Audited Financial Statements
STARK AREA REGIONAL TRANSIT AUTHORITY

For the years ended December 31, 2007 and 2006

SINGLE AUDIT REPORT
For the year ended December 31, 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
Stark Area Regional Transit Authority
1600 Gateway Blvd., S.E.
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, 2007 through December 31, 2007. 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 2, 2008

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STARK AREA REGIONAL TRANSIT AUTHORITY

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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 financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2007 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 audit. We did not audit the financial statements of the Authority for the year ended December 31, 2006. Those financial statements were audited by other auditors whose report thereon dated May 21, 2007 expressed unqualified opinions on the respective financial statements and have been furnished to us, and our opinion, insofar as it relates to the financial statements audited by other auditors included in the Authority, is based solely on the report of the other auditors.

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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2007 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws,

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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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10, 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 performed 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 12, 2008

MANAGEMENT'S 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, 2007 and 2006. 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 $862,819 or 3.8% over the course of the year's operations. The increase was reflected in an increase in fares and state operating assistance grants.

- The Authority's operating expenses, excluding depreciation, in 2007 were $140,317 lower than in 2006, a .9% decrease, due to a reduction in highly paid staff.

- Operating income for the Authority was $219,805 higher in 2007, an 18% increase, primarily due to an increase in passenger fares, while ridership stayed flat. Sales tax revenues for the Authority were $214,135 higher than 2006, a 1.83% increase over 2006. Sales tax revenues accounted for approximately 77% 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* 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 14-32 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 $23,616,088 at the close of the most recent fiscal year.

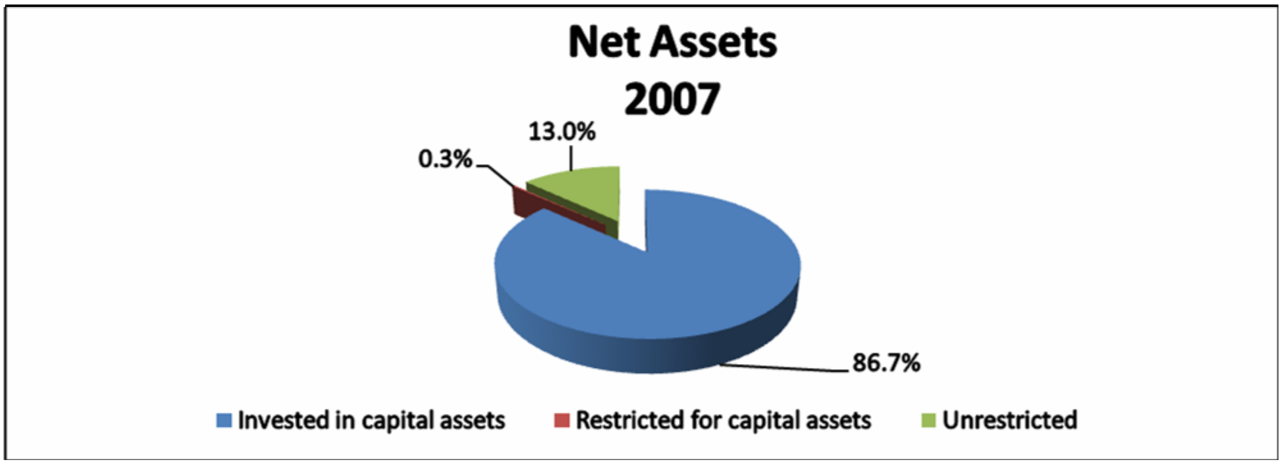
The Authority's net assets are comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment and other equipment). The Authority uses these capital assets to provide transportation services to the citizens of Stark County; consequently, these assets are *not* available for future spending.

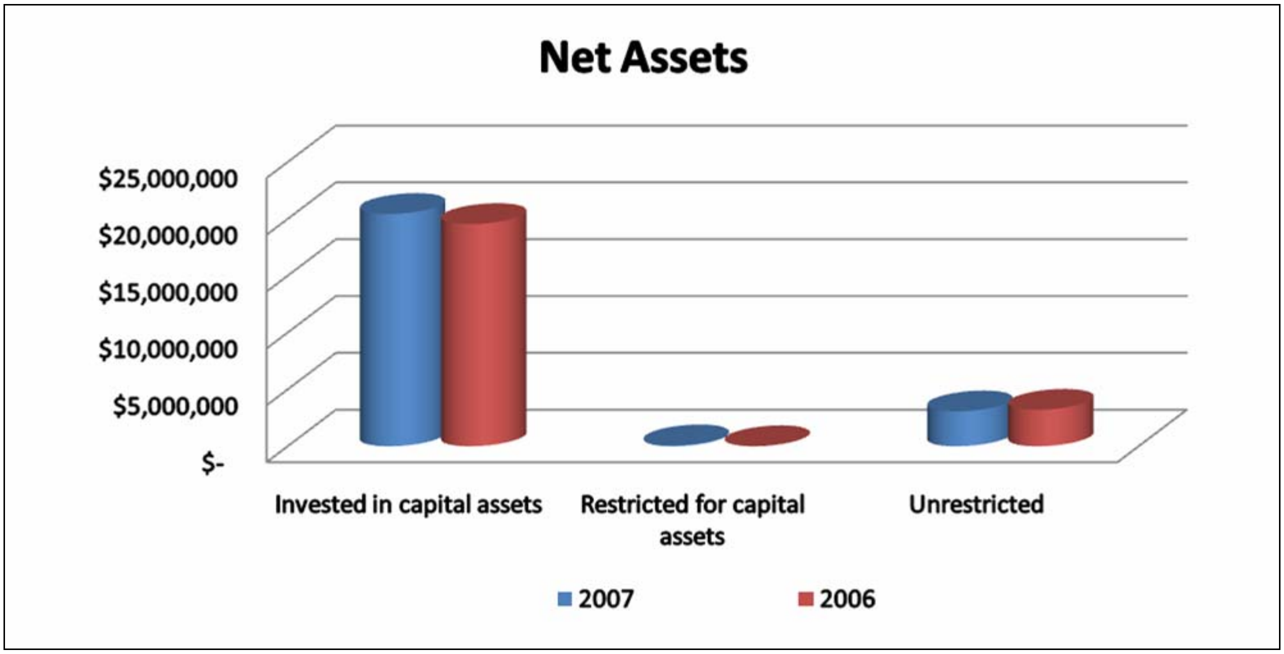
A portion of the Authority's net assets represents resources that are subject to the restriction of being held to pay for capital assets. The remaining balance of *unrestricted net assets* $3,104,616 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, 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

	2007	2006	2005
Current assets	$ 4,713,681	$ 4,790,055	$ 5,597,043
Capital assets, net	20,436,088	19,545,694	18,794,568
Total assets	$ 25,149,769	$ 24,335,749	$ 24,391,611
Current liabilities	$ 1,533,681	$ 1,582,480	$ 2,350,830
Total liabilities	$ 1,533,681	$ 1,582,480	$ 2,350,830
Net assets:			
Invested in capital assets	$ 20,436,088	$ 19,545,694	$ 18,794,568
Restricted for capital assets	75,384		124,842
Unrestricted	3,104,616	3,207,575	3,121,371
Total net assets	$ 23,616,088	$ 22,753,269	$ 22,040,781





As can be seen from the table above, net assets increased $862,819 to $23,616,088 from $22,753,269 in 2006. The 3.8% increase was principally due to capital funding to continue the communications project and the Alliance Transfer Center as well as the roof replacement on our Gateway Blvd. facility.

For more information on capital assets, readers are referred to the Notes to the Financial Statements on pages 14-32.

CHANGES IN NET ASSETS

OPERATING REVENUES	2007	2006	2005
Passenger Fares	$ 1,024,118	$ 959,445	$ 877,269
Special Transit Fares.	383,994	226,553	220,836
Auxiliary Transportation Revenue	30,402	32,711	38,267
TOTAL OPERATING REVENUES	$ 1,438,514	$ 1,218,709	$ 1,136,372
OPERATING EXPENSES			
Labor	$ 6,085,585	$ 6,237,293	$ 5,958,496
Fringe Benefits	4,555,803	4,852,883	4,597,730
Materials & Supplies	2,299,169	1,914,954	1,778,542
Services	635,497	763,943	743,478
Utilities	289,131	285,521	230,473
Casualty & Liability	757,928	708,362	660,774
Leases & Rentals	14,012	11,044	6,648
Miscellaneous	117,570	121,012	71,270
TOTAL OPERATING EXPENSES	$ 14,754,695	$ 14,895,012	$ 14,047,411
OPERATING LOSS BEFORE DEPRECIATION	(13,316,181)	(13,676,303)	(12,911,039)
Depreciation Expense	1,827,642	2,301,805	2,439,508

OPERATING LOSS	(15,143,823)	(15,978,108)	(15,350,547)
NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	$ 11,897,832	$ 11,683,697	$ 11,384,241
Federal Preventative Maintenance	1,738,436	1,228,565	639,246
State Preventative Maintenance	249,548	301,053	153,186
Elderly & Disabled Assistance	202,580	100,641	97,639
Investment/Interest Income	6,523	26,928	52,776
Sales Tax Collection Expense	(136,935)	(138,075)	
Gain (Loss) on Disposal	(3,518)	(3,046)	1,660
Non-transportation Revenue	16,638	20,573	20,884
Non-recurring legal	(30,343)		(9,500)
NON OPERATING REVENUES/EXPENSES-NET	$ 13,940,761	$ 13,220,336	$ 12,340,132
CAPITAL GRANT REVENUE			
Federal Capital Grant	2,065,881	3,519,606	4,175,826
State Capital Grant			301,935
TOTAL CAPITAL GRANTS	2,065,881	3,519,606	4,477,761
CHANGE IN NET ASSETS	862,819	761,834	1,467,346
Net Assets, Beginning Balance	$ 22,753,269	$ 22,040,782	$ 20,993,246
Prior Period Audit Adjustments		(49,347)	(419,810)
Net Assets, Ending Balance	$ 23,616,088	$ 22,753,269	$ 22,040,782

The Authority's *operating revenues* increased 18% or $219,805 to $1,438,514 in 2007 ($64,673 increase in ordinary passenger fares, $157,441 increase in special event fares, and $2,309 decline in bus side advertising and miscellaneous sales). *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and farebox 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 $140,317, or .9%, as compared to the prior year mainly due to a reduction in highly paid staff. *Depreciation expense* decreased by $474,163, as the Gateway Renovation had not been closed as a project by year-end 2007 and, therefore, no depreciation was recognized, while bus replacements were purchased, and some computer equipment, and older buses and equipment were retired.

The 2007 increase in other *Non-operating revenues* of $720,425, or 5.4%, is due to an increase in sales tax revenues and preventative maintenance grants from the Federal Transit Administration and Ohio Department of Transit. *Interest income* declined by $20,405 due to the 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 is completing the implementation of a communications/vehicle locator/automatic passenger counting system, construction of a new Alliance Transfer Center and replacement of the roof on our Gateway Blvd. facility.

The decrease in cash equivalents is due to the matching requirement from local funds on federally funded projects and assets. The reader may review the increase in net assets on page 12 in conjunction with the cash flow page 13 to better understand the change in cash.

CASH FLOWS

	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Gross cash received from customers	$ 1,502,584	$ 1,202,638	$ 1,122,521
Gross cash payments to suppliers for goods & services	(5,074,524)	(4,910,928)	(3,509,650)
Gross cash payments to employees for salaries and wages	(5,893,911)	(6,926,903)	(6,368,348)
Gross cash payments to employees for benefits	(4,239,861)	(3,232,748)	(3,753,937)
Gross other	(136,935)	(138,075)	(107,773)
Net cash used in operating activities	$ (13,842,647)	$(14,006,016)	$ (12,617,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Gross sales taxes received	$ 11,858,184	$ 11,683,697	$ 11,476,374
Gross operating & preventive maintenance grants received	1,954,847	1,681,552	890,071
Net cash provided by noncapital financing activities	$ 13,813,031	$ 13,365,249	$ 12,366,445
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Gross federal capital grant revenue	$ 2,227,852	$ 2,893,940	$ 4,388,104
Gross state capital grant revenue			1,192,145
Gross proceed from sale of assets	6,203		
Gross acquisition of fixed assets and work in process	(2,321,654)	(3,041,615)	(5,504,949)
Net cash provided (used) in capital and related financing activities	$ (87,599)	$ (147,675)	$ 75,300
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	$ 6,447	$ 26,928	$ 51,800
NET DECREASE IN CASH AND CASH EQUIVALENTS	(110,768)	(761,514)	(123,642)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,093,466	1,854,980	1,978,622
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 982,698	$ 1,093,466	$ 1,854,980

Capital Assets

The Authority's investment in capital assets amounts to $20,436,088 net of accumulated depreciation as of December 31, 2007, a net increase of $890,394, 4.5% over 2006, primarily due to the construction of the Alliance Transfer Station, Gateway Roof Replacement and implementation of the Computerized Communication System. 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:

• Gateway roof replacement	$ 636,217
• Buses, support vehicles and passenger amenities	$ 626,384
• Computerized Communication System	$ 92,411
• Alliance Transfer Center	$ 754,188

The *Notes to the Financial Statements,* pages 14-32, 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, 2007 AND 2006

