377
		OH-90-0677	843,725
			2,462,346
Congestion Mitigation and Air Quality (CMAQ) Improvement Program	20.205	SUA-0076-018-081	885,043
		SUA-0076-024-091	409,985
			1,295,028
Job Access Reverse Commute Grant	20.516	OH-37-4058	82,868
Federal Transit Administration American Recovery and Reinvestment Act Grant	20.509	OH-96-0016	562,785
New Freedom Program	20.521	OH-57-4020	8,043
		OH-57-4032	2,927
			10,970
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,413,997

See note to Schedule of Expenditures of Federal Awards.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

1. BASIS OF PRESENTATION

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

Dingus and Daga, Inc.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the financial statements of the Stark Area Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 18, 2010, wherein we noted that the Authority adopted Governmental Accounting Standards Board Statement No. 56, 55 and 52. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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

Compliance and Other Matters

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

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

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 18, 2010

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

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

Compliance

We have audited the compliance of Stark Area Regional Transit Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

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In our opinion, Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirements of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 18, 2010

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2009

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

For the Year Ended December 31, 2009

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

Federal Awards (Cont'd)

CFDA Number(s)	Name of Federal Program or Cluster
20.516	Job Access Reverse Commute Grant
20.205	Congestion Mitigation and Air Quality (CMAQ) Improvement Program
20.509	Federal Transit Administration American Recovery Reinvestment Act Grant
20.521	New Freedom Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	yes

PART II - FINANCIAL STATEMENT FINDINGS

No matters are reportable.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2009

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

SARTA

Stark Area Regional Transit Authority

Comprehensive Annual Financial Report
for the year ended December 31, 2009

Stark Area Regional Transit Authority

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2009

TABLE OF CONTENTS

Introductory Section 2009

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

SARTA
STARK AREA REGIONAL TRANSIT AUTHORITY
1600 Gateway Blvd. SE • Canton, Ohio 44707

Voted #1 Transit in America by APTA!

Phone: (330) 47-SARTA (72782)
Fax: (330) 454-5476 • www.SARTAonline.com

May 14, 2010

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, 2009.

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

Dingus and Daga, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Stark Area Regional Transit Authority's (SARTA's) financial statements for the year ended December 31, 2009. The independent audit of the Authority's financial statements was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Authority's separately issued single audit report.

Come ride with us!

This report is presented in three sections:

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

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the sixth consecutive year the agency earned this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and organized comprehensive annual financial report adhering to the highest standards in government accounting and financial reporting. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for year ended December 31, 2009.

Sincerely,

Kirt W. Conrad
Executive Director/CEO

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stark Area Regional Transit Authority, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2008

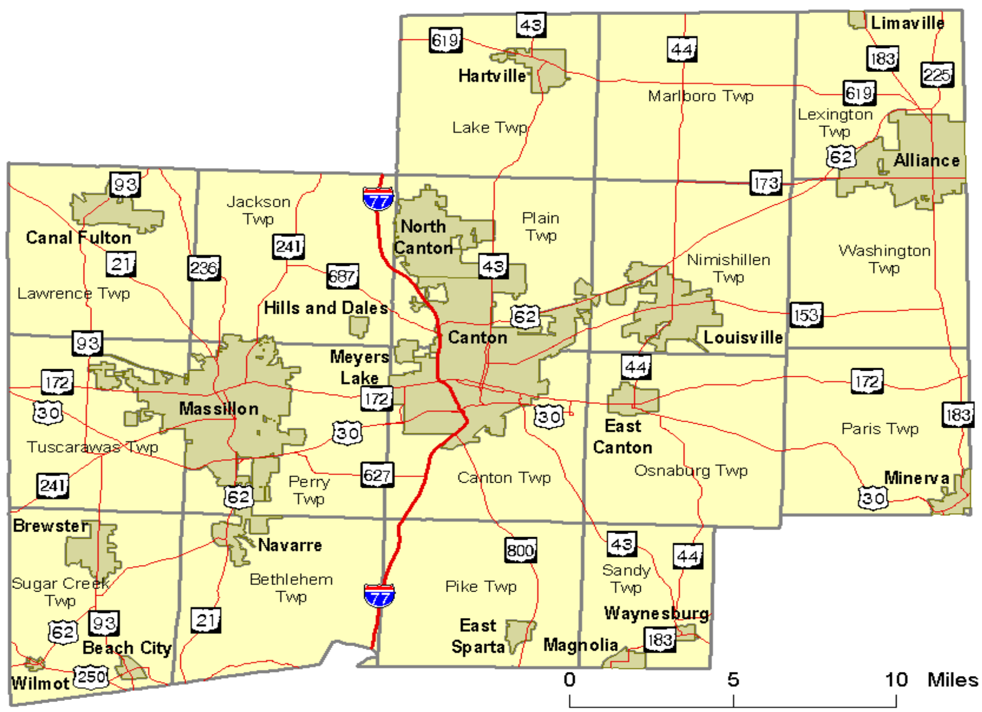
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Jeffrey L. Esser
Executive Director

Stark County

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



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

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

District Profile

The Authority was created in 1997, and is a Stark County transit authority, a state subdivision, enjoying all the rights and privileges accorded political subdivisions. The Stark Area Regional Transit Authority (SARTA) was created pursuant to Section 306.30 through 306.711 of the Ohio Revised Code for the purpose of providing public transportation in the Stark County, Ohio area.

As the public transit authority for Stark County, SARTA offers a variety of services to meet transit needs within the community. These include traditional fixed-route services, Paratransit Curb-to-Curb service for individuals with disabilities, shuttle service for special events that pose unusual transit challenges for the community, "community coach" services for senior citizens and the disabled living in assisted care and other facilities, and services providing connections between other transit providers.

The nine members Board of Trustees supervise the operations of the agency and set policies and approve procedures 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 87% of the operating funds for SARTA. In February of 2003, the Board adopted "Five Bold Steps" as an overall guide for the Authority. These Five Bold Steps are:

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

Internal Control

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

Basis of Accounting

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

Budgetary Control

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

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

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

Mission Statement

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

Local Economy

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

The national recession hit Stark County hard, and unemployment climbed throughout the year. The unemployment rate for 2009 averaged 11.2%, compared to the national average of 9.3%. The Stark County manufacturing sector continues to decline as the county transitions to growth in the service providing industries.

Long-Term Financial Planning

SARTA is required to plan projects and schedule their completion in a document called the Transit Development Plan (TDP). These projects are then scheduled into a Transportation Improvement Plan (TDP) by the Metropolitan Planning Organization for the county, who then forwards the entire plan to the State of Ohio for inclusion in the State Transportation Improvement Plan. This state document forms the basis of planning transportation for the state. SARTA began the process of developing a more comprehensive TDP this year, and anticipates this project being completed mid-2010.

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

Major Initiatives

2009 In Review

Advanced Communications – SARTA determined the radio project/communications project was stalled without hope of re-energizing. The contract was cancelled due to inconsistency of communications with buses.

ARRA Funds – SARTA received an allocation of funds from the stimulus funding and began the process of ordering buses to arrive in 2010 and 2011, as well as beginning installation of a new bus washer system.

Buses – As part of the long range plan 3 buses were acquired.

Belden Village Transit Site – Temporary – SARTA established a more conducive temporary site with shelters and lighting in the Belden Village area, and began searching for a more permanent site.

Service changes and Personnel reductions – the slump in the economy forced SARTA to make difficult choices in service. Sunday and holiday service was eliminated and routes were re-worked to enable SARTA to meet a drastically reduced budget.

Electronic Document Management – SARTA acquired printers/copiers capable of assisting in moving SARTA to drastically reduce the amount of paper within the agency. This is phase one of a multi-phase project.

Future Initiatives

The major proposed capital projects include:

- Building project – A Belden Village permanent location for a transfer center
- Bus replacements – ARRA and other bus funding enables SARTA to order 30 buses for 2010, and 19 more for 2011.
- Preventative maintenance on buses and buildings
- Software expansions
- Upgrading operational and maintenance equipment
- Mahoning Road Corridor project
- A fuel/hybrid efficiency study in cooperation with Stark State University
- Phase two of the effort to reduce paper within the agency with Work Flow Management enabling what were paper heavy routines to become electronic
- Travel Training – to assist individuals to learn to ride and utilize the fixed route system
- New fare incentives to increase utilization of the fixed route system
- Renovations to Gateway including waste oil furnaces, garage drains, lifts and replacement of underground storage tanks

Management also intends to explore such projects as:

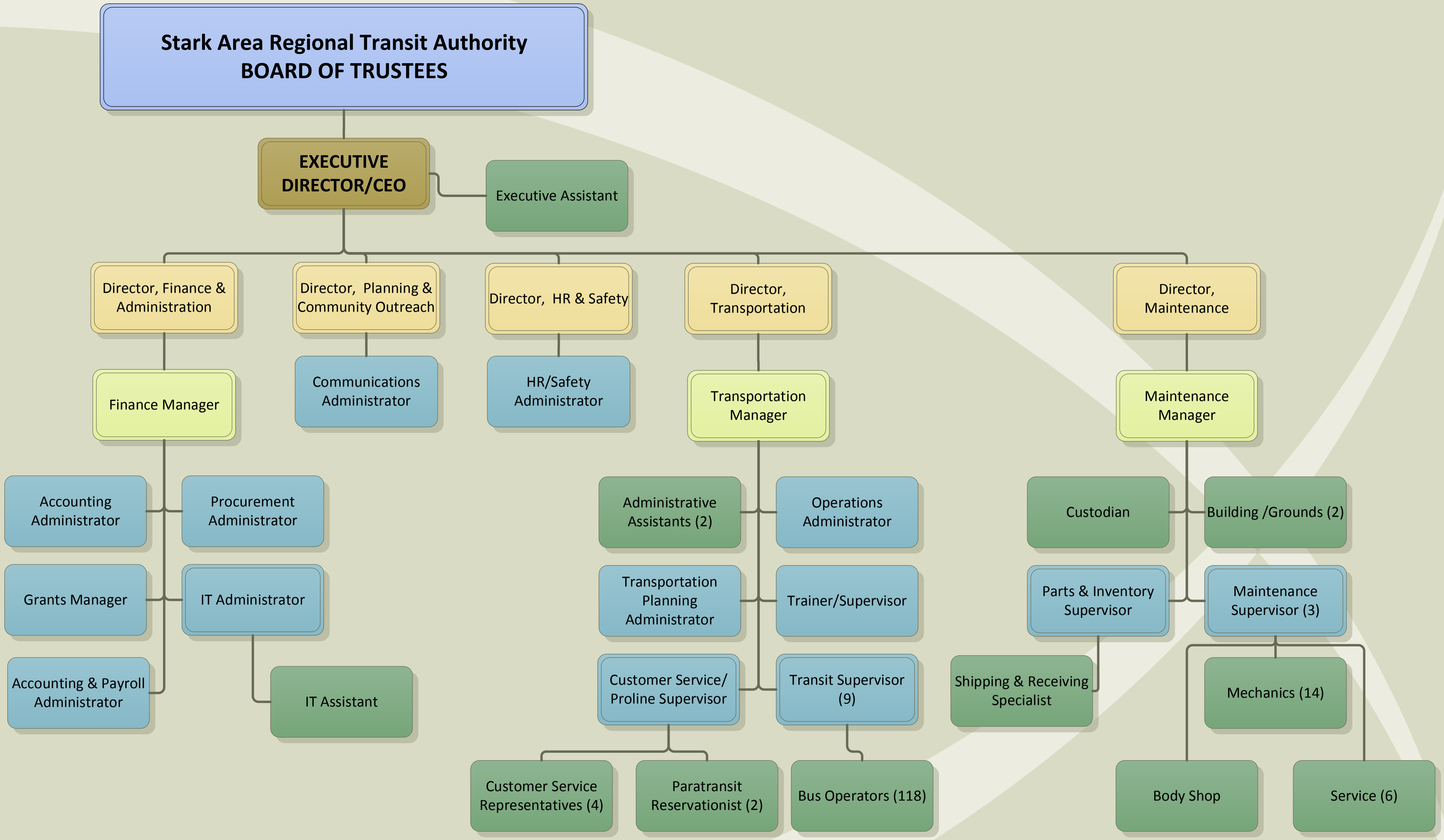
- Tri-County service expansion
- Outlying county borders park and ride facilities
- Potential of a multi-agency project to expand the Lincoln Way Corridor
- Alternative fuels

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 the Paratransit and other specialized needs and is making plans to meet the requirements of its users.