ASSETS	2007	2006
CURRENT ASSETS		
Cash & cash equivalents	$ 907,314	$ 1,093,466
Receivables:		
Trade	103,930	72,501
Sales tax	3,197,236	3,119,717
State capital & planning grants	33,137	
Federal capital & planning grants	56,799	67,484
Materials & supplies inventory	278,612	256,410
Prepaid expenses & other assets	61,269	180,477
Restricted for capital assets:		
Cash & cash equivalents	75,384	
TOTAL CURRENT ASSETS	4,713,681	4,790,055
Capital assets: (Note 4)		
Land	274,543	274,543
Buildings & improvements	9,376,409	9,306,165
Transportation equipment	14,577,290	14,365,076
Other equipment	3,179,610	3,081,541
Construction & WIP	9,444,166	9,313,301
Total capital assets	36,852,018	36,340,626
Less accumulated depreciation	(16,415,930)	(16,794,932)
Capital assets - net	20,436,088	19,545,694
TOTAL ASSETS	$ 25,149,769	$ 24,335,749
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 348,454	$ 198,068
Accrued payroll	499,373	499,833
Accrued payroll taxes & withholdings	575,604	757,856
Other current liabilities	70,700	37,100
Deferred revenues	39,550	89,623
TOTAL CURRENT LIABILITIES	1,533,681	1,582,480
TOTAL LIABILITIES	1,533,681	1,582,480
NET ASSETS:		
Invested in capital assets	20,436,088	19,545,694
Restricted for expendable capital assets	75,384	
Unrestricted	3,104,616	3,207,575
TOTAL NET ASSETS	23,616,088	22,753,269
TOTAL LIABILITIES AND NET ASSETS	$ 25,149,769	$ 24,335,749

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, 2007 AND 2006

	2007	2006
OPERATING REVENUES		
Passenger fares	$ 1,024,118	$ 914,960
Special transit fares	383,994	272,361
Auxiliary transportation revenues	30,402	31,388
TOTAL OPERATING REVENUES	1,438,514	1,218,709
OPERATING EXPENSES		
Labor	6,085,585	6,237,293
Fringe benefits	4,555,803	4,852,883
Materials & supplies	2,478,614	2,089,526
ODOT Fuel Tax Reimbursement	(179,445)	(174,572)
Services	635,497	763,943
Utilities	289,131	285,521
Casualty & liability insurance	757,928	708,362
Leases & rentals	14,012	11,044
Miscellaneous	117,570	121,012
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	14,754,695	14,895,012
OPERATING LOSS BEFORE DEPRECIATION	(13,316,181)	(13,676,303)
DEPRECIATION EXPENSE (Note 4)	1,827,642	2,301,805
OPERATING LOSS	(15,143,823)	(15,978,108)
NONOPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	11,897,832	11,683,697
Operating grants and reimbursements	1,987,984	1,529,618
Special fare assistance	202,580	100,641
Interest income	6,523	26,928
Sales tax collection expense	(136,935)	(138,075)
Loss on disposal of fixed assets	(3,518)	(3,046)
Non-transportation revenues	16,638	20,573
Non-recurring legal	(30,343)	
Total Non-Operating Revenues - Net	13,940,761	13,220,336
NET LOSS BEFORE CAPITAL GRANT REVENUE	(1,203,062)	(2,757,772)
Federal capital grant	2,065,881	3,519,606
INCREASE IN NET ASSETS	862,819	761,834
Net assets, beginning of year	22,753,269	22,040,782
Prior period audit adjustments		(49,347)
Net assets, end of year	$ 23,616,088	$ 22,753,269

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	$ 1,502,584	$ 1,202,638
Gross cash payments to suppliers for goods & services	(5,074,524)	(4,910,928)
Gross cash payments to employees for salaries and wages	(5,893,911)	(6,926,903)
Gross cash payments for employees benefits	(4,239,861)	(3,232,748)
Gross other	(136,935)	(138,075)
Net cash used in operating activities	$ (13,842,647)	$ (14,006,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	11,858,184	11,683,697
Gross operating & preventive maintenance grants received	1,954,847	1,681,552
Net cash provided by noncapital financing activities	13,813,031	13,365,249
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	2,227,852	2,893,940
Gross proceed from sale of assets	6,203	
Gross acquisition of fixed assets & work in process	(2,321,654)	(3,041,615)
Net cash used in capital and related financing activities	(87,599)	(147,675)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	6,447	26,928
NET DECREASE IN CASH AND CASH EQUIVALENTS	(110,768)	(761,514)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,093,466	1,854,980
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 982,698	$ 1,093,466
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (15,143,823)	$ (15,978,108)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,827,642	2,301,805
Change in assets and liabilities:		
Increase in accounts receivable - trade	(31,428)	(3,986)
Increase in materials & supplies inventory	(22,202)	(14,585)
(Increase) Decrease in prepaid expenses & other assets	118,065	(26,306)
Decrease in accounts payable - operations	(392,856)	(338,927)
Increase (Decrease) in accrued payroll	385,081	(18,350)
Increase (Decrease) in accrued payroll taxes	(567,793)	154,945
Increase (Decrease) in deferred revenue	(50,073)	51,171
(Increase) Decrease in gross other	1,140	(138,075)
Increase in other current liabilities	33,600	4,400
NET CASH USED IN OPERATING ACTIVITIES	$ (13,842,647)	$ (14,006,016)

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, 2007 were subject to a collective bargaining agreement that expired on January 4, 2007. At year end 2007, negotiations were in process. On April 8, 2008 the Union voted to accept a new contract and the contract was approved by the Board on April 23, 2008.

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.

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.

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

Investments

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

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

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 $50 or more and with a useful life of more than one year are deemed depreciable and added to capital assets.

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

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

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

Property and Depreciation (cont'd)
Transportation equipment is depreciated on the straight-line method for the useful lives described above unless the total mileage allowed per the 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 Federal Transit Administration (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. 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

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

Recognition of Revenue, Receivables and Deferred Revenues
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 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,

2. CASH AND CASH EQUIVALENTS (CONT'D)

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

The carrying amount of the Authority's deposits was $982,698 at the December 31, 2007 and $1,093,466 at the December 31, 2006. Deposits of $100,000 were covered by federal depository insurance at December 31, 2007 as well as December 31, 2006. The remaining balances of $882,698 and $993,466 at December 31, 2007 and 2006 were uncollateralized, as defined by GASB. However, all of these balances were collateralized with securities held by the pledging financial institution, but not in the Authority's name.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments

As of December 31, 2007 and 2006, the Authority had the following investments:

	2007 Fair Value	2006 Fair Value
State Treasurer's Investment Pool StarOhio)	$19,498	$18,541

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 thirty-five days (.096 years).

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.

2007 Investment		Investment maturity in years	
	Fair Value	Less than one year	One to five years
State Treasurer's Investment Pool (StarOhio)	$19,498	19,498	-0-

2006 Investment		Investment maturity in years	
	Fair Value	Less than one year	One to five years
State Treasurer's Investment Pool (StarOhio)	$18,541	18,541	-0-

Credit Risk
As of December 31, 2007, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm.

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments (cont'd)

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, 2007 and 2006, $882,698 and $993,466, 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. Of the investment in StarOhio of $19,498 and $18,541 at December 31, 2007 and 2006, the Authority has a custodial credit risk exposure of $19,498 and $18,541, respectively because the securities are uninsured, unregistered and held by StarOhio which is also the counter party for these particular securities. The Authority's investment policy limits investments to CDs and StarOhio.

In 2007 the Authority established a line of credit with Huntington National Bank, with a maximum of $500,000. Interest will be calculated at a rate of 0.26 percentage points over the index.

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.

STARK AREA REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Years Ended December 31, 2007 and 2006

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/2007	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/2007
Capital Assets Not Being Depreciated:					
Land	$ 274,543				$ 274,543
Construction & Projects in Progress	9,313,301	$ 2,358,091		$ (2,227,226)	9,444,166
Total Capital Assets Not Depreciated	9,587,844	2,358,091		(2,227,226)	9,718,709
Capital Assets Being Depreciated:					
Buildings & Improvements	9,306,165	995		69,249	9,376,409
Transportation Equipment	14,365,076	101,469	$ 2,047,232	2,157,977	14,577,290
Other Equipment	3,081,541	267,202	169,133		3,179,610
Total Capital Assets being Depreciated	26,752,782	369,666	2,216,365	2,227,226	27,133,309
Total Capital Assets	36,340,626	2,727,757	2,216,365		36,852,018
Buildings & Improvements	3,730,243	242,937			3,973,180
Transportation Equipment	10,613,829	1,350,307	2,038,614		9,925,522
Other Equipment	2,450,860	234,398	168,030		2,517,228
Total Accumulated Depreciation	16,794,932	1,827,642	2,206,644		16,415,930
Total Capital Assets, Net	$19,545,694	$ 900,115	$ 9,721	$ 0	$ 20,436,088

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2006 was as follows:

Capital Assets & Depreciation	BEGINNING BALANCE 1/1/2006	ADDITIONS	CIP TRANSFERS & DISPOSALS	ENDING BALANCE 12/31/2006
Capital Assets Not Being Depreciated:				
Land	$ 274,543			$ 274,543
Construction & Projects in Progress	6,633,012	$ 3,276,004	$ 595,715	9,313,301
Total Capital Assets Not Depreciated	6,907,555	3,276,004	595,715	9,587,844
Capital Assets Being Depreciated:				
Buildings & Improvements	9,305,845	320		9,306,165
Transportation Equipment	15,438,657	140,287	1,213,868	14,365,076
Other Equipment	3,005,888	172,034	96,381	3,081,541
Total Capital Assets being Depreciated	27,750,390	312,641	1,310,249	26,752,782
Total Capital Assets	34,657,945	3,588,645	1,905,964	36,340,626
Net Capital Assets				
Buildings & Improvements	3,484,930	245,313		3,730,243
Transportation Equipment	10,098,147	1,428,486	912,804	10,613,829
Other Equipment	2,280,300	559,506	388,946	2,450,860
Total Accumulated Depreciation	15,863,377	2,233,305	1,301,750	16,794,932
Total Capital Assets, Net	$ 18,794,568	$ 1,355,340	$ 604,214	$ 19,545,694

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.

5. RETIREMENT BENEFITS (CONT'D)

   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 that has elements of both a defined benefit and a defined contribution 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.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

5. RETIREMENT BENEFITS (CONT'D)

The 2007 member contribution rates were 9.50% for members in state and local classifications. Members in the public safety classification contributed 9.75%. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.10%.

The 2007 employer contribution rate for state employers was 13.77% of covered payroll. For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%.

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 1.00% 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 2007, 2006, and 2005, were $917,718, $926,791 & $880,735, respectively.

Post-Retirement Benefits

A. OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. 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 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 retirement 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 2007, state employers contributed at a rate of 13.77% of covered payroll, local government employer units (the Authority is part of this unit) contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS.

C. OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment heath care benefits.

D. Summary of Assumptions:

- Actuarial Review — The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2006.

- Funding Method — An entry-age normal 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 the unfunded actuarial accrued liability.

5. RETIREMENT BENEFITS (CONT'D)

D. 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 2006 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 .5% to 5% for the next 8 years. In subsequent years (year 9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

   1. Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.

   2. The rates stated in Section A of Plan Description, above, are the contractually required contribution rates for OPERS. Multiplying actual contributions by 0.3610 for the period January 1 through June

5. RETIREMENT BENEFITS (CONT'D)

30, 2007 and 0.4332 for the period July 1 through December 31, 2007 is the portion of the Authority's contributions used to fund post-employment benefits. The amount of SARTA's contribution to fund post-employment benefits in 2007 was $466,356.

F. The amount of $12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.

G. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $30.7 billion and $18.7 billion, respectively.

H. 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, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

I. 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.

J. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB 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.

6. CONTINGENCIES AND COMMITMENTS (CONT'D)

At December 31, 2007 there were no significant questioned costs that had not been resolved with the applicable federal and state agencies.

Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

Commitments
The Authority had outstanding commitments to complete the replacement of the Gateway Roof for $1,275 and commitments with contracts for the construction of the new Alliance station for $74,108.

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:

	2007	2006
STATE OPERATING GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE:		
ODOT Elderly Fare Assistance	$202,580	$100,641
ODOT Fuel Tax Reimbursement	179,445	174,572
TOTAL	$382,025	$275,213

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, 2007) member transit agencies. The Authority pays an annual premium to OTRP

8. RISK MANAGEMENT (CONT'D)

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.

9. LEASES

The Authority has the following leases outstanding as of December 31, 2007:

A The Authority, in January 1999, entered into a ten-year lease with Verner A. Bonfert for the use of the transfer station in Alliance, Ohio. As part of this agreement, the monthly lease payments were $450 per month for the years 2004 and $475 per month in 2005 and $500 per month for the years 2006 through 2008. In addition, the Authority agreed to contribute $175,000 in the form of improvements at the transfer station. It is currently anticipated that the Authority will vacate the Alliance station prior to lease end, on or about July, 2008.

9. LEASES (CONT'D)

B 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.

C The Authority, by approval of the Board, leased a vehicle in the net amount of $677 per month for 36 months ending December of 2008, in accordance with the employment contract for the Executive Director/CEO.

D The Authority acquired two copiers, which were leased in March 2006 for a period of thirty-six (36) months for an amount of $518 per month.

10. PRIOR PERIOD ADJUSTMENTS

The 2005 audited financial statements included an error which resulted in the overstatement of Capital Grant Revenue by $49,347 at December 31, 2005. The error was corrected in 2006 by an adjustment to the beginning net assets.

11. RECLASSIFICATION

Certain amounts in the prior year's totals have been reclassified to conform with the current year's presentation.

12. NEW ACCOUNTING STANDARDS

The GASB issued these new accounting pronouncements. GASB Statement No. 48, "Sales and Pledges of Receivable and Intra-entity Transfers of Assets and Future Revenues," the statement was implemented for the year ended December 31, 2007 and did not have an impact on the Authority's financial statements. GASB Statement No. 47, "Accounting for Termination Benefits." This Statement establishes accounting guidance and disclosure requirement for termination benefit arrangements. This statement is effective in two parts. The provisions related to termination benefits other than "other post employment benefit plans" (OPEB) are effective for periods beginning after June 15, 2005.

12. NEW ACCOUNTING STANDARDS (CONT'D)

The Statement did not have an impact on the Authority's financial statements. The remaining provisions related to OPEB are effective at the time GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits other than a Pension," are implemented.

GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," that establishes uniform financial reporting standards for other post-employment benefit plans. Statement No. 43 was implemented for the year ended December 31, 2007 and did not have an impact on the Authority's financial statements. GASB Statement No., 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," establishes standards for disclosure of information on post-employment benefits, other than pension benefits," by all state and local government employers. Statement No. 45 is effective for the year ending December 31, 2008. Statement No. 49 "Financial Reporting for Pollution Remediation Obligations," is effective for the year ending December 2008. 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, 2007

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	$ 256,557
		OH-03-0221	31,006
		OH-03-0235	15,527
		OH-03-0260	760,811
		OH-90-0417	63,539
		OH-90-0434	63,793
		OH-90-0474	86,438
		OH-90-0498	340,698
		OH-90-0550	373,903
		OH-90-0597	1,812,039
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,804,311

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, 2007

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, 2007, and have issued our report thereon dated June 12, 2008. 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 the 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 the 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 12, 2008

Dingus and Daga, Inc.
Certified Public Accountants
®

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

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

Compliance

We have audited the compliance of the 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, 2007. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Cost. 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 the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

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In our opinion, the 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, 2007.

Internal Control Over Compliance

The management of the 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 the Authority's internal control over compliance with 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 the 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 12, 2008

STARK AREA REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2007

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, 2007

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

Federal Awards (Cont'd)

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, 2007

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

Stark Area Regional Transit Authority

2007 Comprehensive Annual Financial Report

for the year ended December 31, 2007

Stark Area Regional Transit Authority

Charles Odimgbe

Executive Director/ CEO

Charles DeGraff

President, Board of Trustees

Prepared by
The Department of Finance & Administration
Carole A. Kuczynski, CPA, MBA
Director

STARK COUNTY, OHIO

Stark Area Regional Transit Authority

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2007

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Introductory Section 2007

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

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

June 12, 2008

Charles DeGraff, President

Members, Board of Trustees

Stark Area Regional Transit Authority and Residents of Stark County

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, 2007.

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) financial statements for the year ended December 31, 2007. The Independent Auditor's Report is located at the front of the Financial Section of this report. The independent audit of the Authority's financial statements was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and 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** contains 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 included in this section.

The **STATISTICAL SECTION** contains 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 Stark Area Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the 4th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Charles Odimgbe
Executive Director/CEO/CFO

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, 2006

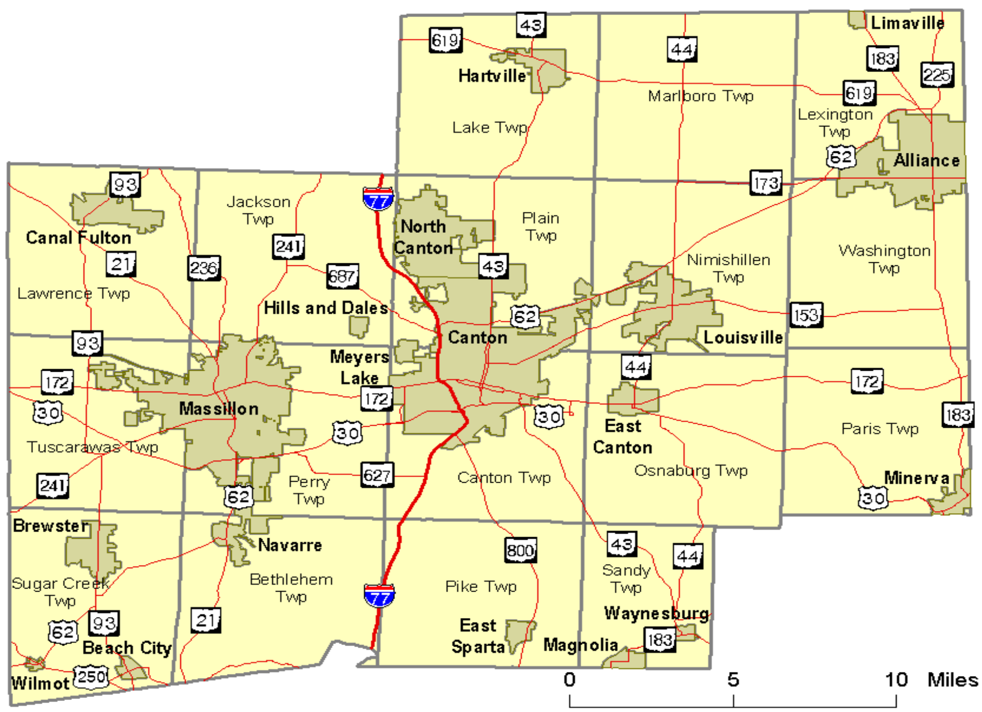
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

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 Authirity (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, which pose unusual transit challenges for the community, “shopping trip” 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. Department heads submit their budget proposals to the Director of Finance and Administration who assembles the budget, which is then presented to the Executive Team. The Executive Team adjusts and/or approves the budgets, which are then submitted 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 County population remains steady, growing at an annualized percentage rate of 0.02%. According to the Ohio Department of Development the population is projected to decline slightly by 2010.

The unemployment rate for 2007 averaged 5.6%, 1% higher than the national average. The County continues to lose manufacturing jobs. In 2007 the Hoover Company closed its doors.

SARTA ridership remained steady in 2007 following two years of consecutive growth in both curb-to-curb service and fixed route services.

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 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. The three-year TDP was completed and approved by the Board of Trustees for years 2007-2011, and copies are available at the Authority's main office.

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

2007 In Review

Gateway Renovation – The Gateway Renovation as initially planned has been completed. It was subsequently expanded to cover the replacement of the roof of the maintenance garage. This project was completed in 2007.

Advanced Communications – SARTA is completing the development of a highly integrated bus communications system with radios, data links, GIS technology and automated passenger counting devices. This project should reach completion in 2008.

Alliance Transit Center – The transit center is built and will reach completion in 2008.

Fare Boxes – SARTA purchased new fareboxes for the entire fleet. Management is able to extract more accurate data with less effort while improving reports for management and staff.

Bikes on Buses – The project was launched in 2007 and installation of the bike racks will await the arrival of enough racks to mount on all buses simultaneously.

Buses – As part of a long range plan 10 buses were acquired.

Support Vehicles – SARTA maintains a small fleet of supervisor and other support vehicles. As part of a long range plan several vehicles were replaced.

Kiosk – A passenger kiosk was placed in Alliance making bus arrival times and other information available to riders.

Future Initiatives

The major proposed capital projects include:

- Building projects
- Bus replacements
- Preventative maintenance on buses and buildings
- Upgrading operational equipment

Management also intends to explore such projects as:

- Additional transfer centers
- Tri-County service expansion
- Hybrid buses
- Potential of a multi-agency project to expand the Lincoln Way Corridor.

The next few years will see movement towards enhancing the public's use of the system, whether through security measures installed, other transfer centers established, newer and more efficient buses and fuels, or a transportation corridor 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, 2007

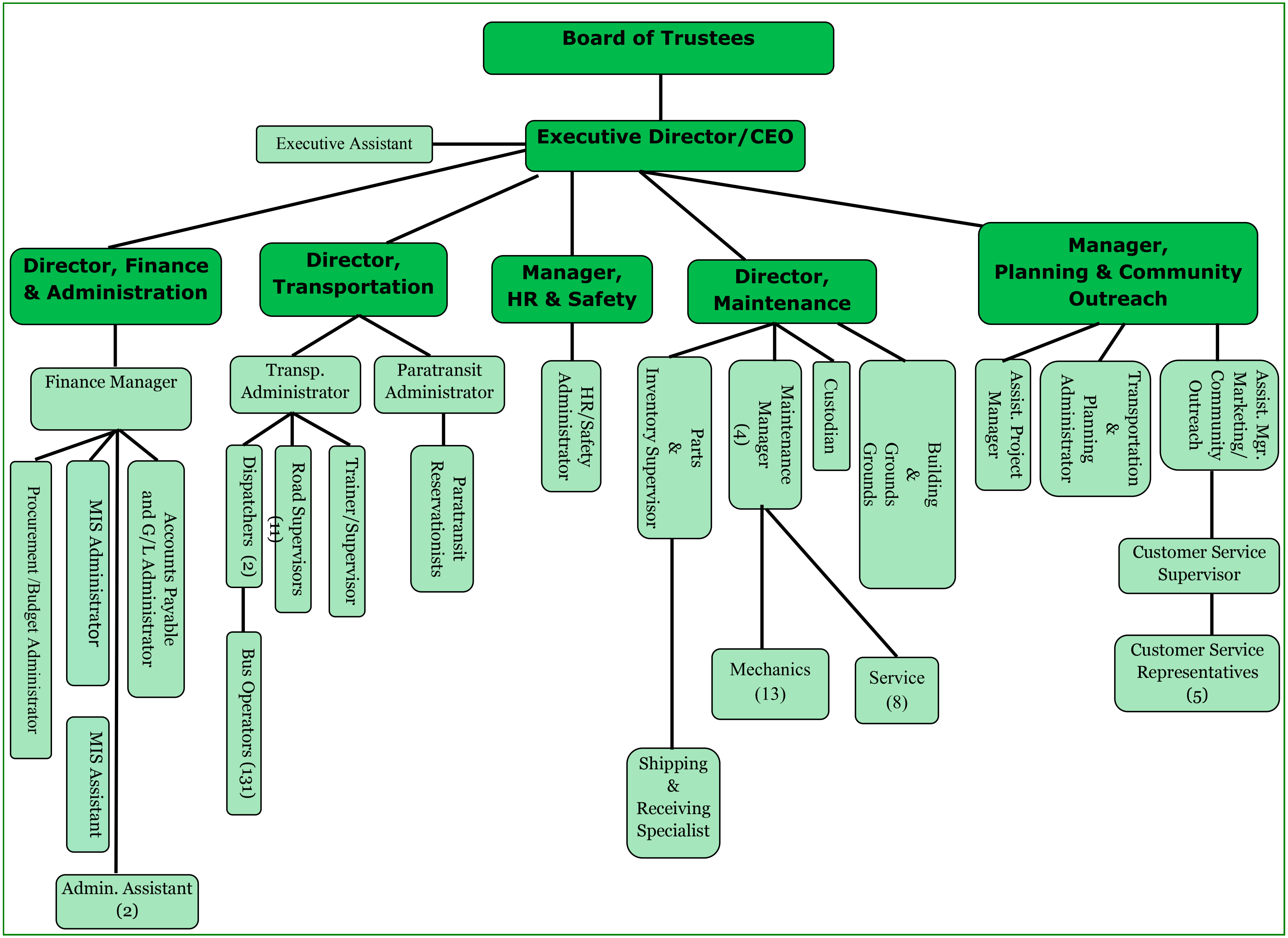
<u>BOARD OF TRUSTEES</u>

President	Charles DeGraff
Vice President	Nancy Johnson
Trustees	Gerald Bixler Phyllis Beyers Randy Bond Amanda Fletcher Fredrick Allen Moore William Rudner Chet Warren

<u>MANAGEMENT</u>

Executive Director/CEO	Charles Odimgbe
Director of Finance & Administration	Carole Kuczynski
Director of Transportation	Position Open
Director of Maintenance	Mark Finnicum
Human Resources & Safety Manager	Kelly Zachary
Planning & Community Outreach Mgr.	Teresa Thompson

Stark Area Regional Transit Authority
2007



Acknowledgement

Many thanks go to the Finance and Administration Department, especially Deborah Hill, Finance Manager & Grants Administrator, Marie Grealis, Administrative Assistant, and Karen Little, Accounts Payable & GL Administrator, for the organization, preparation, typing, and proofing of this report.

Thanks also to the staff of Dingus and Daga, Inc., Certified Public Accountants, for their review of the document for completeness.

Charles Odimgbe
Executive Director/CEO

Carole Kuczynski
Director of Finance & Administration

Financial Section 2007

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 ®

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stark Area Regional Transit Authority
Canton, Ohio

We have audited the accompanying financial statements of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2007 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 audit. We did not audit the financial statements of the Authority for the year ended December 31, 2006. Those financial statements were audited by other auditors whose report thereon dated May 21, 2007 expressed unqualified opinions on the respective financial statements and have been furnished to us, and our opinion, insofar as it relates to the financial statements audited by other auditors included in the Authority, is based solely on the report of the other auditors.

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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2007 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws,

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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 should be considered in assessing the results of our audit.

The management discussion and analysis on pages 14 through 21 and the statistical section on pages 39 through 56 are not a required part of the basic financial statements of the Authority, but is 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 supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The accompanying introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Dingus and Daga, Inc.

Shaker Heights, Ohio
June 12, 2008

MANAGEMENT'S 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, 2007 and 2006. 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 $862,819 or 3.8% over the course of the year's operations. The increase was reflected in an increase in fares and state operating assistance grants.

- The Authority's operating expenses, excluding depreciation, in 2007 were $140,317 lower than in 2006, a .9% decrease, due to a reduction in highly paid staff.

- Operating income for the Authority was $219,805 higher in 2007, an 18% increase, primarily due to an increase in passenger fares, while ridership stayed flat. Sales tax revenues for the Authority were $214,135 higher than 2006, a 1.83% increase over 2006. Sales tax revenues accounted for approximately 77% 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 25-38 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 $23,616,088 at the close of the most recent fiscal year.

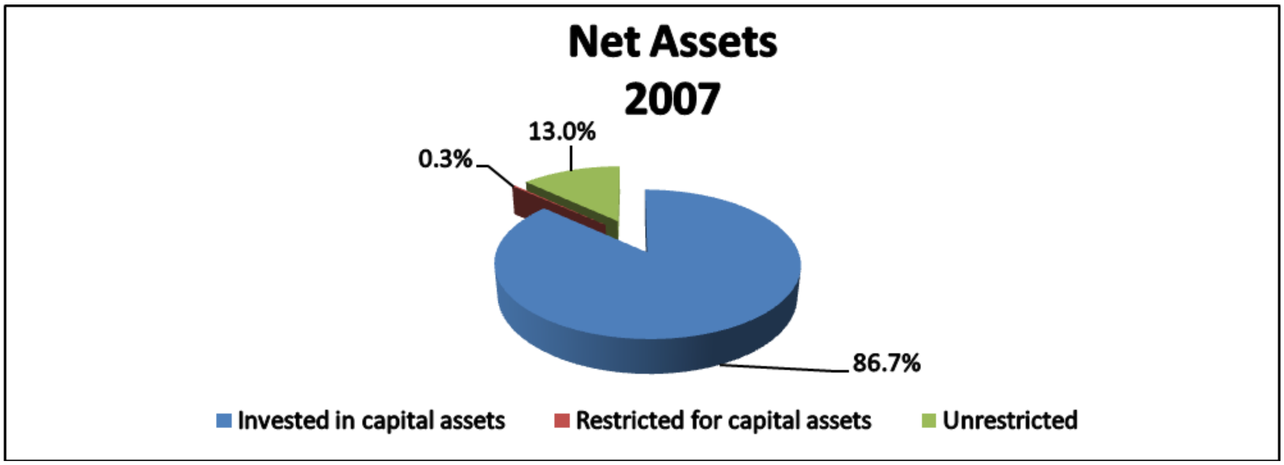
The Authority's net assets are comprised primarily of its investment in capital assets (e.g., land, buildings, transportation equipment and other equipment). The Authority uses these capital assets to provide transportation services to the citizens of Stark County; consequently, these assets are *not* available for future spending.