STARK AREA REGIONAL TRANSIT AUTHORITY

BOARD OF TRUSTEES AND MANAGEMENT

AS OF DECEMBER 31, 2009


Stark Area Regional Transit Authority
BOARD OF TRUSTEES
EXECUTIVE DIRECTOR/CEO
Executive Assistant
Director, Finance & Administration
Director, Planning & Community Outreach
Director, HR & Safety
Director, Transportation
Director, Maintenance
Finance Manager
Communications Administrator
HR/Safety Administrator
Transportation Manager
Maintenance Manager
Accounting Administrator
Procurement Administrator
Grants Manager
IT Administrator
Accounting & Payroll Administrator
IT Assistant
Administrative Assistants (2)
Operations Administrator
Transportation Planning Administrator
Trainer/Supervisor
Customer Service/ Proline Supervisor
Transit Supervisor (9)
Customer Service Representatives (4)
Paratransit Reservationist (2)
Bus Operators (118)
Custodian
Building /Grounds (2)
Parts & Inventory Supervisor
Maintenance Supervisor (3)
Shipping & Receiving Specialist
Mechanics (14)
Body Shop
Service (6)

Financial Section 2009

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

Dingus and Daga, Inc.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the accompanying basic financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the years ended December 31, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, during the year ended December 31, 2009, the Authority implemented GASB Statement No., 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" and GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

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In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 13 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The introductory section and statistically section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistically section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 18, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

As the financial management of the Stark Area Regional Transit Authority (Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2009 and 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority's total net assets increased $618,465 or 2.5% in 2009. Buses were replaced during the year, contributing to the increase in net assets.

The Authority's net assets in 2008 increased $1,369,498, or 5.8%. The increase was reflected in an increase in capital funding of the communications project and the Alliance Transfer Center.

The Authority's operating expenses, excluding depreciation, in 2009 were $311,013 lower than in 2008, a 2% decrease, primarily due to decreased labor costs.
The Authority's operating expenses, excluding depreciation, in 2008 were $142,796 higher than in 2007, a 1% increase, primarily due to the cost of fuel in 2008.

Operating revenue for the Authority was $105,938 lower in 2009, a 6.3% decrease, primarily due to a decrease in ridership.

In 2008 operating revenue for the Authority was $249,228 higher than in 2007, a 17% increase. The increase was primarily due to an increase in passenger fares and average weekday ridership.

In 2009 sales tax revenue decreased $1,391,820, or 11.8% compared to 2008. Sales tax revenue accounted for 69% of all funding, exclusive of capital grants. In 2008 sales tax revenue was $97,846 lower than in 2007, a .82% decrease compared to 2007. In 2008, Sales tax revenue accounted for approximately 74% of all funding, exclusive of capital grants.

Overview of the Financial Statements

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

Required Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 23-42 of this report.

Financial Analysis of the Authority

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by $25,604,051 at the close of the most recent fiscal year.

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

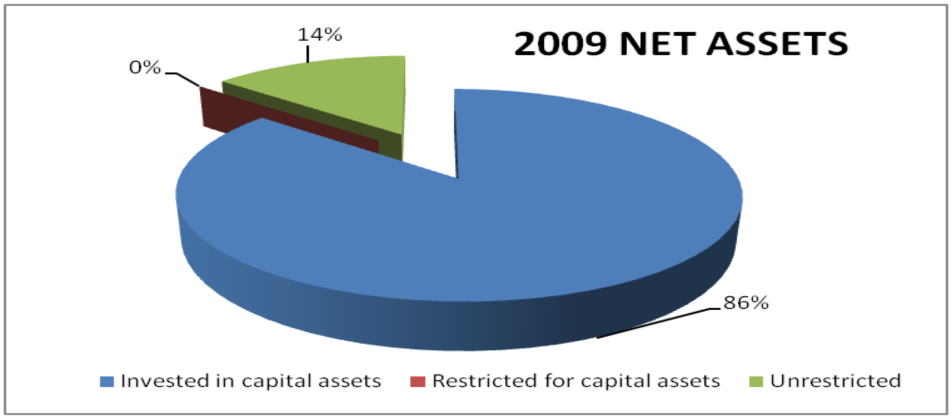
In 2009, the Authority's *unrestricted net assets* totaled $3,533,639.

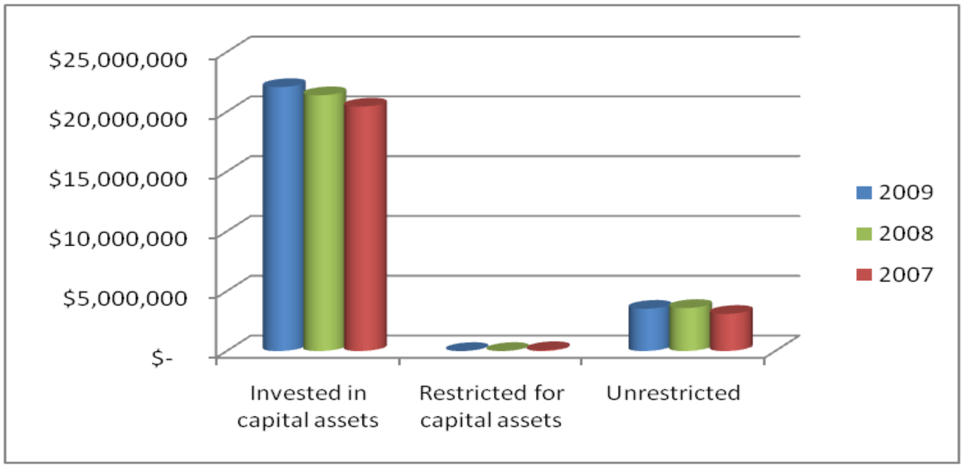
In 2008, the Authority's net assets represented resources that were subject to the restriction of being held to pay for capital assets. In 2008 the amount of *unrestricted net assets* was $3,599,239.

At the end of 2009 and 2008, the Authority is able to report positive balances in net assets, and the same held true for 2007.

Stark Area Regional Transit Authority's Net Assets

NET ASSETS	2009	2008	2007
Current assets	$ 5,038,062	$ 5,430,290	$ 4,713,681
Capital assets, net	22,070,412	21,386,347	20,436,088
Total assets	$ 27,108,474	$ 26,816,637	$ 25,149,769
Current liabilities	$ 1,504,423	$ 1,831,051	$ 1,533,681
Total liabilities	$ 1,504,423	$ 1,831,051	$ 1,533,681
Net assets:			
Invested in capital assets	$ 22,070,412	$ 21,386,347	$ 20,436,088
Restricted for capital assets	-	-	75,384
Unrestricted	3,533,639	3,599,239	3,104,616
Total net assets	$ 25,604,051	$ 24,985,586	$ 23,616,088





As can be seen from the table of net assets on the previous page, net assets increased $618,465 to $25,604,051 from $24,985,586 in 2008. The 2.5% increase was mainly due to the purchase of buses, both diesel fuel and hybrid.
In 2008 net assets increased $1,369,498 to $24,985,586 from $23,616,088 in 2007. The 5.8% increase was principally due to capital funding to continue the communications project and complete the Alliance Transfer Center.
For more information on capital assets, readers are referred to pages 31-32.

CHANGES IN NET ASSETS

OPERATING REVENUES	2009	2008	2007
Passenger Fares	$ 1,052,755	$ 1,184,354	$ 1,024,118
Special Transit Fares	491,479	480,272	383,994
Auxiliary Transportation Revenue	37,570	23,116	30,402
TOTAL OPERATING REVENUES	$ 1,581,804	$ 1,687,742	$ 1,438,514
OPERATING EXPENSES			
Labor	$ 5,898,232	$ 6,124,933	$ 6,085,584
Fringe Benefits	4,844,810	4,591,727	4,555,803
Materials & Supplies	2,367,522	2,795,146	2,299,169
Services	570,908	541,850	635,497
Utilities	277,368	292,402	289,131
Casualty & Liability	377,719	341,309	757,928
Leases & Rentals	7,998	12,693	14,012
Miscellaneous	241,921	197,431	117,571
TOTAL OPERATING EXPENSES	$ 14,586,478	$ 14,897,491	$ 14,754,695
OPERATING LOSS BEFORE DEPRECIATION	(13,004,674)	(13,209,749)	(13,316,181)
Depreciation Expense	1,717,793	1,719,897	1,827,642
OPERATING LOSS	(14,722,467)	(14,929,646)	(15,143,823)
NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	$ 10,408,166	$ 11,799,986	$ 11,897,832
Federal Preventative Maintenance	1,909,366	2,089,920	1,738,436
Federal Operating & Capital Grants	656,624		
State Preventative Maintenance	284,323	187,423	249,548
Elderly & Disabled Assistance	346,642	498,892	202,580
Federal Planning Grants	35,290	127,683	-
Investment/Interest Income	230	1,329	6,523
Interest Expense	(1,076)	(9,981)	
Sales Tax Collection Expense	(104,082)	(118,000)	(136,935)
Gain (Loss) on Disposal	2,667	(4,693)	(3,518)
Non-transportation Revenue	20,065	24,971	16,638
Unusual Legal Events	(30,000)	(22,625)	(30,343)
NON OPERATING REVENUES/EXPENSES-NET	$ 13,528,215	$ 14,574,905	$ 13,940,761
CAPITAL GRANT REVENUE			
Federal Capital Grant	1,812,717	1,724,239	2,065,881
TOTAL CAPITAL GRANTS	1,812,717	1,724,239	2,065,881
CHANGE IN NET ASSETS	618,465	1,369,498	862,819
Net Assets, Beginning Balance	$ 24,985,586	$ 23,616,088	$ 22,753,269
Prior Period Auditor Adjustments			
Net Assets, Ending Balance	$ 25,604,051	$ 24,985,586	$ 23,616,088

In 2009, the Authority's *operating revenues* decreased 6.2% or $105,938 to $1,581,804 in 2009 ($131,599 decrease in ordinary passenger fares, $11,207 increase in special event fares, and $14,454 increase in bus side advertising and miscellaneous sales). *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. *Operating expenses*, excluding depreciation, decreased $311,013, or 2%, as compared to the prior year, mainly due to decreased labor costs. *Depreciation expense* decreased $2,104, due to the retirement of obsolete equipment.