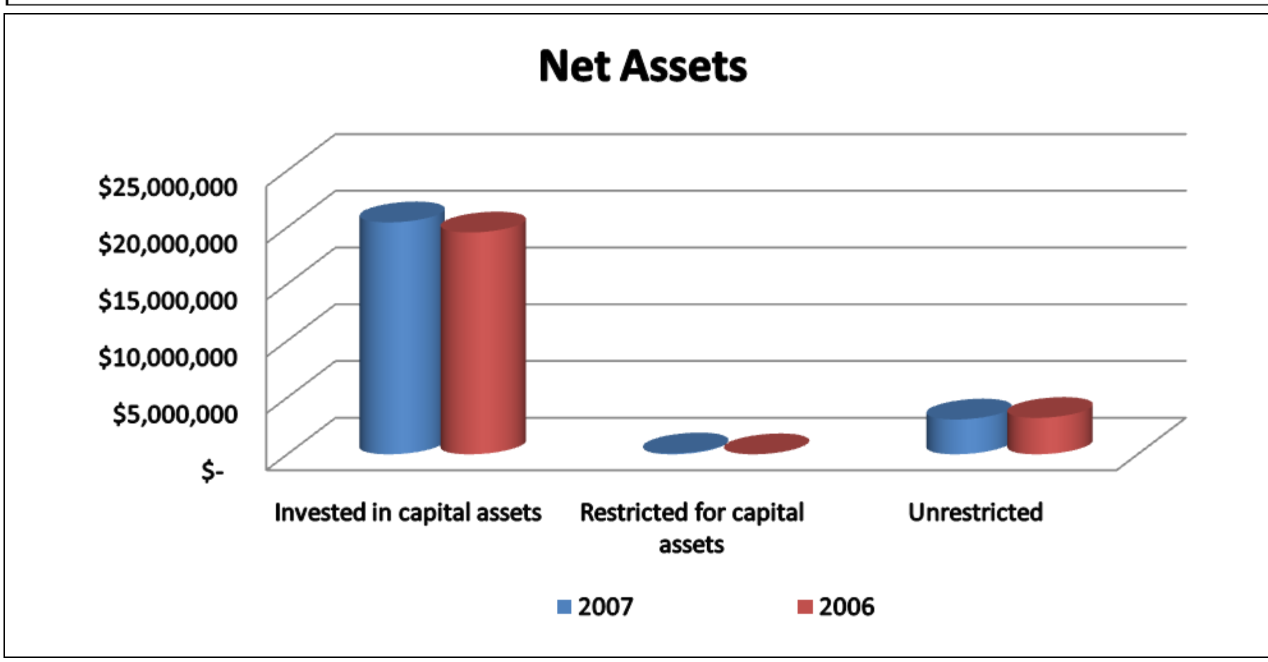
A portion of the Authority's net assets represents resources that are subject to the restriction of being held to pay for capital assets. The remaining balance of *unrestricted net assets* $3,104,616 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, 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

	2007	2006	2005
Current assets	$ 4,713,681	$ 4,790,055	$ 5,597,043
Capital assets, net	20,436,088	19,545,694	18,794,568
Total assets	$ 25,149,769	$ 24,335,749	$ 24,391,611
Current liabilities	$ 1,533,681	$ 1,582,480	$ 2,350,830
Total liabilities	$ 1,533,681	$ 1,582,480	$ 2,350,830
Net assets:			
Invested in capital assets	$ 20,436,088	$ 19,545,694	$ 18,794,568
Restricted for capital assets	75,384		124,842
Unrestricted	3,104,616	3,207,575	3,121,371
Total net assets	$ 23,616,088	$ 22,753,269	$ 22,040,781





As can be seen from the table above, net assets increased $862,819 to $23,616,088 from $22,753,269 in 2006. The 3.8% increase was principally due to capital funding to continue the communications project and the Alliance Transfer Center as well as the roof replacement on our Gateway Blvd. facility.

For more information on capital assets, readers are referred to the Notes to the Financial Statements on pages 25-38.

CHANGES IN NET ASSETS

OPERATING REVENUES	2007	2006	2005
Passenger Fares	$ 1,024,118	$ 959,445	$ 877,269
Special Transit Fares.	383,994	226,553	220,836
Auxiliary Transportation Revenue	30,402	32,711	38,267
TOTAL OPERATING REVENUES	$ 1,438,514	$ 1,218,709	$ 1,136,372
OPERATING EXPENSES			
Labor	$ 6,085,585	$ 6,237,293	$ 5,958,496
Fringe Benefits	4,555,803	4,852,883	4,597,730
Materials & Supplies	2,299,169	1,914,954	1,778,542
Services	635,497	763,943	743,478
Utilities	289,131	285,521	230,473
Casualty & Liability	757,928	708,362	660,774
Leases & Rentals	14,012	11,044	6,648
Miscellaneous	117,570	121,012	71,270
TOTAL OPERATING EXPENSES	$ 14,754,695	$ 14,895,012	$ 14,047,411
OPERATING LOSS BEFORE DEPRECIATION	(13,316,181)	(13,676,303)	(12,911,039)
Depreciation Expense	1,827,642	2,301,805	2,439,508
OPERATING LOSS	(15,143,823)	(15,978,108)	(15,350,547)

CHANGES IN NET ASSETS (continued)

NON OPERATING REVENUES (EXPENSES)			
Sales Tax Proceeds	$ 11,897,832	$ 11,683,697	$ 11,384,241
Federal Preventative Maintenance	1,738,436	1,228,565	639,246
State Preventative Maintenance	249,548	301,053	153,186
Elderly & Disabled Assistance	202,580	100,641	97,639
Investment/Interest Income	6,523	26,928	52,776
Sales Tax Collection Expense	(136,935)	(138,075)	
Gain (Loss) on Disposal	(3,518)	(3,046)	1,660
Non-transportation Revenue	16,638	20,573	20,884
Non-recurring legal	(30,343)	-	(9,500)
NON OPERATING REVENUES/EXPENSES-NET	$ 13,940,761	$ 13,220,336	$ 12,340,132
CAPITAL GRANT REVENUE			
Federal Capital Grant	2,065,881	3,519,606	4,175,826
State Capital Grant			301,935
TOTAL CAPITAL GRANTS	2,065,881	3,519,606	4,477,761
CHANGE IN NET ASSETS	862,819	761,834	1,467,346
Net Assets, Beginning Balance	$ 22,753,269	$ 22,040,782	$ 20,993,246
Prior Period Audit Adjustments		(49,347)	(419,810)
Net Assets, Ending Balance	$ 23,616,088	$ 22,753,269	$ 22,040,782

The Authority's *operating revenues* increased 18% or $219,805 to $1,438,514 in 2007 ($64,673 increase in ordinary passenger fares, $157,441 increase in special event fares, and $2,309 decline in bus side advertising and miscellaneous sales). *Operating revenues* are generated mainly from pass sales, ticket sales, special event fares and farebox 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 $140,317, or .9%, as compared to the prior year mainly due to a reduction in highly paid staff. *Depreciation expense* decreased by $474,163, as the Gateway Renovation had not been closed as a project by year-end 2007 and, therefore, no depreciation was recognized, while bus replacements were purchased, and some computer equipment, and older buses and equipment were retired.

The 2007 increase in other *Non-operating revenues* of $720,425, or 5.4%, is due to an increase in sales tax revenues and preventative maintenance grants from the Federal Transit Administration and Ohio Department of Transit. *Interest income* declined $20,405 due to the 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 is completing the implementation of a communications/vehicle locator/automatic passenger counting system, construction of a new Alliance Transfer Center and replacement of the roof on our Gateway Blvd. facility.

The decrease in cash equivalents is due to the matching requirement from local funds on federally funded projects and assets. The reader may review the increase in net assets on page 23 in conjunction with the cash flow on page 24 to better understand the change in cash.

CASH FLOWS

	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Gross cash received from customers	$ 1,502,584	$ 1,202,638	$ 1,122,521
Gross cash payments to suppliers for goods & services	(5,074,524)	(4,910,928)	(3,509,650)
Gross cash payments to employees for salaries and wages	(5,893,911)	(6,926,903)	(6,368,348)
Gross cash payments to employees for benefits	(4,239,861)	(3,232,748)	(3,753,937)
Gross other	(136,935)	(138,075)	(107,773)
Net cash used in operating activities	$ (13,842,647)	$(14,006,016)	$ (12,617,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Gross sales taxes received	$ 11,858,184	$ 11,683,697	$ 11,476,374
Gross operating & preventive maintenance grants received	1,954,847	1,681,552	890,071
Net cash provided by noncapital financing activities	$ 13,813,031	$ 13,365,249	$ 12,366,445

CASH FLOWS (continued)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Gross federal capital grant revenue	$ 2,227,852	$ 2,893,940	$ 4,388,104
Gross state capital grant revenue			1,192,145
Gross proceeds from sale of assets	6,203		
Gross acquisition of fixed assets and work in process	(2,321,654)	(3,041,615)	(5,504,949)
Net cash provided (used) in capital and related financing activities	$ (87,599)	$ (147,675)	$ 75,300
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	$ 6,447	$ 26,928	$ 51,800
NET DECREASE IN CASH AND CASH EQUIVALENTS	(110,768)	(761,514)	(123,642)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,093,466	1,854,980	1,978,622
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 982,698	$ 1,093,466	$ 1,854,980

Capital Assets

The Authority's investment in capital assets amounts to $20,436,088 net of accumulated depreciation as of December 31, 2007, a net increase of $890,394, 4.5% over 2006, primarily due to the construction of the Alliance Transfer Station, Gateway Roof Replacement and implementation of the Computerized Communication System. 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:

- Gateway roof replacement $ 636,217
- Buses, support vehicles and passenger amenities $ 626,384
- Computerized Communication System $ 92,411
- Alliance Transfer Center $ 754,188

The *Notes to the Financial Statements,* pages 25-38, provide additional information on capital assets.

Long-Term Debt

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

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances 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, 2007 and 2006

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	$ 907,314	$ 1,093,466
Receivables:		
Trade	103,930	72,501
Sales tax	3,197,236	3,119,717
State capital & planning grants	33,137	
Federal capital & planning grants	56,799	67,484
Materials & supplies inventory	278,612	256,410
Prepaid expenses & other assets	61,269	180,477
Restricted for capital assets:		
Cash & cash equivalents	75,384	
TOTAL CURRENT ASSETS	4,713,681	4,790,055
Capital assets: (Note 4)		
Land	274,543	274,543
Buildings & improvements	9,376,409	9,306,165
Transportation equipment	14,577,290	14,365,076
Other equipment	3,179,610	3,081,541
Construction & WIP	9,444,166	9,313,301
Total capital assets	36,852,018	36,340,626
Less accumulated depreciation	(16,415,930)	(16,794,932)
Capital assets - net	20,436,088	19,545,694
TOTAL ASSETS	$ 25,149,769	$ 24,335,749
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 348,454	$ 198,068
Accrued payroll	499,373	499,833
Accrued payroll taxes & withholdings	575,604	757,856
Other current liabilities	70,700	37,100
Deferred revenues	39,550	89,623
TOTAL CURRENT LIABILITIES	1,533,681	1,582,480
TOTAL LIABILITIES	1,533,681	1,582,480
NET ASSETS:		
Invested in capital assets	20,436,088	19,545,694
Restricted for expendable capital assets	75,384	
Unrestricted	3,104,616	3,207,575
TOTAL NET ASSETS	23,616,088	22,753,269
TOTAL LIABILITIES AND NET ASSETS	$ 25,149,769	$ 24,335,749

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, 2007 AND 2006

	2007	2006
OPERATING REVENUES		
Passenger fares	$ 1,024,118	$ 914,960
Special transit fares	383,994	272,361
Auxiliary transportation revenues	30,402	31,388
TOTAL OPERATING REVENUES	1,438,514	1,218,709
OPERATING EXPENSES		
Labor	6,085,585	6,237,293
Fringe benefits	4,555,803	4,852,883
Materials & supplies	2,478,614	2,089,526
ODOT Fuel Tax Reimbursement	(179,445)	(174,572)
Services	635,497	763,943
Utilities	289,131	285,521
Casualty & liability insurance	757,928	708,362
Leases & rentals	14,012	11,044
Miscellaneous	117,570	121,012
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	14,754,695	14,895,012
OPERATING LOSS BEFORE DEPRECIATION	(13,316,181)	(13,676,303)
DEPRECIATION EXPENSE (Note 4)	1,827,642	2,301,805
OPERATING LOSS	(15,143,823)	(15,978,108)
NONOPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 3)	11,897,832	11,683,697
Operating grants and reimbursements	1,987,984	1,529,618
Special fare assistance	202,580	100,641
Interest income	6,523	26,928
Sales tax collection expense	(136,935)	(138,075)
(Loss) on disposal of fixed assets	(3,518)	(3,046)
Non-transportation revenues	16,638	20,573
Non-recurring legal	(30,343)	
Total Non-Operating Revenues - Net	13,940,761	13,220,336
NET LOSS BEFORE CAPITAL GRANT REVENUE	(1,203,062)	(2,757,772)
Federal capital grant	2,065,881	3,519,606
INCREASE IN NET ASSETS	862,819	761,834
Net assets, beginning of year	22,753,269	22,040,782
Prior period audit adjustments		(49,347)
Net assets, end of year	$ 23,616,088	$ 22,753,269

See accompanying notes to financial statements.

STARK AREA REGIONAL TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Gross cash received from customers	$ 1,502,584	$ 1,202,638
Gross cash payments to suppliers for goods & services	(5,074,524)	(4,910,928)
Gross cash payments to employees for salaries and wages	(5,893,911)	(6,926,903)
Gross cash payments for employees benefits	(4,239,861)	(3,232,748)
Gross other	(136,935)	(138,075)
Net cash used in operating activities	$(13,842,647)	$ (14,006,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Gross sales taxes received	11,858,184	11,683,697
Gross operating & preventive maintenance grants received	1,954,847	1,681,552
Proceeds from sale of assets		
Net cash provided by noncapital financing activities	13,813,031	13,365,249
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gross federal capital grant revenue	2,227,852	2,893,940
Gross proceed from sale of assets	6,203	
Gross acquisition of fixed assets & work in process	(2,321,654)	(3,041,615)
Net cash used in capital and related financing activities	(87,599)	(147,675)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	6,447	26,928
NET DECREASE IN CASH AND CASH EQUIVALENTS	(110,768)	(761,514)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,093,466	1,854,980
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 982,698	$ 1,093,466
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(15,143,823)	$ (15,978,108)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,827,642	2,301,805
Change in assets and liabilities:		
Increase in accounts receivable - trade	(31,428)	(3,986)
Increase in materials & supplies inventory	(22,202)	(14,585)
(Increase) Decrease in prepaid expenses & other assets	118,065	(26,306)
Decrease in accounts payable - operations	(392,856)	(338,927)
Increase (Decrease) in accrued payroll	385,081	(18,350)
Increase (Decrease) in accrued payroll taxes	(567,793)	154,945
Increase (Decrease) in deferred revenue	(50,073)	51,171
(Increase)Decrease in gross others	1,140	(138,075)
Increase in other current liabilities	33,600	4,400
NET CASH USED IN OPERATING ACTIVITIES	$(13,842,647)	$ (14,006,016)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

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, 2007 were subject to a collective bargaining agreement that expired on January 4, 2007. At year end 2007, negotiations were in process. On April 8, 2008 the Union voted to accept a new contract and the contract was approved by the Board on April 23, 2008.

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.

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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

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

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.

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.

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

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 $50 or more and with a useful life of more than one year are deemed depreciable and added to capital assets.

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

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

Transportation equipment is depreciated on the straight-line method for the useful lives described above unless the total mileage allowed per the 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 Federal Transit Administration (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. 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

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

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

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 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

2. CASH AND CASH EQUIVALENTS (CONT'D)

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
The carrying amount of the Authority's deposits was $982,698 at the December 31, 2007 and $1,093,466 at the December 31, 2006. Deposits of $100,000 were covered by federal depository insurance at December 31, 2007 as well as December 31, 2006. The remaining balances of $882,698 and $993,466 at December 31, 2007 and 2006 were uncollateralized, as defined by GASB. 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, 2007 and 2006, the Authority had the following investments:

Investment	2007 Fair Value	2006 Fair Value
State Treasurer's Investment Pool StarOhio)	$19,498	$18,541

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 thirty-five days (.096 years).

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.

2007 Investment	Fair Value	Investment maturity in years: Less than one year	One to five years
State Treasurer's Investment Pool (StarOhio)	$19,498	19,498	-0-

2. CASH AND CASH EQUIVALENTS (CONT'D)

Investments (Cont'd)

2006 Investment	Fair Value	Investment maturity in years: Less than one year	One to five years
State Treasurer's Investment Pool (StarOhio)	$18,541	18,541	-0-

Credit Risk
As of December 31, 2007, 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, 2007 and 2006, $882,698 and $993,466, 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.

In 2007 the Authority established a line of credit with Huntington National Bank, with a maximum of $500,000. Interest will be calculated at a rate of 0.26 percentage points over the index.

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.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

Capital Assets & Depreciation Balances	BEGINNING BALANCE 1/1/2007	ADDITIONS	DISPOSALS	CIP TRANSFERS	ENDING BALANCE 12/31/2007
Capital Assets Not Being Depreciated:					
Land	$ 274,543	0	0	0	$ 274,543
Construction & Projects in Progress	9,313,301	$ 2,358,091	0	$ (2,227,226)	9,444,166
Total Capital Assets Not Depreciated	**9,587,844**	**2,358,091**	**0**	**(2,227,226)**	**9,718,709**
Capital Assets Being Depreciated:					
Buildings & Improvements	9,306,165	995	0	69,249	9,376,409
Transportation Equipment	14,365,076	101,469	$ 2,047,232	2,157,977	14,577,290
Other Equipment	3,081,541	267,202	169,133	0	3,179,610
Total Capital Assets being Depreciated	**26,752,782**	**369,666**	**2,216,365**	**2,227,226**	**27,133,309**
Total Capital Assets	**36,340,626**	**2,727,757**	**2,216,365**	**0**	**36,852,018**
Buildings & Improvements	3,730,243	242,937	0	0	3,973,180
Transportation Equipment	10,613,829	1,350,307	2,038,614	0	9,925,522
Other Equipment	2,450,860	234,398	168,030	0	2,517,228
Total Accumulated Depreciation	**16,794,932**	**1,827,642**	**2,206,644**	**0**	**16,415,930**
Total Capital Assets, Net	**$19,545,694**	**$ 900,115**	**$ 9,721**	**$ 0**	**$ 20,436,088**

4. CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2006 was as follows:

Capital Assets & Depreciation	BEGINNING BALANCE 1/1/2006	ADDITIONS	CIP TRANSFERS & DISPOSALS	ENDING BALANCE 12/31/2006
Capital Assets Not Being Depreciated:				
Land	$ 274,543	0	0	$ 274,543
Construction & Projects in Progress	6,633,012	$ 3,276,004	$ 595,715	9,313,301
Total Capital Assets Not Depreciated	6,907,555	3,276,004	595,715	9,587,844
Capital Assets Being Depreciated:				
Buildings & Improvements	9,305,845	320	0	9,306,165
Transportation Equipment	15,438,657	140,287	1,213,868	14,365,076
Other Equipment	3,005,888	172,034	96,381	3,081,541
Total Capital Assets being Depreciated	27,750,390	312,641	1,310,249	26,752,782
Total Capital Assets	34,657,945	3,588,645	1,905,964	36,340,626
Net Capital Assets				
Buildings & Improvements	3,484,930	245,313	0	3,730,243
Transportation Equipment	10,098,147	1,428,486	912,804	10,613,829
Other Equipment	2,280,300	559,506	388,946	2,450,860
Total Accumulated Depreciation	15,863,377	2,233,305	1,301,751	16,794,932
Total Capital Assets, Net	**$ 18,794,568**	**$ 1,355,340**	**$ 604,214**	**$ 19,545,694**

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 that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to

5. RETIREMENT BENEFITS (CONT'D)

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.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2007 member contribution rates were 9.50% for members in state and local classifications. Members in the public safety classification contributed 9.75%. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.10%.

The 2007 employer contribution rate for state employers was 13.77% of covered payroll. For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%.

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 1.00% 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 2007, 2006, and 2005, were $917,718, $926,791 & $880,735, respectively.

Post-Retirement Benefits

A. OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. 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 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)

In order to qualify for post retirement 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 2007, state employers contributed at a rate of 13.77% of covered payroll, local government employer units (the Authority is part of this unit) contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS.

C. OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment heath care benefits.

D. Summary of Assumptions:

- Actuarial Review — The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2006.

- Funding Method — An entry-age normal 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 the 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 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 2006 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%.

5. RETIREMENT BENEFITS (CONT'D)

- Health Care — Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 5% for the next 8 years. In subsequent years (year 9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

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

1. Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.

2. The rates stated in Section A of Plan Description, above, are the contractually required contribution rates for OPERS. Multiplying actual contributions by 0.3610 for the period January 1 through June 30, 2007 and 0.4332 for the period July 1 through December 31, 2007 is the portion of the Authority's contributions used to fund post-employment benefits. The amount of SARTA's required contribution to fund post-employment benefits in 2007 was $466,356. 100% of this amount was paid.

F. The amount of $12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.

G. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $30.7 billion and $18.7 billion, respectively.

H. 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, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

I. 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.

J. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

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.

At December 31, 2007 there were no significant questioned costs that had not been resolved with the applicable federal and state agencies.

Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

Commitments

The Authority had outstanding commitments to complete the replacement of the Gateway Roof for $1,275 and commitments with contracts for the construction of the new Alliance station for $74,108.

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:

	2007	2006
STATE OPERATING GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE:		
ODOT Elderly Fare Assistance	$202,580	$100,641
ODOT Fuel Tax Reimbursement	179,445	174,572
TOTAL	$382,025	$275,213

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, 2007) 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.

8. RISK MANAGEMENT (CONT'D)

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

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

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

9. LEASES

The Authority has the following leases outstanding as of December 31, 2007:

A The Authority, in January 1999, entered into a ten-year lease with Verner A. Bonfert for the use of the transfer station in Alliance, Ohio. As part of this agreement, the monthly lease payments were $450 per month for the years 2004 and $475 per month in 2005 and $500 per month for the years 2006 through 2008. In addition, the Authority agreed to contribute $175,000 in the form of improvements at the transfer station. It is currently anticipated that the Authority will vacate the Alliance station prior to lease end, on or about July, 2008.

B 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.

C The Authority, by approval of the Board, leased a vehicle in the net amount of $677 per month for 36 months ending December of 2008, in accordance with the employment contract for the Executive Director/CEO.

D The Authority acquired two copiers, which were leased in March 2006 for a period of thirty-six (36) months for an amount of $518 per month.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

10. PRIOR PERIOD ADJUSTMENTS

The 2005 audited financial statements included an error which resulted in the overstatement of Capital Grant Revenue by $49,347 at December 31, 2005. The error was corrected in 2006 by an adjustment to the beginning net assets.

11. RECLASSIFICATION

Certain amounts in the prior year's totals have been reclassified to conform with the current year's presentation.

12. NEW ACCOUNTING STANDARDS

The GASB issued these new accounting pronouncements. GASB Statement No. 48, "Sales and Pledges of Receivable and Intra-entity Transfers of Assets and Future Revenues," the statement was implemented for the year ended December 31, 2007 and did not have an impact on the Authority's financial statements. GASB Statement No. 47, "Accounting for Termination Benefits." This Statement establishes accounting guidance and disclosure requirement for termination benefit arrangements. This statement is effective in two parts. The provisions related to termination benefits other than "other post employment benefit plans" (OPEB) are effective for periods beginning after June 15, 2005.

The Statement did not have an impact on the Authority's financial statements. The remaining provisions related to OPEB are effective at the time GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits other than a Pension," are implemented.

GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," that establishes uniform financial reporting standards for other post-employment benefit plans. Statement No. 43 was implemented for the year ended December 31, 2007 and did not have an impact on the Authority's financial statements. GASB Statement No., 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," establishes standards for disclosure of information on post-employment benefits, other than pension benefits," by all state and local government employers. Statement No. 45 is effective for the year ending December 31, 2008. Statement No. 49 "Financial Reporting for Pollution Remediation Obligations," is effective for the year ending December 2008. The Authority has not completed an analysis of the impact of these statement on its reported financial condition and results of operation.

Statistical Section 2007

The Statistical Section includes Financial Trend Information, Revenue Capacity Information, Operating Information, Debt Capacity Information, and Demographic and Economic Information.

Financial Trend Information 2007

Table 1 – Net Assets
Table 2 – Changes in Net Assets

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

Table 1

	2007	2006	2005	2004	2003
NET ASSETS					
Invested in Capital Assets	$ 20,436,088	$ 19,545,695	$ 18,794,569	$ 15,566,390	$ 14,524,021
Restricted	75,384	-	124,842	529,449	211,276
Unrestricted	3,104,616	3,207,574	3,121,371	4,897,408	5,068,167
TOTAL NET ASSETS	$ 23,616,088	$ 22,753,269	$ 22,040,782	$ 20,993,247	$ 19,803,464