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

In 2008, the Authority's *operating revenues* increased 17% or $249,228 to $1,687,742 compared to 2007 ($160,236 increase in ordinary passenger fares, $96,278 increase in special event fares, and $7,276 decline in bus side advertising and miscellaneous sales). In 2008 *Operating expenses*, excluding depreciation, increased $142,795, or 1%, compared to 2007, mainly due to the increased cost of fuel. *Depreciation expense* decreased $107,745 in 2008, compared to 2007, due to the retirement of obsolete equipment.

In 2008 *Non-operating revenues* increased $634,144 or 4.5% compared to 2007, due to an increase in special fare assistance, preventative maintenance grants from the Federal Transit Administration and Ohio Department of Transit, and an increase in non-transportation revenue. Sales tax revenue decreased .82% while interest income declined slightly due to the continued use of cash for SARTA's local match requirements for capital grants and declining interest rates.

Cash Flows

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

The increase in cash equivalents is due to increased grant funding, particularly operating funds from the ARRA operating grant. The increase in operating and preventative maintenance grants is due to timing of 2008 receivables received in 2009. The reader may review the increase in assets on page 21, in conjunction with the cash flow on page 18, to better understand the change in cash.

CASH FLOWS

		2009		2008		2007
CASH FLOWS FROM OPERATING ACTIVITIES:						
Gross cash received from customers	$	1,535,047	$	1,661,487	$	1,502,584
Gross cash payments to suppliers for goods & services		(4,590,548)		(5,432,000)		(5,074,524)
Gross cash payments to employees for salaries and wages		(5,905,419)		(5,429,346)		(5,893,911)
Gross cash payments for employee for benefits		(4,040,215)		(3,912,089)		(4,239,861)
Gross other		(82,248)		(127,321)		(136,935)
Net cash used in operating activities	$	(13,083,383)	$	(13,239,269)	$	(13,842,647)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Gross sales taxes received	$	10,533,854	$	11,784,903	$	11,858,184
Gross operating & preventive maintenance grants received		3,819,970		1,886,267		1,954,847
Gross other		(398,908)		398,908		-
Net cash provided by noncapital financing activities	$	13,954,916	$	14,070,078	$	13,813,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Gross federal capital grant revenue	$	1,850,698	$	1,749,726	$	2,227,852
Gross state capital grant revenue		-		-		6,203
Gross acquisition of capital assets & work in process		(2,409,564)		(2,780,092)		(2,321,654)
Net cash used in capital and related financing activities	$	(558,866)	$	(1,030,366)	$	(87,599)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received from investments	$	207	$	1,254	$	6,447
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$	312,874	$	(198,303)	$	(110,768)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$	784,395	$	982,698	$	1,093,466
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,097,269	$	784,395	$	982,698

Capital Assets

The Authority's investment in capital assets amounts to $22,070,412 net of accumulated depreciation as of December 31, 2009, a net increase of $684,065, 3.1% over 2008, primarily due to the purchase of transportation equipment and maintenance support equipment. Capital Assets include land, land improvements, revenue producing and service equipment, buildings and structures, office furnishings, shop equipment, computer equipment and software licenses. Major capital asset expenditures during the current fiscal year included the following:

Transportation Equipment	$1,590,028
Maintenance Support Equipment	$ 153,049

The Authority's investment in capital assets amounts to $21,386,347 net of accumulated depreciation as of December 31, 2008, a net increase of $950,259, 4.6% over 2007, primarily due to the purchase of transportation equipment, the implementation of the computerized Communication System, and the Alliance Transfer Center. Major capital asset expenditures during the 2008 fiscal year included the following:

Gateway Roof Replacement	$ 62,241
Transportation Equipment	$1,312,348
Computerized Communication System	$ 598,553
Alliance Transfer Center	$ 590,138

The *Notes to the Financial Statements*, pages 23-42, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
CURRENT ASSETS		
Cash & cash equivalents	$ 1,097,269	$ 687,642
Receivables:		
Trade	59,148	49,961
Sales tax	2,855,231	3,087,321
State capital & planning grants	91,620	1,938
Federal capital & planning grants	184,018	1,080,162
Materials & supplies inventory	256,636	249,307
Prepaid expenses & other assets	494,140	177,206
Restricted for capital assets:		
Cash & cash equivalents	-	96,753
TOTAL CURRENT ASSETS	5,038,062	5,430,290
Capital assets: (Note 4)		
Land	274,543	274,543
Buildings & improvements	12,362,870	12,311,993
Transportation equipment	16,100,844	15,452,824
Other equipment	3,403,995	3,335,046
Construction & WIP	4,522,277	4,406,118
Total capital assets	36,664,529	35,780,524
Less accumulated depreciation	(14,594,117)	(14,394,177)
Capital assets - net	22,070,412	21,386,347
TOTAL ASSETS	$ 27,108,474	$ 26,816,637
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 643,307	$ 533,561
Accrued payroll	486,365	450,633
Accrued payroll taxes & withholdings	327,191	359,941
Line of credit		398,908
Other current liabilities	47,560	64,865
Deferred revenues		23,143
TOTAL CURRENT LIABILITIES	1,504,423	1,831,051
TOTAL LIABILITIES	1,504,423	1,831,051
NET ASSETS:		
Invested in capital assets	22,070,412	21,386,347
Unrestricted	3,533,639	3,599,239
TOTAL NET ASSETS	25,604,051	24,985,586
TOTAL LIABILITIES AND NET ASSETS	$ 27,108,474	$ 26,816,637

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Passenger fares	$ 1,052,755	$ 1,184,354
Special transit fares	491,479	480,272
Auxiliary transportation revenues	37,570	23,116
TOTAL OPERATING REVENUES	1,581,804	1,687,742
OPERATING EXPENSES		
Labor	5,898,232	6,124,933
Fringe benefits	4,844,810	4,591,727
Materials & supplies	2,522,939	2,960,532
ODOT Fuel Tax Reimbursement	(155,417)	(165,386)
Services	570,908	541,850
Utilities	277,368	292,402
Casualty & liability insurance	377,719	341,309
Leases & rentals	7,998	12,693
Miscellaneous	241,921	197,431
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	14,586,478	14,897,491
OPERATING LOSS BEFORE DEPRECIATION	(13,004,674)	(13,209,749)
DEPRECIATION EXPENSE (Note 4)	1,717,793	1,719,897
OPERATING LOSS	(14,722,467)	(14,929,646)
NONOPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	10,408,166	11,799,986
Operating grants and reimbursements	2,885,603	2,405,026
Special fare assistance	346,642	498,892
Interest income	230	1,329
Interest expense	(1,076)	(9,981)
Sales tax collection expense	(104,082)	(118,000)
Loss on disposal of capital assets	2,667	(4,693)
Non-transportation revenues	20,065	24,971
Unusual Legal Events	(30,000)	(22,625)
Total Non-Operating Revenues - Net	13,528,215	14,574,905
NET LOSS BEFORE CAPITAL GRANT REVENUE	(1,194,252)	(354,741)
Federal capital grant	1,812,717	1,724,239
INCREASE IN NET ASSETS	618,465	1,369,498
Net assets, beginning of year	24,985,586	23,616,088
Net assets, end of year	$ 25,604,051	$ 24,985,586

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	$ 1,535,047	$ 1,661,487
Gross cash payments to suppliers for goods & services	(4,590,548)	(5,432,000)
Gross cash payments to employees for salaries and wages	(5,905,419)	(5,429,346)
Gross cash payments for employees benefits	(4,040,215)	(3,912,089)
Gross other	(82,248)	(127,321)
Net cash used in operating activities	$ (13,083,383)	$ (13,239,269)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	10,533,854	11,784,903
Gross operating & preventive maintenance grants received	3,819,970	1,886,267
Receipts from notes payable		398,908
Payments of notes payable	(398,908)	
Net cash provided by noncapital financing activities	13,954,916	14,070,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	1,850,698	1,749,726
Gross acquisition of capital assets & work in process	(2,409,564)	(2,780,092)
Net cash used in capital and related financing activities	(558,866)	(1,030,366)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	207	1,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	312,874	(198,303)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	784,395	982,698
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,097,269	$ 784,395
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (14,722,467)	$ (14,929,646)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,717,793	1,719,897
Change in assets and liabilities:		
Decrease in accounts receivable - trade	2,341	53,969
(Increase) Decrease in materials & supplies inventory	7,329	(29,305)
(Increase) Decrease in prepaid expenses & other assets	238,249	(115,937)
Increase in accounts payable - operations	109,746	185,107
Increase (Decrease) in accrued payroll	35,732	(48,740)
Decrease in accrued payroll taxes	(32,750)	(215,663)
Decrease in deferred revenue	(23,143)	(16,407)
Increase (Decrease) in Notes Payable	(398,908)	163,291
Decrease in other current liabilities	(17,305)	(5,835)
	-	
NET CASH USED IN OPERATING ACTIVITIES	$ (13,083,383)	$ (13,239,269)

See accompanying notes to financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

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

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 75 percent of the Authority's employees at December 31, 2008 were subject to a collective bargaining agreement that expires on January 1, 2010.

Under Ohio law, the Authority is authorized to levy a sales tax and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 3). On May 2, 2006, the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations through June of 2012.

Reporting Entity

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Effective January 1, 2001, the Authority implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. The principle changes in accounting that resulted from GASB Statement No. 33 are the requirements that the Authority prospectively report grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the month the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio.

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

Assets, Liabilities and Net Assets or Equity

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

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.

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.

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

Property and Depreciation (cont'd)
Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Description	**Years**
Buildings	40
Transportation Equipment	5-12
Other Equipment	3-8

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

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

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, Receivables and Deferred Revenues
Passenger fares are recorded as revenue at the time transactions are performed.

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

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

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

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

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

Federal and State Operating and Preventative Maintenance Assistance Funds
Federal and state operating and preventative maintenance assistance funds to be received by the Authority are recorded and reflected as income in the period to which they are applicable.

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

Compensated Absences
The Authority accrues vacation and sick pay benefits as earned by its employees. Accrued vacation time must be used or cashed in within the calendar year as accrued or the year after accrued. Unused vacation benefits are paid to the employees upon separation from service.

It is the Authority's policy to allow administrative employees to accumulate earned but unused sick leave. Administrative employees are paid accrued sick days upon separation from service at fifty percent value, at current earnings rate.