Data Prior to 2003 Not Available

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

Table 2

	2007	2006	2005	2004	2003
OPERATING REVENUES					
Passenger Fares	$ 1,024,118	$ 959,445	$ 877,269	$ 797,554	$ 788,246
Special Transit Fares	383,994	226,553	220,836	146,432	122,500
Auxiliarey Transportation Revenue	30,402	32,711	38,267	57,483	40,306
TOTAL OPERATING REVENUES	$ 1,438,514	$ 1,218,709	$ 1,136,372	$ 1,001,469	$ 951,052
OPERATING EXPENSES					
Labor	$ 6,085,585	$ 6,237,293	$ 5,958,496	$ 6,381,800	$ 5,680,342
Fringe Benefits	4,555,803	4,852,883	4,597,730	3,652,213	3,810,667
Materials & Supplies	2,299,169	1,914,954	1,778,542	1,207,937	998,117
Services	635,497	763,943	743,478	434,678	378,009
Utilities	289,131	285,521	230,473	203,814	194,100
Casualty & Liability	757,928	708,362	660,774	671,035	577,728
Leases & Rentals	14,012	11,044	6,648	5,456	5,810
Miscellaneous	117,570	121,012	71,270	539,293	549,446
TOTAL OPERATING EXPENSES					
Before Depreciation Expense	$ 14,754,695	$ 14,895,012	$ 14,047,411	$ 13,096,226	$ 12,194,219
OPERATING LOSS					
Before Depreciation Expense	$ (13,316,181)	$ (13,676,303)	$ (12,911,039)	$ (12,094,757)	$ (11,243,167)
Depreciation Expense	1,827,642	2,301,805	2,439,508	2,425,655	2,636,151
OPERATING LOSS	$ (15,143,823)	$ (15,978,108)	$ (15,350,547)	$ (14,520,412)	$ (13,879,318)
NON OPERATING REVENUES (EXPENSES)					
Sales Tax Proceeds	$ 11,897,832	$ 11,683,697	$ 11,519,697	$ 11,430,900	$ 10,739,684
Federal Preventative Maintenance	1,738,436	1,228,565	639,246	775,000	1,614,143
State Preventative Maintenance	249,548	301,053	153,186	240,000	320,001
Elderly & Disables Assistance	202,580	100,641	97,639	48,290	83,680
Federal Planning Grants	-	-	-	-	37,699
State Planning Grants	-	-	-	5,966	36,773
Local Grants	-	-	-	6,820	17,500
Investment/Interest Income	6,523	26,928	52,776	24,751	15,785
Sales Tax Collection Expense	(136,935)	(138,075)	(135,456)		
Gain (Loss) on Disposal	(3,518)	(3,046)	1,660	1,567	(38,807)
Non-Transportation Revenue	16,638	20,573	20,884	40,933	-
Special Item*	(30,343)	-	(9,500)	-	-
NON OPERATING REVENUES/EXPENSES - NET	$ 13,940,761	$ 13,220,336	$ 12,340,132	$ 12,574,227	$ 12,826,458
CAPITAL GRANT REVENUE					
Federal Capital Grant	$ 2,065,881	$ 3,519,606	$ 4,175,826	$ 2,669,397	$ 3,721,054
State Capital Grant	-	-	301,935	540,873	-
TOTAL CAPITAL GRANTS	$ 2,065,881	$ 3,519,606	$ 4,477,761	$ 3,210,270	$ 3,721,054
CHANGE IN NET ASSETS	$ 862,819	$ 761,834	$ 1,467,346	$ 1,264,085	$ 2,668,194
Net Assets, Beginning Balance	22,753,269	22,040,782	20,993,246	19,803,464	16,734,726
Prior Period Auditor Adjustments	-	(49,347)	(419,810)	(74,303)	400,544
Net Assets, Ending Balance	$ 23,616,088	$ 22,753,269	$ 22,040,782	$ 20,993,246	$ 19,803,464

* 2005 & 2007 - Non-recurring Legal Expense
Data Prior to 2003 Not Available

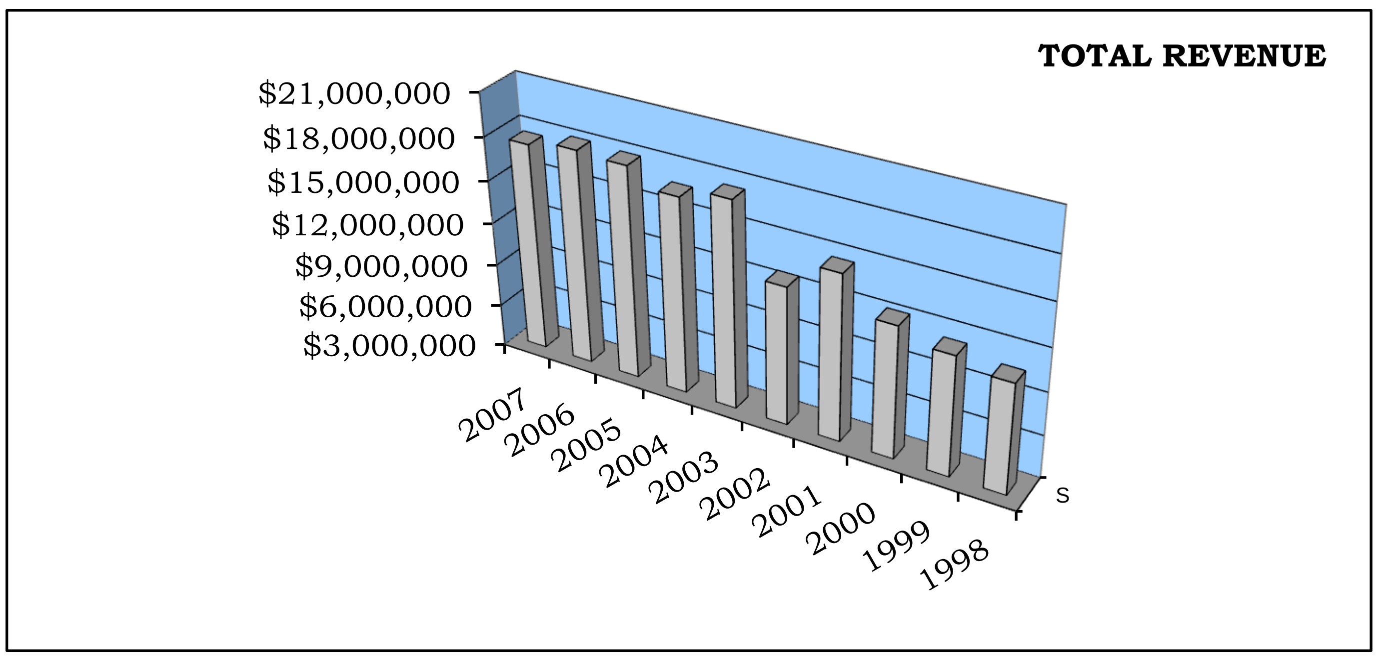
Revenue Capacity Information 2007

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

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

Table 3

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
FARES	$1,408,112	$1,187,321	$1,098,105	$1,001,469	$951,052	$1,002,220	$1,074,349	$1,053,891	$967,475	$704,657
SALES TAX	$11,897,832	$11,683,697	$11,384,241	$11,430,900	$10,739,684	$10,603,218	$10,237,386	$10,765,546	$9,876,829	$9,071,557
FEDERAL:										
Operating Grants	$0	$0	$0	$0	$37,699	$0	$25,512	$54,488	$0	$0
Capital Grant Reimbursements	$3,804,317	$4,748,171	$4,815,072	$3,444,397	$4,743,099	$966,450	$2,213,401	$0	$0	$0
STATE:										
Operating Grants & Special Fare Assistance	$202,580	$100,641	$97,639	$54,256	$120,453	$96,231	$227,279	$224,542	$355,426	$674,756
Capital Grant Reimbursements	$249,548	$301,053	$455,121	$780,873	$912,099	$43,255	$795,504	$0	$0	$0
LOCAL:										
Operating grants & Reimbursement	$0	$0	$0	$6,820	$17,500	$0	$0	$0	$0	$0
Property Tax	$0	$0	$0	$0	$0	$0	$0	$0	$0	$87,455
Nontransportation	$16,638	$20,573	$20,884	$40,933	$11,041	$4,212	$19,421	$10,096	$48,799	$44,084
Misc Income	$36,925	$58,316	$91,043	$26,318	$15,785	$17,607	$82,739	$172,612	$166,252	$159,496
	$17,615,952	$18,099,772	$17,962,105	$16,785,966	$17,548,412	$12,733,193	$14,675,591	$12,281,175	$11,414,781	$10,742,005



STARK AREA REGIONAL TRANSIT AUTHORITY
2007 PASSENGER REVENUE RATES

Table 4

TICKET/PASS ROUTE	SINGLE FARE TICKET	10-RIDE TICKET	31-DAY PASS
REGULAR FIXED ROUTE	$1.15	$11.50	$40.00
REDUCED FIXED ROUTE	$0.50	$5.00	$20.00
PROLINE/CURB TO CURB	$1.75	$17.50	$57.00
STUDENT FIXED ROUTE			$25.00

Note:
Regular Fare - For passeengers 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 $.50 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 $1.15 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 activiated.

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.

STARK AREA REGIONAL TRANSIT AUTHORITY
SALES TAX REVENUE

Table 5

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
SALES TAX REVENUE	$11,897,832	$11,683,697	$11,384,241	$11,430,900	$10,739,684	$10,603,218	$10,237,386	$10,765,546	$9,876,829	$9,071,557
POPULATION*	378,664	380,575	380,608	380,545	380,280	379,386	376,617	378,098	367,585	367,585
SALES TAX PER CAPITA	$31.42	$30.70	$29.91	$30.04	$28.24	$27.95	$27.18	$28.47	$26.87	$24.68

* Population
Years 1998-2000 - Source: Population Division, US Census Bureau
Years 2001-2007 Source: Annual Estimates of the Population for the Counties of Ohio

Operating Information 2007

STARK AREA REGIONAL TRANSIT AUTHORITY
NUMBER OF EMPLOYEES AND LABOR CLASSIFICATION

Table 6

CLASSIFICATION / YEAR	2007	2006	2005	2004	2003	2002	2001	2000	1999
VEHICLE OPERATIONS	148	149	149	149	150	154	208	183	173
VEHICLE MAINTENANCE	28	30	29	23	32	31	41	22	22
NON-VEHICLE MAINTENANCE	3	3	3	7	2	2	2	14	12
GENERAL ADMINISTRATION	21	20	22	30	17	16	13	17	12.5
TOTAL OPERATING LABOR	200	202	203	209	201	203	264	236	220
TOTAL CAPITAL LABOR	8	2	2	0	0	0	0	0	0
TOTAL LABOR	208	204	205	209	201	203	264	236	220

STARK AREA REGIONAL TRANSIT AUTHORITY
OPERATING INDICATORS

Table 7

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
System Ridership										
Fixed Route	2,034,437	2,098,200	1,814,412	1,299,848	1,157,633	1,196,725	1,348,906	1,260,402	1,341,237	1,288,012
Paratransit	156,550	158,622	150,178	135,450	112,756	105,832	95,558	97,155	88,608	67,874
Shuttles and Specials	79,017.00	92,155.00	64,008	27,952	N/A	N/A	N/A	N/A	N/A	N/A
Average Weekday System Ridership										
Fixed Route	6,627	6,773	6,146	3,561	3,771	3,898	4,394	4,092	4,369	4,388
Paratransit	510	566	533	371	367	345	326	315	289	248
Average Weekday Miles Operated										
Fixed Route	7,798	8,597	8,711	6,954	7,083	8,825	10,407	10,641	10,485	11,616
Paratransit	4,637	4,880	4,718	4,455	2,836	3,641	3,320	3,057	2,800	2,256
Revenue Miles										
Fixed Route	2,479,147	2,519,313	2,561,836	2,414,981	2,528,612	2,709,275	3,194,896	3,277,323	3,218,969	2,825,427
Paratransit	1,321,761	1,220,104	1,183,973	1,097,628	1,012,374	1,117,699	1,019,258	941,631	859,498	617,418
Passenger Miles										
Fixed Route	9,449,219	7,892,852	7,442,335	3,899,544	3,472,899	3,590,175	4,181,609	3,907,246	4,157,835	4,037,371
Paratransit	1,429,668	1,385,939	1,268,802	1,140,136	778,016	730,241	659,350	670,370	611,395	433,561
Energy Consumption										
Gallons of diesel	658,278	646,562	586,863	566,079	607,845	674,334	780,699	860,298	855,243	598,874
Cost	$1,579,867	$1,430,134	$876,015	$705,429	$604,601	$706,363	$897,023	$916,031	$465,164	$449,156
Cost per Gallon	$2.40	$2.21	$1.49	$1.25	$0.99	$1.05	$1.15	$1.06	$0.54	$0.75
Fleet Requirement										
Fixed Route	34	34	35	36	36	53	53	58	56	55
Paratransit	24	24	26	44	42	42	42	26	25	18
Total Active Vehicles										
Fixed Route	79	82	42	49	49	71	95	68	58	65
Paratransit	45	41	42	44	42	42	42	31	27	24
Number of Employees										
Full Time Equivalent	208	204	214	202	199	194	226	222	224	234

* 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

	2007	2006	2005	2004	2003	2002 *	2001	2000	1999	1998
Labor	$6,085,584	$6,237,293	$6,039,734	$6,381,800	$5,680,342	$5,545,835	$6,172,965	$6,475,880	$5,646,888	$4,550,270
Fringe Benefits	$4,555,803	$4,852,883	$4,597,730	$3,652,213	$3,810,667	$3,728,101	$3,534,124	$3,311,312	$3,005,366	$2,297,587
General & Administrative	$4,284,104	$3,945,957	$3,409,947	$3,062,213	$2,703,210	$2,484,236	$3,169,170	$3,614,388	$2,136,009	$2,064,671
Depreciation	$1,827,642	$2,301,805	$2,439,508	$2,425,655	$2,636,151	$1,784,152	$1,867,846	$1,356,297	$1,200,171	$1,030,704
Total Expenses	$16,753,133	$17,337,938	$16,486,919	$15,521,881	$14,830,370	$13,542,324	$14,744,105	$14,757,877	$11,988,434	$9,943,232

EXPENSES BY OBJECT - LAST TEN YEARS

Rounded to The Nearest Dollar

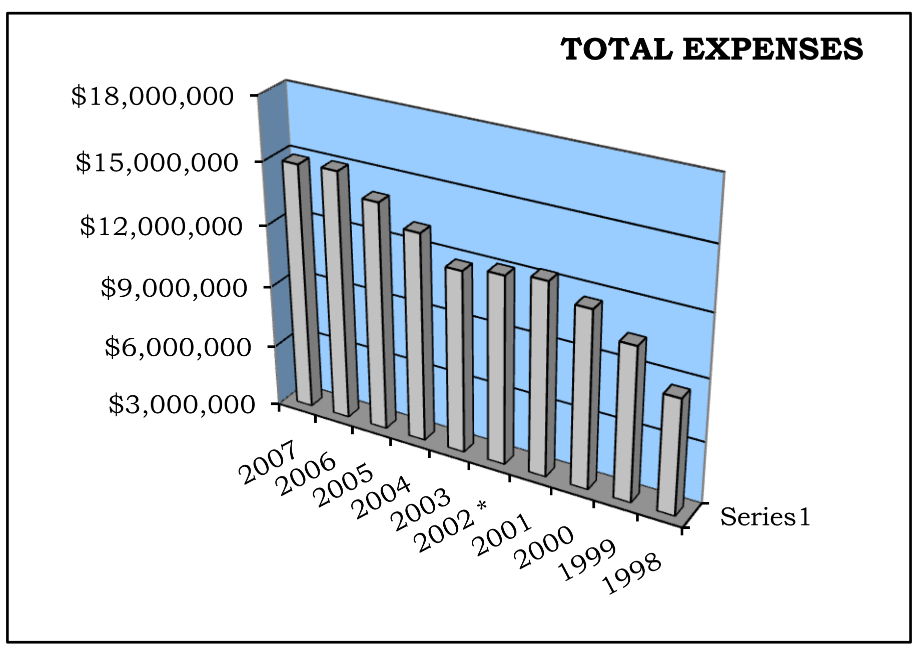
(Unaudited)

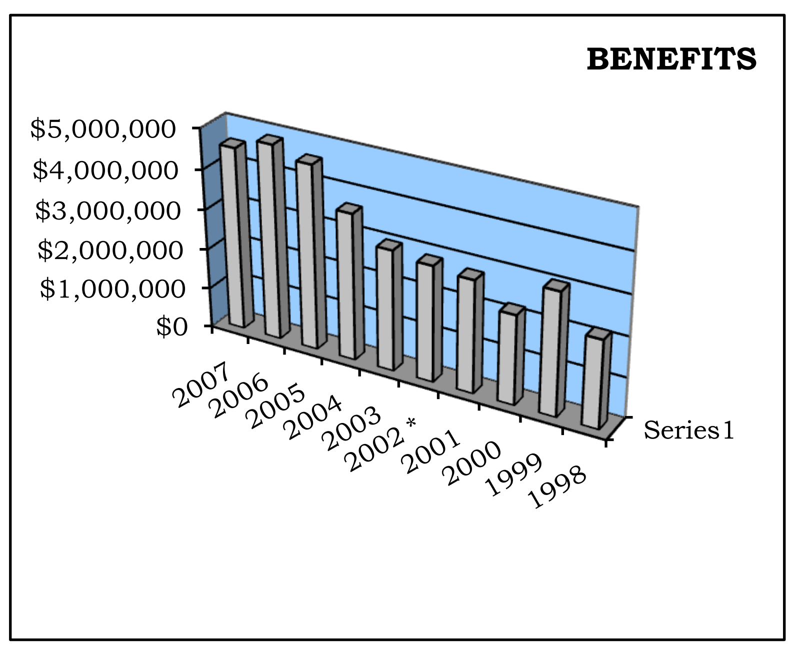
	2007	2006	2005	2004	2003	2002 *	2001	2000	1999	1998
Wages	$6,085,584	$6,237,293	$6,039,734	$6,381,800	$6,103,474	$6,215,003	$6,718,353	$6,484,155	$5,445,046	$4,465,273
Benefits	$4,555,803	$4,852,882	$4,597,730	$3,652,213	$3,009,814	$2,888,719	$2,801,036	$2,223,928	$3,052,789	$2,184,141
Services	$635,497	$763,944	$743,478	$434,676	$497,825	$524,720	$420,426	$343,924	$263,813	$409,607
Supplies **	$2,299,169	$1,914,954	$1,778,542	$1,207,937	$1,254,734	$1,449,992	$1,610,892	$1,983,377	$1,320,628	$1,137,479
Utilities	$289,131	$285,521	$230,473	$203,814	$194,100	$164,305	$210,971	$152,247	$125,449	$144,840
Casualty & Liability **	$757,928	$708,362	$598,556	$671,035	$609,618	$478,313	$270,863	$109,505	$61,181	$174,561
Depreciation	$1,827,642	$2,301,806	$2,439,508	$2,425,655	$2,376,075	$2,087,004	$1,891,548	$1,357,415	$1,205,201	$1,030,704
Miscellaneous Expenses	$302,379	$273,177	$58,898	$544,751	$162,596	$397,247	$333,442	$313,166	$205,345	$118,484
Total Expenses	$14,925,491	$15,036,133	$14,047,411	$13,096,226	$11,832,161	$12,118,299	$12,365,983	$11,610,302	$10,474,251	$8,634,385

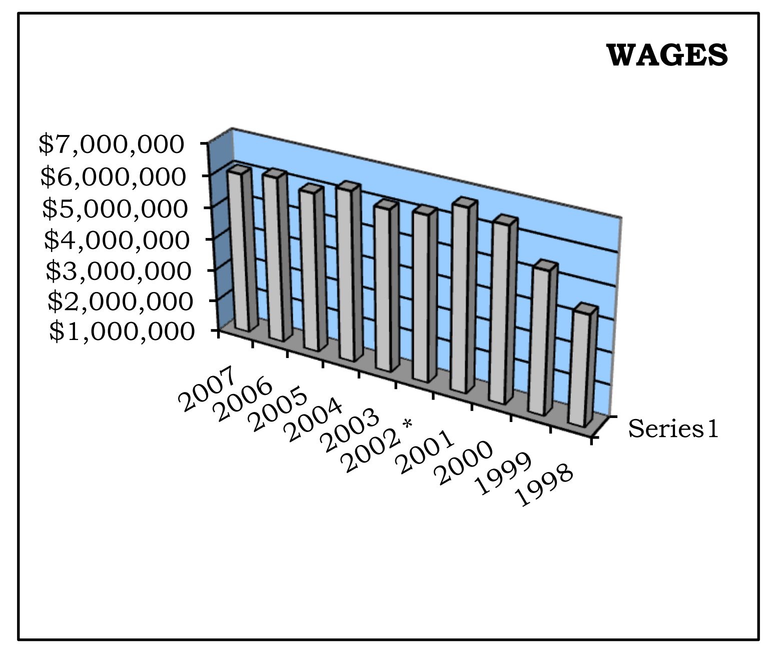
Depreciation totals are not reflected in the Total Expenses. This category is used for accounting purposes.

* 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	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenue Vehicle Inventory										
Heavy Duty Vehicles	38	41	42	42	42	48	N/A	N/A	N/A	N/A
Light Duty Vehicles	86	41	42	44	44	44	N/A	N/A	N/A	N/A
Total Revenue Vehicle Inventory	124	82	84	86	86	92				
Administration/Maintenance Buildings	1	1	1	1	1	1	N/A	N/A	N/A	N/A
Transit Stations	3	3	3	3	2	2	N/A	N/A	N/A	N/A

Source: NTD Data
*N/A - Not available

Debt Capacity Information 2007

Table 10 – Debt Service

STARK AREA REGIONAL TRANSIT AUTHORITY

Debt Service

(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST	DEBT (3)	COVERAGE
2007	15,523,147	14,916,670	606,477			0	0
2006	14,580,166	15,174,207	(594,041)			0	0
2005	13,350,547	14,047,411	(696,864)			0	0
2004	12,560,696	13,096,226	(535,530)			0	0
2003	11,893,214	12,244,067	(350,853)			0	0
2002	11,723,488	11,758,172	(34,684)			0	0
2001	11,666,686	12,876,259	(1,209,573)			0	0
2000	12,122,222	13,401,580	(1,279,358)			0	0
1999	11,414,781	10,788,263	626,518	-	-	0	626,518
1998	10,742,005	8,912,528	1,829,477			0	0

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

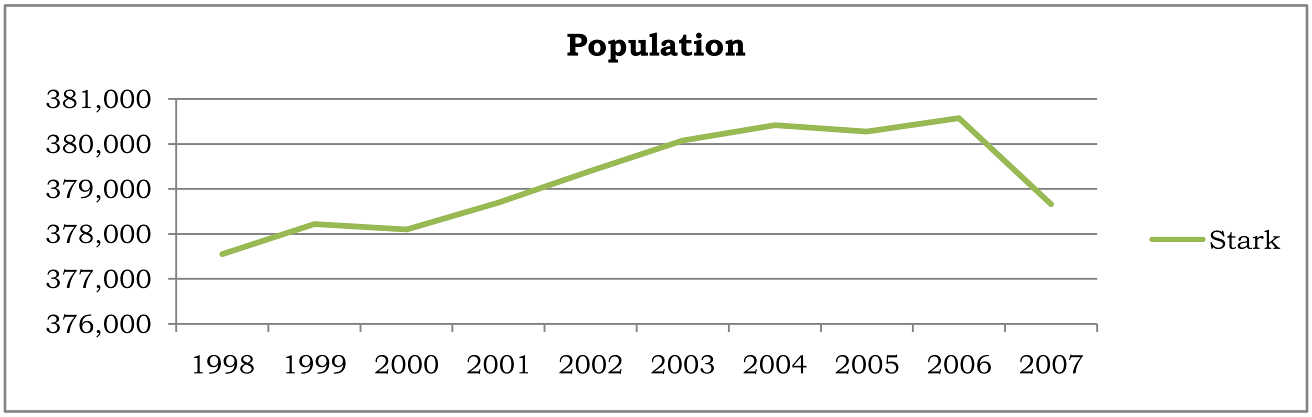
Since 1997, SARTA has not issued debt. In 1997, the first sales tax levy passed. This funding source (sales tax) has been utilized for all local funding to the present day.

Demographic & Economic Information 2007

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 and the estimated population for 2007 is 378,664.



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Stark	377,552	378,220	378,098	378,699	379,402	380,076	380,421	380,275	380,575	378,664

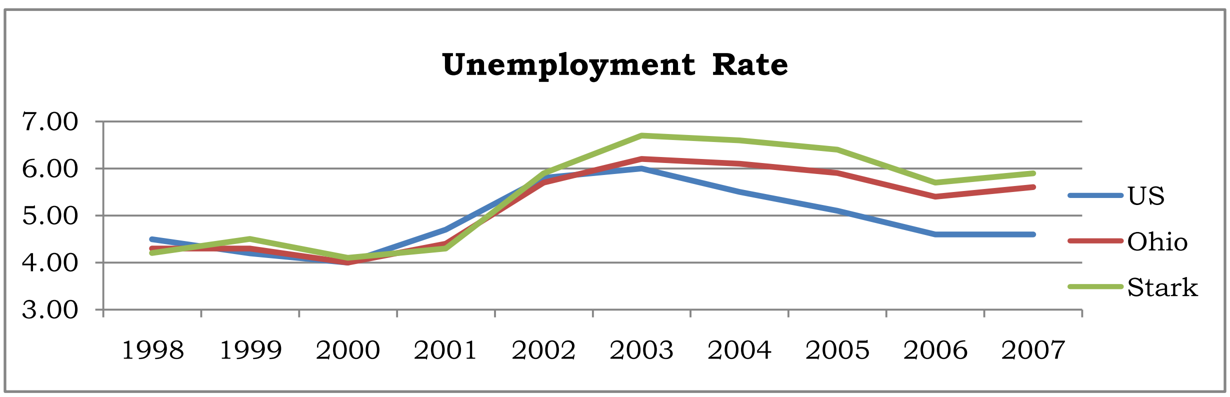
Source: Ohio Workforce Informer
Link:
http://ohioworkforceinformer.org

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. The U.S. Department of Labor Statistics estimates that between 1998 and 2007, Stark County along with Carroll County (a neighboring county) has lost about a third of their manufacturing jobs. During 1997 the Hoover Company, the county's 5th top employer in 1998, closed its doors after years of shifting manufacturing jobs to Mexico where cheaper labor markets exist.

In recent years, Stark County's economic development emphasis has been on the non-manufacturing sector. The number of health care and social assistance workers in the county rose nearly 14%. In 1998 among Stark's top employers were 4 manufacturing companies; today only one, The Timken Company remains.

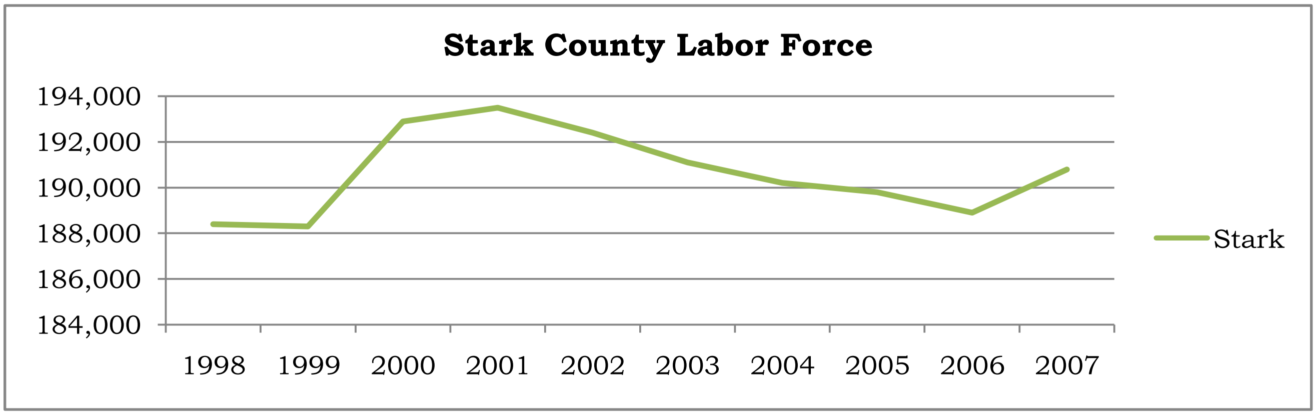
Stark County Top Employers				
2007			1998	
Company	Employees		Company	Employees
Aultman Health Foundation	4,964		Timken Company	6,186
Timken Company	4,720		Key Bank	4,325
Stark County Government	2,781		Aultman Health Foundation	3,160
Mercy Medical Center	2,465		Republic Engineered Steels	3,000
Canton City Board of Education	1,933		Maytag-Hoover	2,725
Affinity Medical Center	1,120		Mercy Medical Center	2,700
The Workshops, Inc.	1,080		Stark County Government	2,630
Alliance Community Hospital	940		Canton City Board of Education	1,600
Freshmark	875		The Akro Corporation	1,250
Fisher Foods	850			