2. CASH AND CASH EQUIVALENTS

The provisions of the Ohio Revised Code govern the investment and deposit of Authority monies. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, saving accounts, money market accounts (STAROhio), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements for a period not exceeding 30 days with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") or may pledge a pool of government securities valued at a minimum of 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specified government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, separate from the financial instruments, contracts, or obligations itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

Deposits

At December 31, 2009, the carrying amount of the Authority's deposits was \$1,077,216. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$827,216 of the Authority's bank balance of \$1,077,216 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance Corporation.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Deposits (cont'd)

At December 31, 2008, the carrying amount of the Authority's deposits was $882,250. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, $632,250 of the Authority's bank balance of $882,250 was exposed to custodial risk as discussed below, while $250,000 was covered by Federal Deposit Insurance Corporation.

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

Investments

As of December 31, 2009 and 2008, the Authority had the following investments:

Investment	2009 Fair Value	2008 Fair Value
State Treasurer's Investment Pool StarOhio	$20,053	$19,998

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 to Ohio Investment Pool to less than twelve months. Star Ohio's weighted average maturity was sixty 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.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments (Cont'd)

		Investment Maturity	
	Fair Value	Less than one year	One to five years
2008 Investment			
State Treasurer's Investment Pool (Star Ohio)	$19,998	$19,998	$0
2009 Investment			
State Treasurer's Investment Pool (Star Ohio)	$20,053	$20,053	$0

Credit Risk
As of December 31, 2009, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm.

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 does not have a deposit policy for custodial credit risk. As of December 31, 2009 and 2008, $827,216 and $632,250, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the Authority's name.

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

3. TAX REVENUES

A .25 per cent sales tax levy expires in June of 2012. On May 2, 2006, the voters of Stark County renewed the .25 percent sales tax levy. The Authority sought and won the extension until June of 2012 on the May 2, 2006 ballot. 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, 2009 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/09	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/09
Capital Assets Not Being Depreciated:					
Land	$ 274,543				$ 274,543
Construction & Projects in Progress	4,406,118	$ 2,392,937		$ (2,276,778)	4,522,277
Total Capital Assets Not Depreciated	4,680,661	2,392,937		(2,276,778)	4,796,820
Capital Assets Being Depreciated:					
Buildings & Improvements	12,311,993			50,877	12,362,870
Transportation Equipment	15,452,824		$ 1,510,842	2,158,862	16,100,844
Other Equipment	3,335,046	9,101	7,191	67,039	3,403,995
Total Capital Assets being Depreciated	31,099,863	9,101	1,518,033	2,276,778	31,867,709
Total Capital Assets	35,780,524	2,402,038	1,518,033		36,664,529
Buildings & Improvements	993,715	328,157			1,321,872
Transportation Equipment	10,768,501	1,182,059	1,510,842		10,439,718
Other Equipment	2,631,961	207,757	7,191		2,832,527
Total Accumulated Depreciation	14,394,177	1,717,973	1,518,033		14,594,117
Total Capital Assets, Net	$ 21,386,347	$ 684,065	$ 0	$ 0	$ 22,070,412

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2008 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/08	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/08
Capital Assets Not Being Depreciated:					
Land	$ 274,543				$ 274,543
Construction & Projects in Progress	9,444,166	$ 2,660,594	$ 987	$ (7,697,655)	4,406,118
Total Capital Assets Not Depreciated	9,718,709	2,660,594	987	(7,697,655)	4,680,661
Capital Assets Being Depreciated:					
Buildings & Improvements	9,376,409	7,814	4,542,526	7,470,296	12,311,993
Transportation Equipment	14,577,290	1,312,349	436,815		15,452,824
Other Equipment	3,179,610	30,631	102,554	227,359	3,335,046
Total Capital Assets being Depreciated	27,133,309	1,350,794	5,081,895	7,697,655	31,099,863
Total Capital Assets	36,852,018	4,011,388	5,082,882		35,780,524
Buildings & Improvements	3,973,180	227,983	3,207,448		993,715
Transportation Equipment	9,925,522	1,279,794	436,815		10,768,501
Other Equipment	2,517,228	212,120	97,387		2,631,961
Total Accumulated Depreciation	16,415,930	1,719,897	3,741,650		14,394,177
Total Capital Assets, Net	$ 20,436,088	$ 2,291,491	$ 1,341,232	$ 0	$ 21,386,347

5. RETIREMENT BENEFITS

Plan Description

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

   1. **The Traditional Pension Plan** — A cost sharing, multiple-employer defined benefit pension plan.

   2. **The Member-Directed Plan** — A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

   3. **The Combined Plan** — A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

5. RETIREMENT BENEFITS (CONT'D)

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.

   The 2009 member contribution rates were 10.00% for members in state and local classifications. Members in the public safety and law enforcement classifications contributed 10.10%.

   The 2009 employer contribution rate for state employers was 14.00% of covered payroll. For law enforcement employers, and public safety employers, the contribution rate was 17.63%.

F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. Due to contractual agreement with the Union, union employees pay 1.50% of their employee contribution, with the balance paid by the Authority. The Authority has opted to fund the full employee contribution amounts for non-union employees. The Authority's contributions for 2009, 2008, and 2007, were $1,058,600, $1,079,258, & $968,475 respectively. 100% of this amount was paid.

Post-Retirement Benefits

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

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

5. RETIREMENT BENEFITS (CONT'D)

Post-Retirement Benefits (cont'd)

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 12 and GASB Statement 45.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2009, state and local employers (the Authority is part of this unit) contributed at a rate of 14.00% of covered payroll. Public safety and law enforcement employer units contributed at 17.40%.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code and is required to provide OPEB benefits.

C. Summary of Assumptions

- Actuarial Review — The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2008.

- Funding Method — The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

C. Summary of Assumptions (CONT'D):

- Assets Valuation Method — All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

- Investment Return — The investment assumption rate for 2008 was 6.5%.

- Active Employee Total Payroll — An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00%, were assumed to range from 0.50% to 6.30%.

- Health Care — Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 6 years. In subsequent years (7 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

D. OPEBs are advance-funded on an actuarially determined basis. The following disclosures were required:

1. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

2. The rates stated in Section A, above, are the contractually required contribution rates for OPERS. The portion of SARTA's contributions that were used to fund post employment benefits can be approximated by multiplying actual employer contributions for January 1 through December 31, 2009 by 0.500. The amount of SARTA's required contribution to fund post-employment benefits in 2009, 2008 and 2007 were $467,104, $471,798 and $466,356 respectively. 100% of this amount was paid.

5. RETIREMENT BENEFITS (CONT'D

3. The amount of $10.7 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2008.

4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.6 billion and $18.9 billion, respectively.

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

6. CONTINGENCIES AND COMMITMENTS

Federal and State Grants

Under the terms of various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant.

Agreement was reached with the Federal Transit Administration (FTA) in April, 2009 to de-obligate some balances and charge off amounts on old grants unspent and/or unspendable by SARTA to settle an issue with FTA on the Alliance Transfer Center construction Process. These grants are: OH-03-0221, OH-03-0235, OH-03-0260, OH-04-008 (partial), OH-90-0417, OH-90-0434 (partial), OH-90-0474 (partial), OH-90-0498 (partial), OH-90-0550 (partial), OH-90-0597 (partial), OH-90-0614. The total net amount of funds to be de-obligated by FTA is $834,447.

This de-obligation of funds of $834,447 was completed in 2009.

7. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

GRANTS	2009	2008
State and Federal Preventative Maintenance	$2,193,689	$2,176,097
Federal Planning	$35,290	$127,683
ARRA Operating	$514,527	$0
Federal Capital	$1,812,717	$1,724,239
Federal JARC & New Freedom	$93,838	$101,246
ARRA Operating & Capital	$48,259	
ODOT Elderly Special Fare Assistance	$346,642	$498,892
Total Grants	$5,044,962	$4,628,157
REIMBURSEMENTS		
ODOT Fuel Tax Reimbursement	$155,417	$165,386
Total Reimbursements	$155,417	$165,386
Total Grants and Reimbursements	$5,200,379	$4,793,543

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment-related matters, injuries to employees and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc., (name changed to Ohio Transit Risk Pool in 2002 – OTRP) a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for 9 (as of December 31, 2008) member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage for losses greater than the Pool's retained losses. Quarterly, the Authority pays into a loss and administration fund pursuant to OTRP's bylaws to fund this retained layer. The Agreement of Formation of OTRP provides that OTRP will be self-sustaining through member contributions and will purchase coverage in excess of the Pool retained amount through commercial companies with an industry standard rating of A or better. All retained amounts and limits listed are per occurrence. Coverage is granted per occurrence.

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

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

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

8. RISK MANAGEMENT (cont'd)

The authority does not have a policy relating to the credit risk of investments.

9. LEASES

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

10. NOTES PAYABLE

In 2007 the Authority established a line of credit with Huntington National Bank, with a maximum of $500,000. This was subsequently increased in 2009 to $1,000,000. Interest will be calculated at a rate of 0.26 percentage points over the index. There was a zero balance at December 31, 2009 and a balance of $398,908 at December 31, 2008.

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

2008	**Increase**	**(Decrease)**	**Balance**
04/30/08	500,000		$ 500,000
11/30/08		(1,092)	498,908
12/17/08		(100,000.00)	398,908
2009			
01/08/09		(100,000.00)	298,908
02/04/09		(100,000.00)	198,908
03/18/09	200,000.00		398,908
06/18/09		(398,908)	$ -

11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through June 18, 2010, the date the financial statements were available to be issued.

The Authority at the January 2010 Board meeting approved a new Union contract to expire January 4, 2013.

12. NEW ACCOUNTING PRONOUNCEMENTS

Effective for period upon issuance in March, 2009, the Authority implemented GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" and GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", that will improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. These Statements did not have an impact on the Authority's financial statements. Effective for periods beginning after June 15, 2008, the Authority implemented GASB Statement No., 52, "Land and Other Real Estate Held as Investments by Endowments", that reports the resources available in endowments and more closely aligns financial reporting with the objectives of endowments. The Statement did not have an impact on the Authority's financial statements.

The Governmental Accounting Standards Board (GASB) issued these new accounting pronouncements. Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." This Statement will improve financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy, these Statements are effective for periods beginning after June 15,

12. NEW ACCOUNTING PRONOUNCEMENTS (CONT'D)

2009. Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood, this Statement is effective for period beginning after June 15, 2010. Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting, this Statement is effective for period beginning after June 15, 2011. The Authority has not completed an analysis of the impact of these statement on its reported financial condition and results of operation.

Statistical Section 2009

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 Trend Information 2009

(Unaudited)

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

Table 1

	2009	2008	2007	2006	2005	2004
NET ASSETS						
Invested in Capital Assets	$ 22,070,412	$ 21,386,347	$ 20,436,088	$ 19,545,695	$ 18,794,569	$ 15,566,390
Restricted	-	-	75,384	-	124,842	529,449
Unrestricted	3,533,639	3,599,239	3,104,616	3,207,574	3,121,371	4,897,408
TOTAL NET ASSETS	$ 25,604,051	$ 24,985,586	$ 23,616,088	$ 22,753,269	$ 22,040,782	$ 20,993,247

Data for years 2000 - 2003 not accessible.