Source: Stark County Auditor
Link: www.auditor.co.stark.oh.us



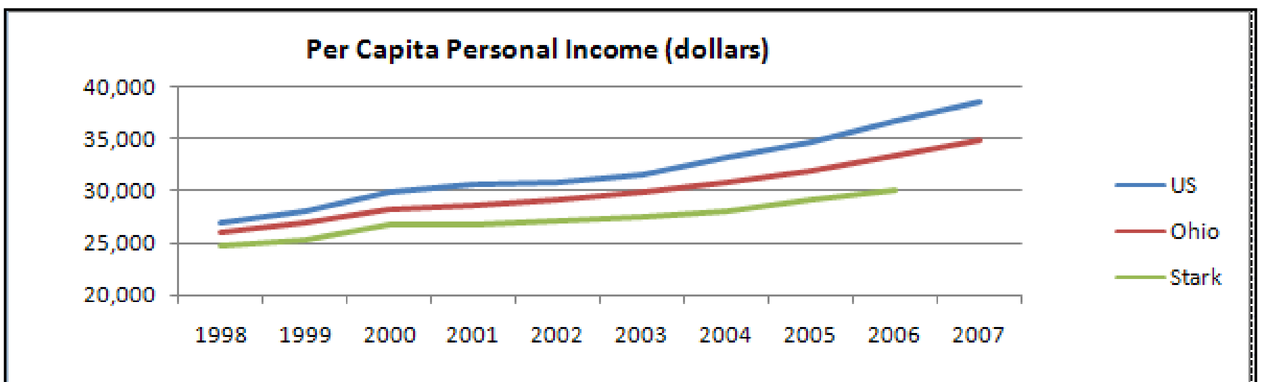
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
US	4.50	4.20	4.00	4.70	5.80	6.00	5.50	5.10	4.60	4.60
Ohio	4.30	4.30	4.00	4.40	5.70	6.20	6.10	5.90	5.40	5.60
Stark	4.20	4.50	4.10	4.30	5.90	6.70	6.60	6.40	5.70	5.90

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



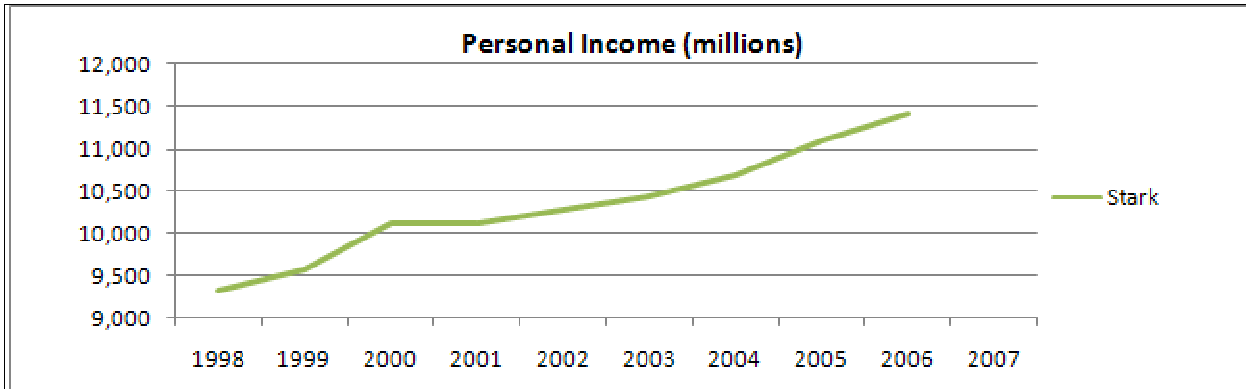
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Stark	188,400	188,300	192,900	193,500	192,400	191,100	190,200	189,800	188,900	190,800

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



	Per Capita Personal Income (dollars)									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
US	26,883	27,939	29,845	30,574	30,821	31,504	33,123	34,757	36,714	38,611
Ohio	26,017	26,859	28,206	28,581	29,186	29,831	30,744	31,939	33,320	34,874
Stark	24,679	25,319	26,748	26,751	27,100	27,486	28,137	29,271	30,150	n/a

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



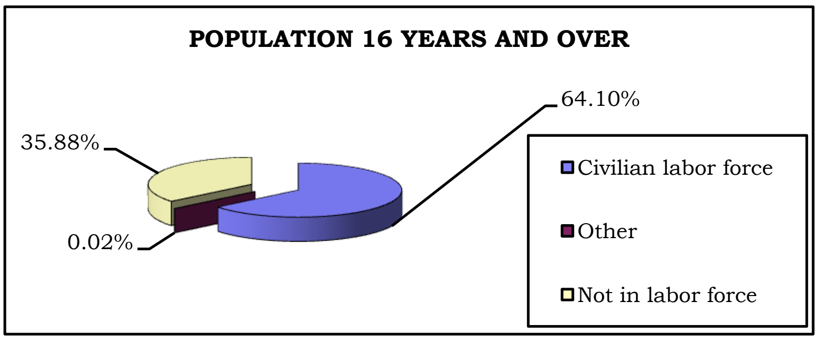
	Personal Income (millions)									
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
US	7,415,709	7,796,137	8,422,074	8,746,992	8,872,871	9,150,320	9,711,363	10,284,356	10,968,393	11,645,882
Ohio	294,292	304,464	320,538	325,623	333,158	341,146	352,103	366,017	381,963	399,897
Stark	9,318	9,576	10,114	10,123	10,265	10,424	10,675	11,088	11,414	n/a

Source: Bureau of Economic Analysis, US Department of Commerce

Link: http://www.bea.gov

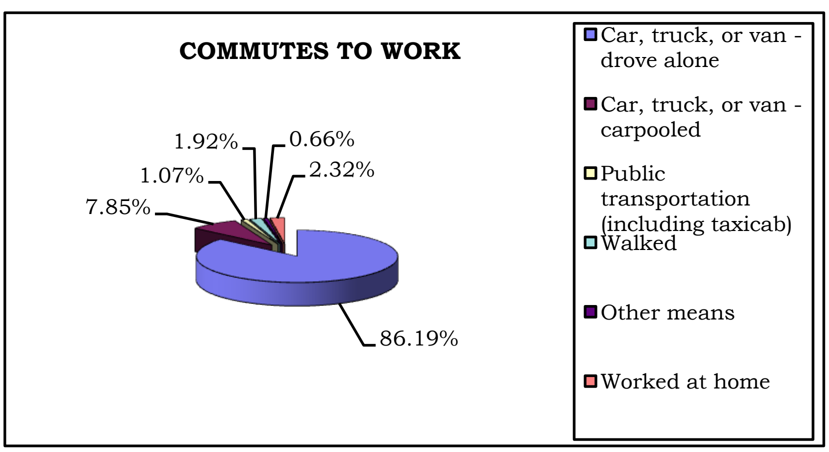
STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

	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%



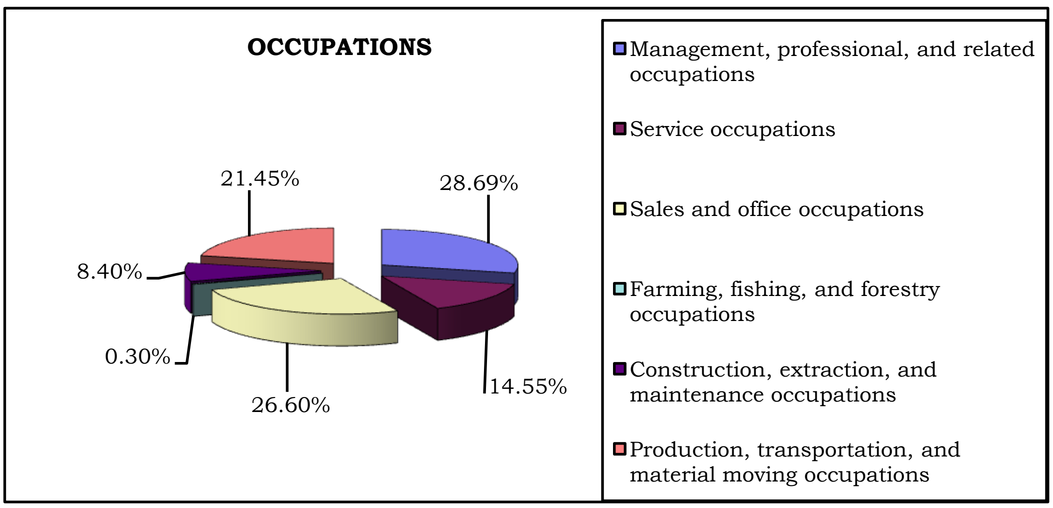
COMMUTING TO WORK

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



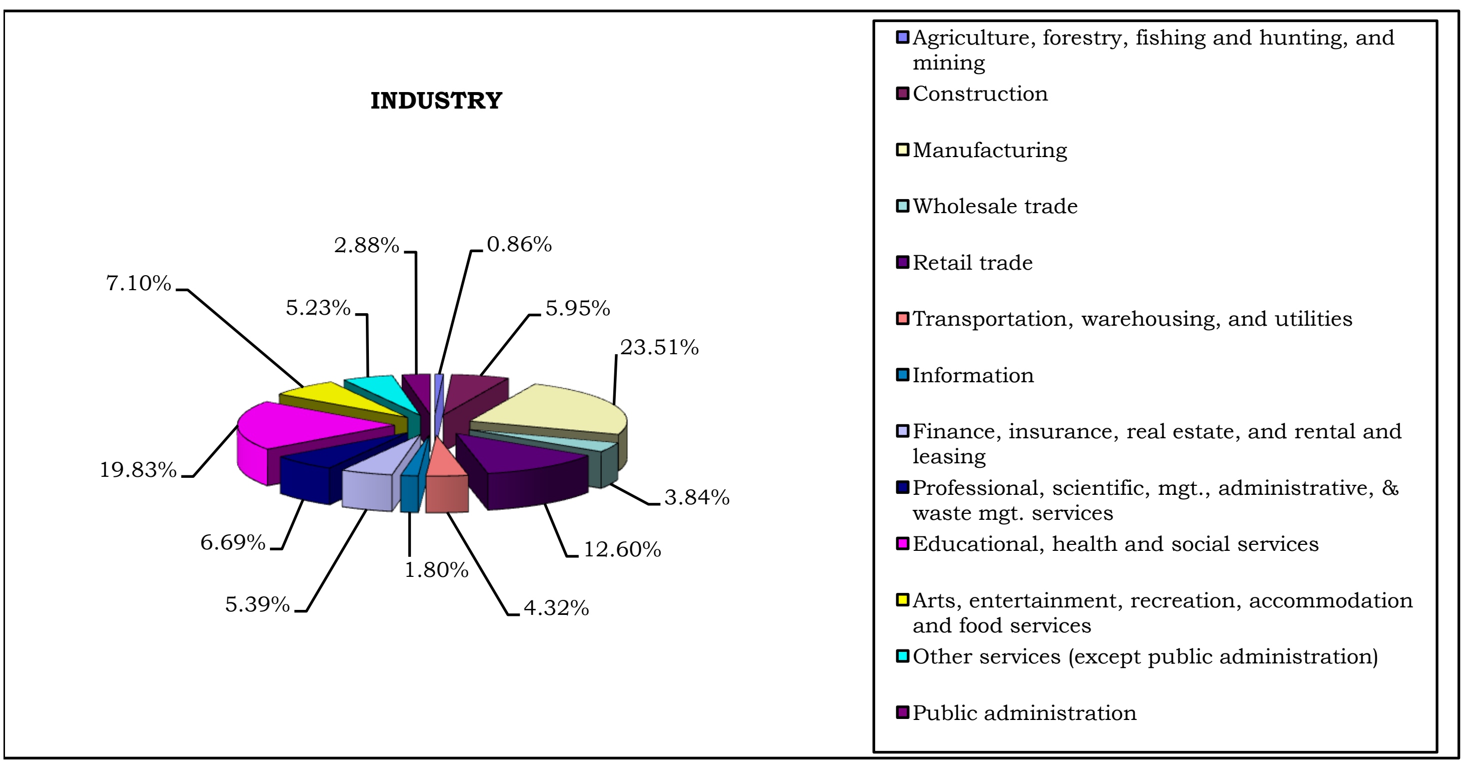
STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
Census 2000

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

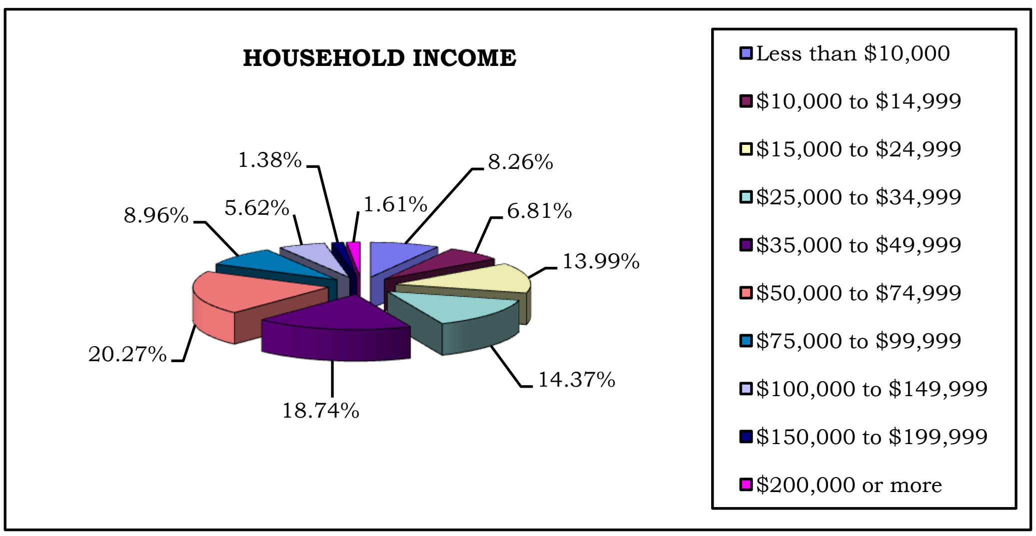
INDUSTRY	**180,590**	**100.00%**
Agriculture, forestry, fishing and hunting, and mining	1,558	0.86%
Construction	10,739	5.95%
Manufacturing	42,454	23.51%
Wholesale trade	6,943	3.84%
Retail trade	22,753	12.60%
Transportation, warehousing, and utilities	7,798	4.32%
Information	3,243	1.80%
Finance, insurance, 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



Mary Taylor, CPA
Auditor of State

STARK AREA REGIONAL TRANSIT AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 16, 2008

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