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

Table 2

	2009	2008	2007	2006	2005	2004
OPERATING REVENUES						
Passenger Fares……	$ 1,052,755	$ 1,184,354	$ 1,024,118	$ 959,445	$ 877,269	$ 797,554
Special Transit Fares……	491,479	480,272	383,994	226,553	220,836	146,432
Auxiliarey Transportation Revenue……	37,570	23,116	30,402	32,711	38,267	57,483
TOTAL OPERATING REVENUES	$ 1,581,804	$ 1,687,742	$ 1,438,514	$ 1,218,709	$ 1,136,372	$ 1,001,469
OPERATING EXPENSES						
Labor……	$ 5,898,232	$ 6,124,933	$ 6,085,584	$ 6,237,295	$ 5,958,496	$ 6,381,800
Fringe Benefits……	4,844,810	4,591,727	4,546,981	4,852,882	4,597,730	3,652,213
Materials & Supplies……	2,367,522	2,795,146	2,299,169	1,914,954	1,778,542	1,207,937
Services……	570,908	541,850	635,497	763,943	743,478	434,678
Utilities……	277,368	292,402	289,131	285,521	230,473	203,814
Casualty & Liability……	377,719	341,309	757,927	708,362	660,774	671,035
Leases & Rentals……	7,998	12,693	14,012	11,044	6,648	5,456
Miscellaneous……	241,921	197,431	117,571	121,012	71,270	539,293
TOTAL OPERATING EXPENSES						
Before Depreciation Expense……	$ 14,586,478	$ 14,897,491	$ 14,745,872	$ 14,895,013	$ 14,047,411	$ 13,096,226
OPERATING LOSS						
Before Depreciation Expense……	$ (13,004,674)	$ (13,209,749)	$ (13,316,181)	$ (13,676,303)	$ (12,911,039)	$ (12,094,757)
Depreciation Expense……	1,717,793	1,719,897	1,827,642	2,301,805	2,439,508	2,425,655
OPERATING LOSS……	$ (14,722,467)	$ (14,929,646)	$ (15,143,823)	$ (15,978,108)	$ (15,350,547)	$ (14,520,412)
NON OPERATING REVENUES (EXPENSES)						
Sales Tax Proceeds……	$ 10,408,166	$ 11,799,986	$ 11,897,832	$ 11,683,697	$ 11,384,241	$ 11,430,900
Federal Preventative Maintenance……	1,909,366	2,089,920	1,738,436	1,228,565	639,246	775,000
Federal Capital & Operating Grants……	656,624					
State Preventative Maintenance……	284,323	187,423	249,548	301,053	153,186	240,000
Elderly & Disables Assistance……	346,642	498,892	202,580	100,641	97,639	48,290
Federal Planning Grants……	35,290	127,683	-	-	-	-
State Planning Grants……	-	-	-	-	-	5,966
Local Grants……	-	-	-	-	-	6,820
Investment/Interest Income……	230	1,329	6,523	26,928	52,776	24,751
Interest Expense	(1,076)	(9,981)	-	-	-	-
Sales Tax Collection Expense (Note 1)……	(104,082)	(118,000)	(136,935)	(138,075)	-	-
Gain (Loss) on Disposal……	2,667	(4,693)	(3,518)	(3,046)	1,660	1,567
Non-transportation Revenue……	20,065	24,971	16,638	20,573	20,884	40,933
Special Item*……	(30,000)	(22,625)	(30,343)	-	(9,500)	-
NON OPERATING REVENUES/EXPENSES - NET…	$ 13,528,215	$ 14,574,905	$ 13,940,761	$ 13,220,336	$ 12,340,132	$ 12,574,227
CAPITAL GRANT REVENUE						
Federal Capital Grant……	$ 1,812,717	$ 1,724,239	$ 2,065,881	$ 3,519,606	$ 4,175,826	$ 2,669,397
State Capital Grant……	-	-	-	-	301,935	540,873
TOTAL CAPITAL GRANTS……	$ 1,812,717	$ 1,724,239	$ 2,065,881	$ 3,519,606	$ 4,477,761	$ 3,210,270
CHANGE IN NET ASSETS……	$ 618,465	$ 1,369,498	$ 862,819	$ 761,834	$ 1,467,346	$ 1,264,085
Net Assets, Beginning Balance……	24,985,586	23,616,088	22,753,269	22,040,782	20,993,246	19,803,464
Prior Period Auditor Adjustments……	-	-	-	(49,347)	(419,810)	(74,303)
Net Assets, Ending Balance……	$ 25,604,051	$ 24,985,586	$ 23,616,088	$ 22,753,269	$ 22,040,782	$ 20,993,246

* 2005, 2007 & 2008 - Non-recurring Legal Expense
2009 Employee Settlements

Data for years 2000 - 2003 not accessible

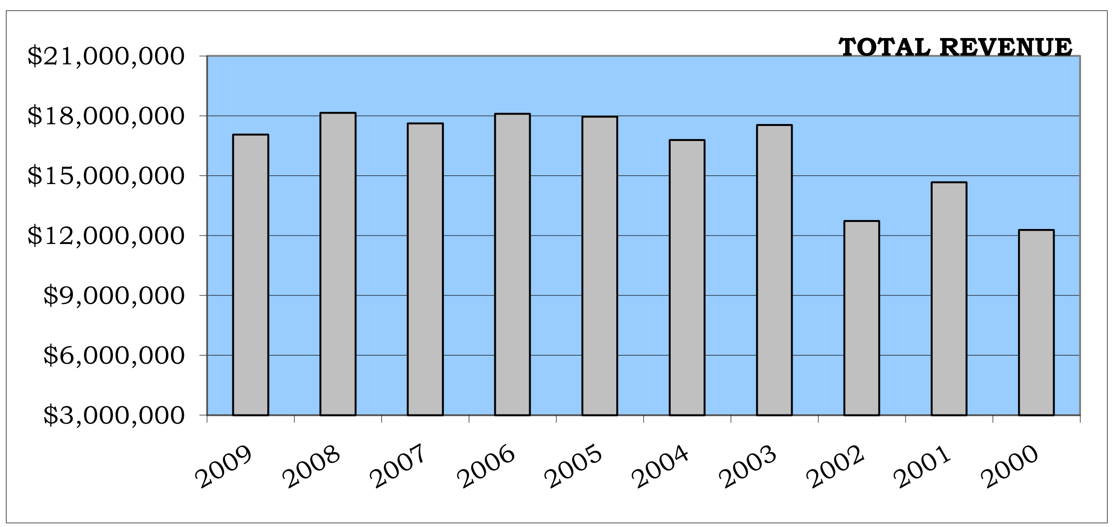
Revenue Capacity Information 2009

(Unaudited)

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

Table 3

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
FARES	$1,544,234	$1,664,626	$1,408,112	$1,187,321	$1,098,105	$1,001,469	$951,052	$1,002,220	$1,074,349	$1,053,891
SALES TAX	$10,408,166	$11,799,986	$11,897,832	$11,683,697	$11,384,241	$11,430,900	$10,739,684	$10,603,218	$10,237,386	$10,765,546
FEDERAL:										
Operating Grants	$643,655	$0	$0	$0	$0	$0	$37,699	$0	$25,512	$54,488
Capital Grant Reimbursements	$3,770,342	$3,941,842	$3,804,317	$4,748,171	$4,815,072	$3,444,397	$4,743,099	$966,450	$2,213,401	$0
STATE:										
Operating Grants										
Special Fare Assistance	$346,642	$498,892	$202,580	$100,641	$97,639	$54,256	$120,453	$96,231	$227,279	$224,542
Capital Grant Reimbursements	$284,323	$187,423	$249,548	$301,053	$455,121	$780,873	$912,099	$43,255	$795,504	$0
LOCAL:										
Operating Grants										
Reimbursement	$0	$0	$0	$0	$0	$6,820	$17,500	$0	$0	$0
Nontransportation	$20,065	$24,971	$16,638	$20,573	$20,884	$40,933	$11,041	$4,212	$19,421	$10,096
Misc Income	$37,800	$24,445	$36,925	$58,316	$91,043	$26,318	$15,785	$17,607	$82,739	$172,612
	$17,055,227	$18,142,185	$17,615,952	$18,099,772	$17,962,105	$16,785,966	$17,548,412	$12,733,193	$14,675,591	$12,281,175



STARK AREA REGIONAL TRANSIT AUTHORITY
2009 PASSENGER REVENUE RATES
(As of 9/6/09)

Table 4

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

Note:

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

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

Student Fare - The Student 31-Day Pass is the only student fare and is available for riders 6-18 years of age. Students need to pay $1.25 unless showing a 31-Day Pass, Day Pass, or Transfer.

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

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

Children - Passengers ages 5 and under fie free.

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

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

STARK AREA REGIONAL TRANSIT AUTHORITY
SALES TAX REVENUE

Table 5

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SALES TAX REVENUE	$10,408,166	$11,799,986	$11,897,832	$11,683,697	$11,384,241	$11,430,900	$10,739,684	$10,603,218	$10,237,386	$10,765,546
POPULATION*	379,214	379,214	378,664	380,575	380,608	380,545	380,280	379,386	376,617	378,098
SALES TAX PER CAPITA	$27.45	$31.12	$31.42	$30.70	$29.91	$30.04	$28.24	$27.95	$27.18	$28.47

* Population
Years 1998-2000 Source: Population Division, US Census Bureau
Years 2001-2009 Source: Annual Estimates of the Population for the Counties of Ohio

Operating Information 2009

(Unaudited)

STARK AREA REGIONAL TRANSIT AUTHORITY
NUMBER OF EMPLOYEES AND LABOR CLASSIFICATION

Table 6

CLASSIFICATION / YEAR	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
VEHICLE OPERATIONS	143	149	148	149	149	149	150	154	208	183
VEHICLE MAINTENANCE	28	29	28	30	29	23	32	31	41	22
NON-VEHICLE MAINTENANCE	3	2	3	3	3	7	2	2	2	14
GENERAL ADMINISTRATION	13	22	21	20	22	30	17	16	13	17
TOTAL OPERATING LABOR	187	202	200	202	203	209	201	203	264	236
TOTAL CAPITAL LABOR	9	9	8	2	2	0	0	0	0	0
TOTAL LABOR	196	211	208	204	205	209	201	203	264	236

STARK AREA REGIONAL TRANSIT AUTHORITY
OPERATING INDICATORS

Table 7

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
System Ridership										
Fixed Route	1,995,218	2,303,725	2,034,437	2,098,200	1,814,412	1,299,848	1,157,633	1,196,725	1,348,906	1,260,402
Paratransit	138,217	148,193	156,550	158,622	150,178	135,450	112,756	105,832	95,558	97,155
Shuttles and Specials	30,702	78,012	79,017	92,155	64,008	27,952	N/A	N/A	N/A	N/A
Average Weekday System Ridership										
Fixed Route	7,187	7,828	6,627	6,773	6,146	3,561	3,771	3,898	4,394	4,092
Paratransit	495	523	510	566	533	371	367	345	326	315
Average Weekday Miles Operated										
Fixed Route	7,800	7,899	7,798	8,597	8,711	6,954	7,083	8,825	10,407	10,641
Paratransit	3,752	3,912	4,637	4,880	4,718	4,455	2,836	3,641	3,320	3,057
Revenue Miles										
Fixed Route	2,324,483	2,518,321	2,479,147	2,519,313	2,561,836	2,414,981	2,528,612	2,709,275	3,194,896	3,277,323
Paratransit	1,207,790	1,118,488	1,321,761	1,220,104	1,183,973	1,097,628	1,012,374	1,117,699	1,019,258	941,631
Passenger Miles										
Fixed Route	10,149,079	11,540,775	9,449,219	7,892,852	7,442,335	3,899,544	3,472,899	3,590,175	4,181,609	3,907,246
Paratransit	1,340,807	1,475,840	1,429,668	1,385,939	1,268,802	1,140,136	778,016	730,241	659,350	670,370
Energy Consumption										
Gallons of diesel/biodiesel	575,616	612,542	658,278	646,562	586,863	566,079	607,845	674,334	780,699	860,298
Cost	$1,486,250	$1,886,629	$1,579,867	$1,430,134	$876,015	$705,429	$604,601	$706,363	$897,023	$916,031
Avg Cost Per Gallon	$2.58	$3.08	$2.40	$2.21	$1.49	$1.25	$0.99	$1.05	$1.15	$1.06
Fleet Requirement										
Fixed Route	35	38	34	34	35	36	36	53	53	58
Paratransit	23	25	24	24	26	44	42	42	42	26
Total Active Vehicles										
Fixed Route	40	82	79	82	42	49	49	71	95	68
Paratransit	43	42	45	41	42	44	42	42	42	31
Number of Employees										
Full Time Equivalent	187	209	208	204	214	202	199	194	226	222

* Ridership decrease due to reduction in service in 2002 from 1/2 hour to 1 hour in order to balance budget.

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

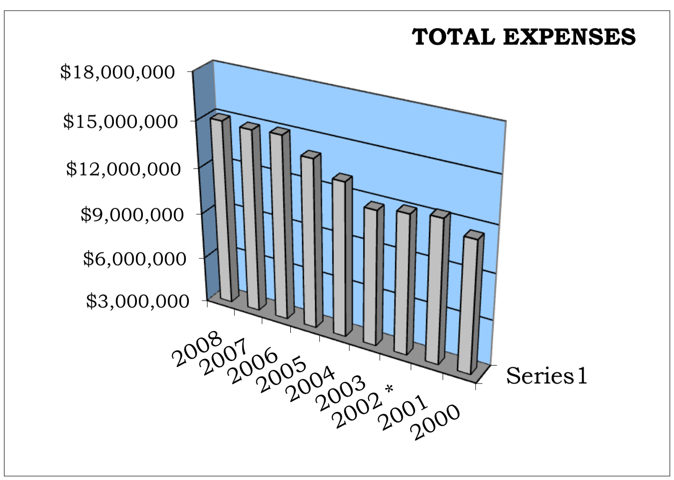
Table 8

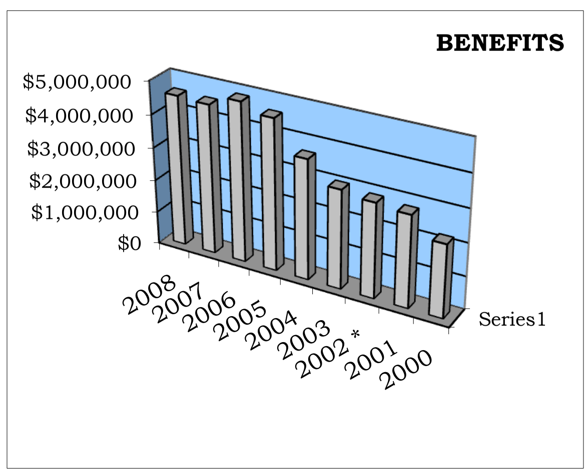
	2009	2008	2007	2006	2005	2004	2003	2002 *	2001	2000
Labor	$5,898,232	$6,124,933	$6,085,584	$6,237,294	$6,039,734	$6,381,800	$5,680,342	$5,545,835	$6,172,965	$6,475,880
Fringe Benefits	$4,844,810	$4,591,727	$4,546,981	$4,852,882	$4,597,730	$3,652,213	$3,810,667	$3,728,101	$3,534,124	$3,311,312
General & Administrative	$3,978,594	$4,331,437	$4,284,104	$3,945,957	$3,409,947	$3,062,213	$2,703,210	$2,484,236	$3,169,170	$3,614,388
Depreciation	$1,717,793	$1,719,897	$1,827,642	$2,301,806	$2,439,508	$2,425,655	$2,636,151	$1,784,152	$1,867,846	$1,356,297
	$16,439,429	$16,767,994	$16,744,311	$17,337,939	$16,486,919	$15,521,881	$14,830,370	$13,542,324	$14,744,105	$14,757,877

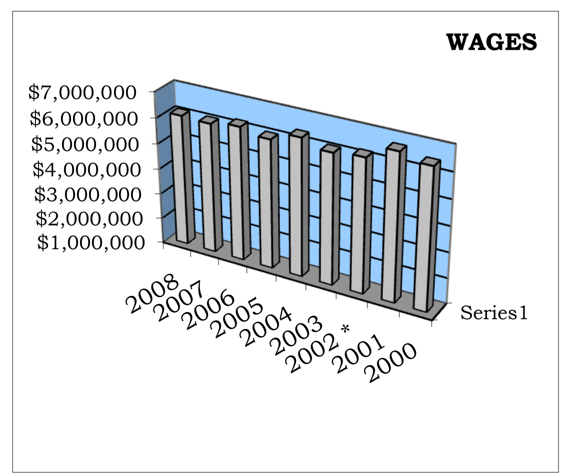
EXPENSES BY OBJECT - LAST TEN YEARS
Rounded to The Nearest Dollar
(Unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002 *	2001	2000
Wages	$5,898,232	$6,124,933	$6,085,584	$6,237,294	$6,039,734	$6,381,800	$6,103,474	$6,215,003	$6,718,353	$6,484,155
Benefits	$4,844,810	$4,591,727	$4,546,981	$4,852,882	$4,597,730	$3,652,213	$3,009,814	$2,888,719	$2,801,036	$2,223,928
Services	$570,908	$541,850	$635,497	$763,944	$743,478	$434,676	$497,825	$524,720	$420,426	$343,924
Supplies **	$2,367,522	$2,795,146	$2,299,169	$1,914,954	$1,778,542	$1,207,937	$1,254,734	$1,449,992	$1,610,892	$1,983,377
Utilities	$277,368	$292,402	$289,131	$285,521	$230,473	$203,814	$194,100	$164,305	$210,971	$152,247
Casualty & Liability **	$377,719	$341,309	$757,928	$708,362	$598,556	$671,035	$609,618	$478,313	$270,863	$109,505
Depreciation	$1,717,793	$1,719,897	$1,827,642	$2,301,806	$2,439,508	$2,425,655	$2,376,075	$2,087,004	$1,891,548	$1,357,415
Miscellaneous Expenses	$385,077	$360,730	$307,683	$273,177	$58,898	$544,751	$162,596	$397,247	$333,442	$313,166
Total Expenses	$14,721,636	$15,048,097	$14,921,973	$15,036,134	$14,047,411	$13,096,226	$11,832,161	$12,118,299	$12,365,983	$11,610,302

Depreciation totals are not reflected in the Total Expenses. This category is used for accounting purposes.
* Service reduction occurred in April 2002.
** Later years reflect rising insurance & fuel costs.







STARK AREA REGIONAL TRANSIT AUTHORITY

Capital Asset Statistics

Last Ten Fiscal Years

Unaudited

Table 9

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenue Vehicle Inventory										
Heavy Duty Vehicles	38	40	42	41	42	42	42	48	N/A	N/A
Light Duty Vehicles	43	42	42	41	42	44	44	44	N/A	N/A
Total Revenue Vehicle Inventory	81	82	84	82	84	86	86	92		
Administration/Maintenance Buildings	1	1	1	1	1	1	1	1	N/A	N/A
Transit Stations	3	3	3	3	3	3	2	2	N/A	N/A

Source: NTD Data

*N/A - Not available

Debt Capacity Information 2009

(Unaudited)

STARK AREA REGIONAL TRANSIT AUTHORITY

Debt Service

(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST	DEBT (3)	COVERAGE
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			0	0
2006	18,099,772	15,174,207	2,925,565			0	0
2005	17,962,105	14,047,411	3,914,694			0	0
2004	16,785,966	13,096,226	3,689,740			0	0
2003	17,548,412	12,244,067	5,304,345			0	0
2002	12,733,193	11,758,172	975,021			0	0
2001	14,675,591	12,876,259	1,799,332			0	0
2000	12,122,222	13,401,580	(1,279,358)			0	0

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

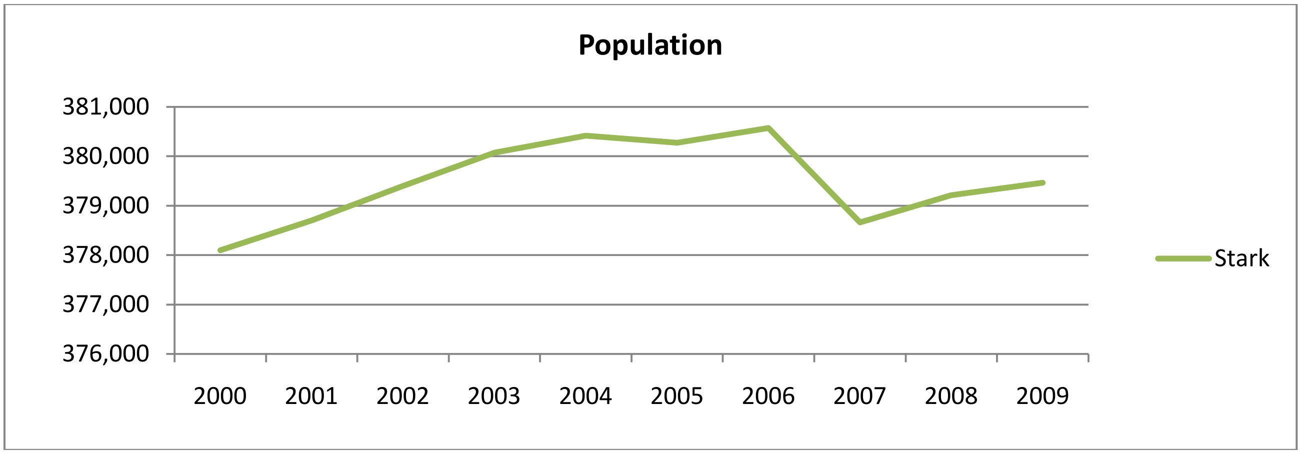
Since 1997, SARTA has not issued debt. In 1997, the first sales tax levy passed. This funding source (sales tax) has been utilized for all local funding to the present day.

Economic & Demographic Information 2008

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

ECONOMIC CONDITION AND OUTLOOK

Stark County, Ohio covers an area of 567 square miles. SARTA'S service area is within the boundaries of Stark County, Ohio. The County consists of nineteen municipalities (cities and villages) and seventeen townships. The seat of the county government is the City of Canton. The 2000 Census population is 378,098. All subsequent population counts are estimates from the US Census Bureau.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Stark	378,098	378,699	379,402	380,076	380,421	380,275	380,575	378,664	379,214	379,466

Source: Ohio Workforce Informer
Link: ohioworkforceinformer.org

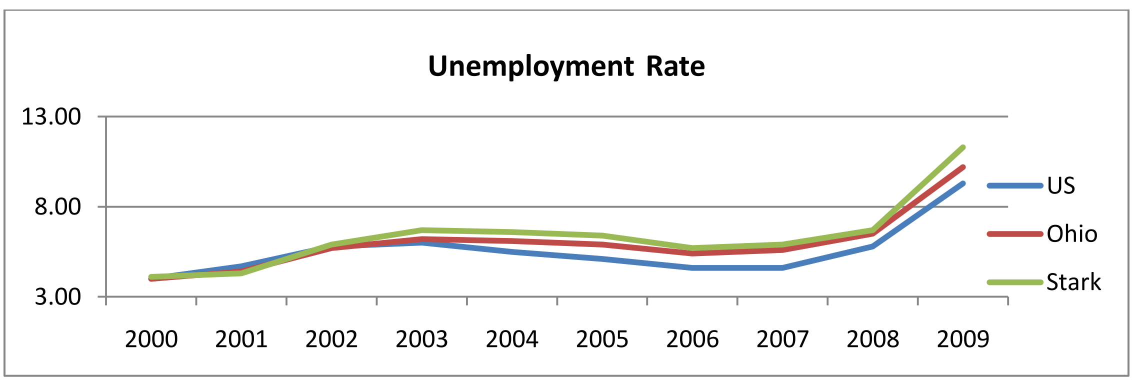
Manufacturing has been the foundation for the economy of Stark County for many years and the area has suffered with the loss of jobs in that sector. 2009 saw losses in professional and business services jobs as well, and those losses along with the manufacturing losses, pushed Stark County's unemployment rate to its highest in more than 25 years to 12.2% in December.

In recent years, Stark County's economic development emphasis has been on the non-manufacturing sector and the county has transitioned from a manufacturing base to health, education and social services base. Currently, the economy continues to be dominated by health care and manufacturing (see the chart on the following page), however the county is attracting high technology enterprises such as the Rolls Royce Fuel Cell Systems at Stark State College.

Stark County Major Employers				
2008			1998	
Company	Employees*		Company	Employees
Aultman Health Foundation	5,000		Timken Company	6,186
Timken Company	4,762		Key Bank	4,325
Stark County Government	2,781		Aultman Health Foundation	3,160
Mercy Medical Center	2,508		Republic Engineered Steels	3,000
Diebold	2,054		Maytag-Hoover	2,725
Canton City Board of Education	1,933		Mercy Medical Center	2,700
Alliance Community Hospital	1,135		Stark County Government	2,630
The Workshops, Inc.	1,080		Canton City Board of Education	1,600
Freshmark, Inc.	985		The Akron Corporation	1,250
Giant Eagle	956			

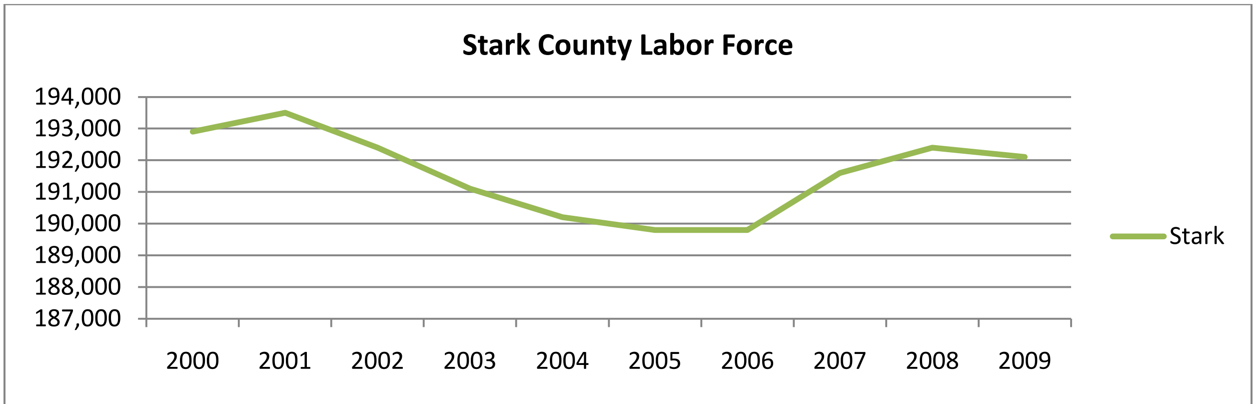
*Self-reported number of employees working in Stark County as of 08/03/08

Source: Stark County Auditor
Link: www.starkohio.com



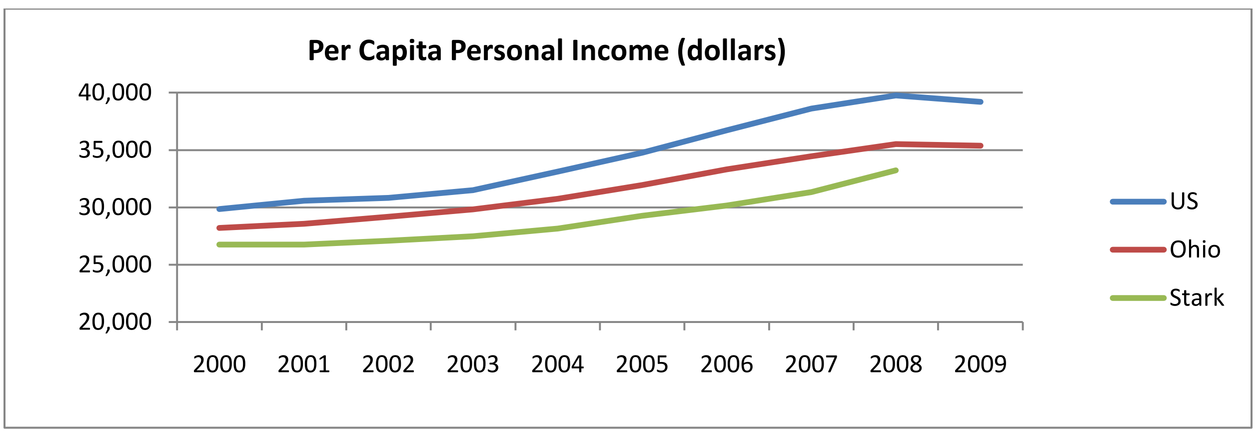
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
US	4.00	4.70	5.80	6.00	5.50	5.10	4.60	4.60	5.80	9.30
Ohio	4.00	4.40	5.70	6.20	6.10	5.90	5.40	5.60	6.50	10.20
Stark	4.10	4.30	5.90	6.70	6.60	6.40	5.70	5.90	6.70	11.30

Source: Ohio Workforce Informer
Link: http://ohioworkforceinformer.org



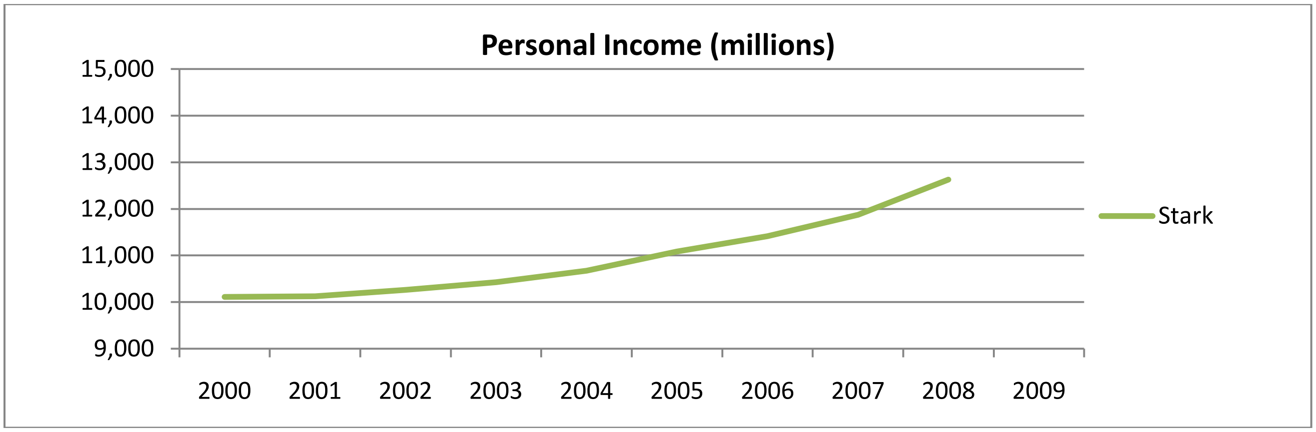
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Stark	192,900	193,500	192,400	191,100	190,200	189,800	189,800	191,600	192,400	192,100

Source: Ohio Workforce Informer
Link: http://ohioworkforceinformer.org



	Per Capita Personal Income (dollars)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
US	29,845	30,574	30,821	31,504	33,123	34,757	36,714	38,611	39,751	39,212
Ohio	28,206	28,581	29,186	29,831	30,744	31,939	33,320	34,468	35,511	35,381
Stark	26,748	26,751	27,100	27,486	28,137	29,271	30,150	31,331	33,221	n/a

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

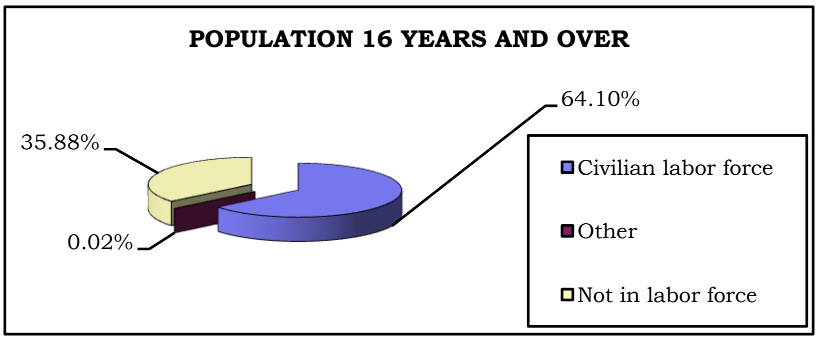


	Personal Income (millions)									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
US	8,422,074	8,746,992	8,872,871	9,150,320	9,711,363	10,284,356	10,968,393	11,645,882	12,233,500	12,097,700
Ohio	320,538	325,623	333,158	341,146	352,103	366,017	381,963	399,897	407,874	407,874
Stark	10,114	10,123	10,265	10,424	10,675	11,088	11,414	11,876	12627	n/a

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

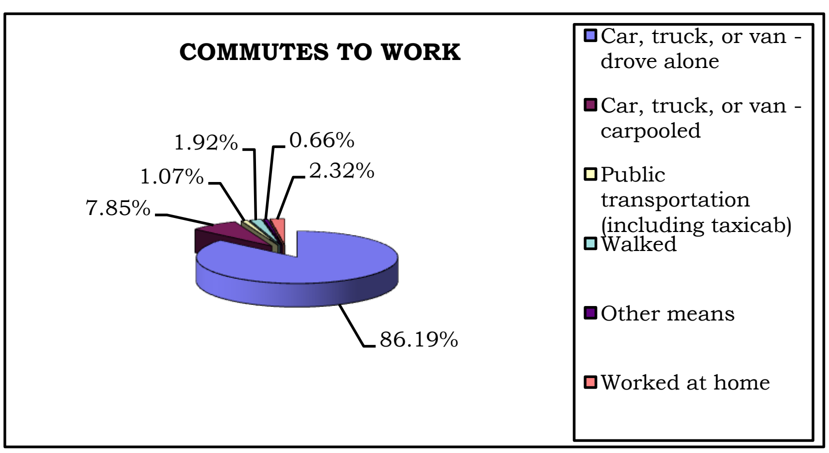
STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

	Number	Percent
Population 16 years and over	**295,090**	**100%**
Civilian labor force	189,161	64.10%
Other	58	0.02%
Not in labor force	105,871	35.88%



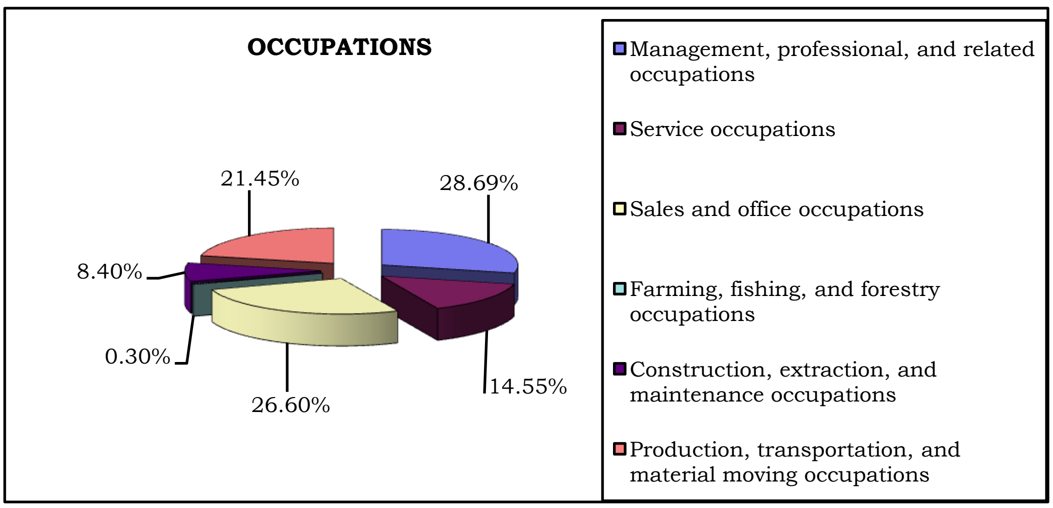
COMMUTING TO WORK

Workers 16 years and over	**177,234**	**100%**
Car, truck, or van - drove alone	152,750	86.19%
Car, truck, or van - carpooled	13,906	7.85%
Public transportation (including taxicab)	1,896	1.07%
Walked	3,408	1.92%
Other means	1,167	0.66%
Worked at home	4,107	2.32%
Mean travel time to work (minutes)	21.3	N/A



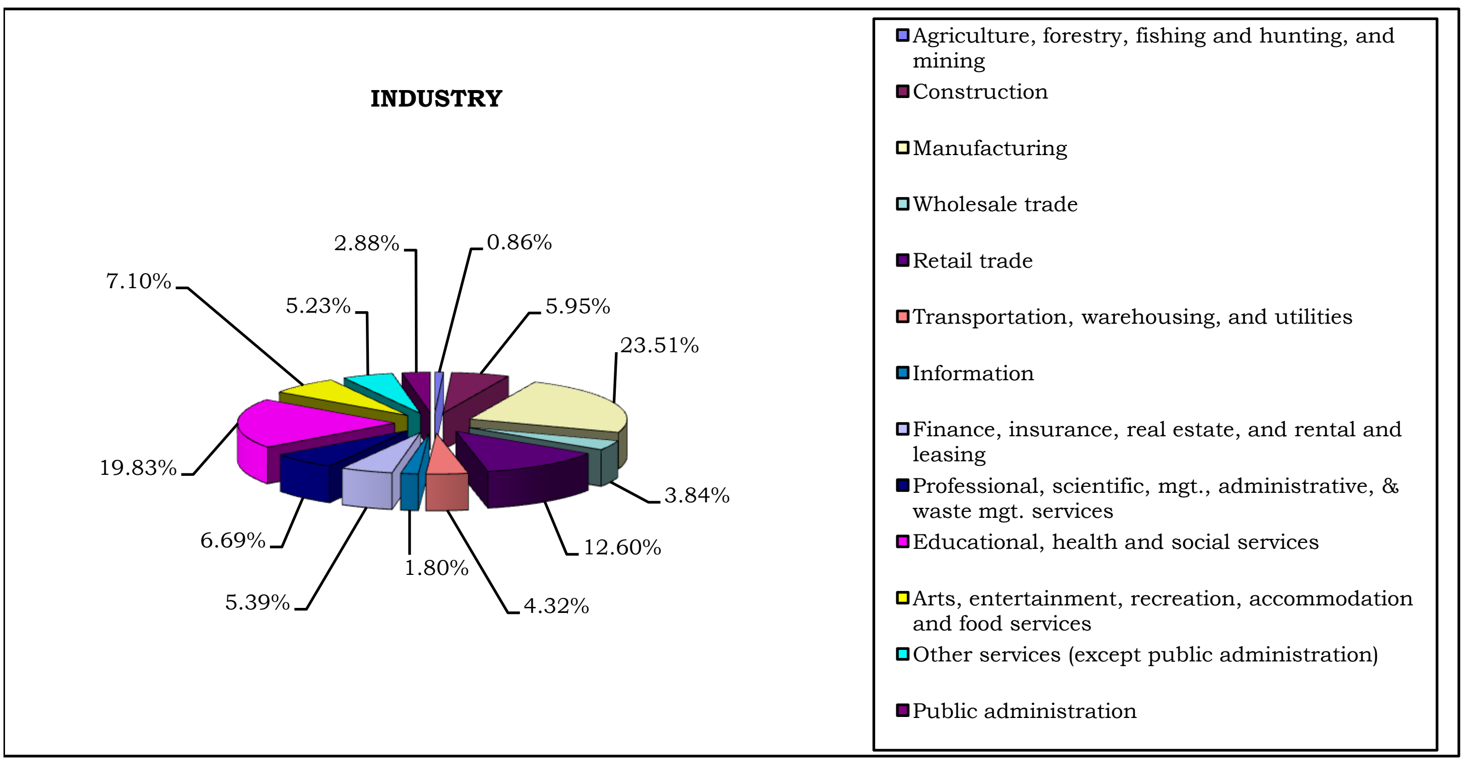
STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

Employed civilian population 16 years and over	**180,590**	**100%**
OCCUPATION		
Management, professional, and related occupations	51,810	28.69%
Service occupations	26,278	14.55%
Sales and office occupations	48,044	26.60%
Farming, fishing, and forestry occupations	541	0.30%
Construction, extraction, and maintenance occupations	15,172	8.40%
Production, transportation, and material moving occupations	38,745	21.45%



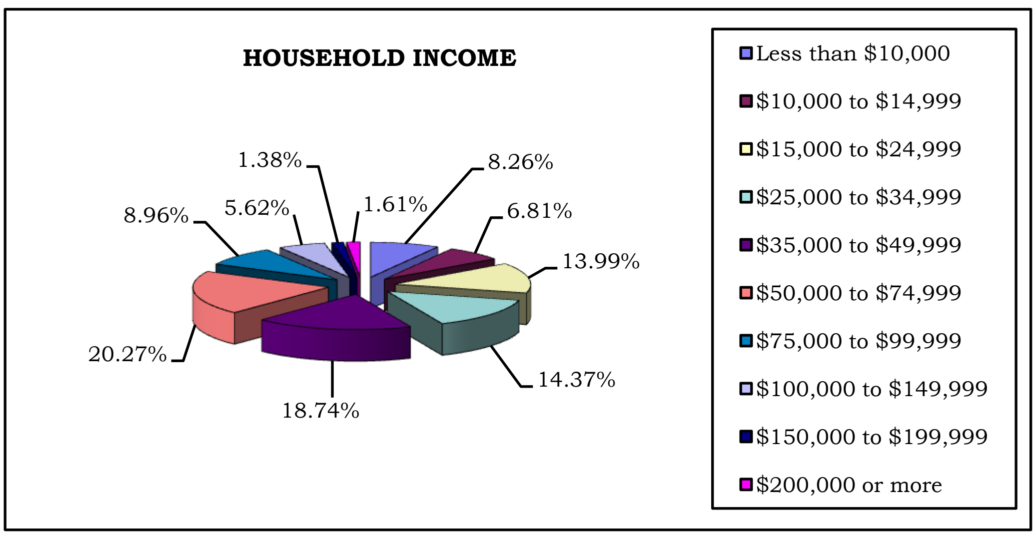
STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

INDUSTRY	**180,590**	**100.00%**
Agriculture, forestry, fishing and hunting, and mining	1,558	0.86%
Construction	10,739	5.95%
Manufacturing	42,454	23.51%
Wholesale trade	6,943	3.84%
Retail trade	22,753	12.60%
Transportation, warehousing, and utilities	7,798	4.32%
Information	3,243	1.80%
Finance, insurance, real estate, and rental and leasing	9,733	5.39%
Professional, scientific, mgt., administrative, & waste mgt. services	12,086	6.69%
Educational, health and social services	35,820	19.83%
Arts, entertainment, recreation, accommodation and food services	12,825	7.10%
Other services (except public administration)	9,437	5.23%
Public administration	5,201	2.88%



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

INCOME IN 1999		
Households	**148,323**	**100%**
Less than $10,000	12,250	8.26%
$10,000 to $14,999	10,105	6.81%
$15,000 to $24,999	20,744	13.99%
$25,000 to $34,999	21,309	14.37%
$35,000 to $49,999	27,793	18.74%
$50,000 to $74,999	30,062	20.27%
$75,000 to $99,999	13,287	8.96%
$100,000 to $149,999	8,342	5.62%
$150,000 to $199,999	2,050	1.38%
$200,000 or more	2,381	1.61%
Median household income (dollars)	39,824	N/A



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
SEPTEMBER 21, 2010