Serving Stark County

Stark Area Regional Transit Authority
Comprehensive Annual Financial Report
for the year ended December 31, 2018

1600 Gateway Blvd. SE
Canton, Ohio 44707

2018

Stark Area Regional Transit Authority
Stark County
Canton, Ohio

Comprehensive Annual Financial Report
For Fiscal Years Ended December 31, 2018

Prepared by Finance Division
Carrie Domer, Director of Finance

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Stark Area Regional Transit Authority
Canton, Ohio

Comprehensive Annual Financial Report
For the Fiscal Years Ended December 31, 2018

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STARK AREA REGIONAL TRANSIT AUTHORITY
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SARTAonline.com

June 28, 2019

Mr. Ron Macala, President
SARTA Board of Trustees
Members of Board of Trustees
And Residents of Stark County, Ohio

State law requires that every transit authority publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

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

This report is presented in three sections:

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

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

The **RSI SECTION** contains the schedule of the Authority's proportionate share of net pension liability, net pension asset, and net OPEB liability for the last ten years.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority ("SARTA" or the "Authority") for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the Authority's fifteenth consecutive year the agency earned this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and organized CAFR adhering to the highest standards in government accounting and financial reporting. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

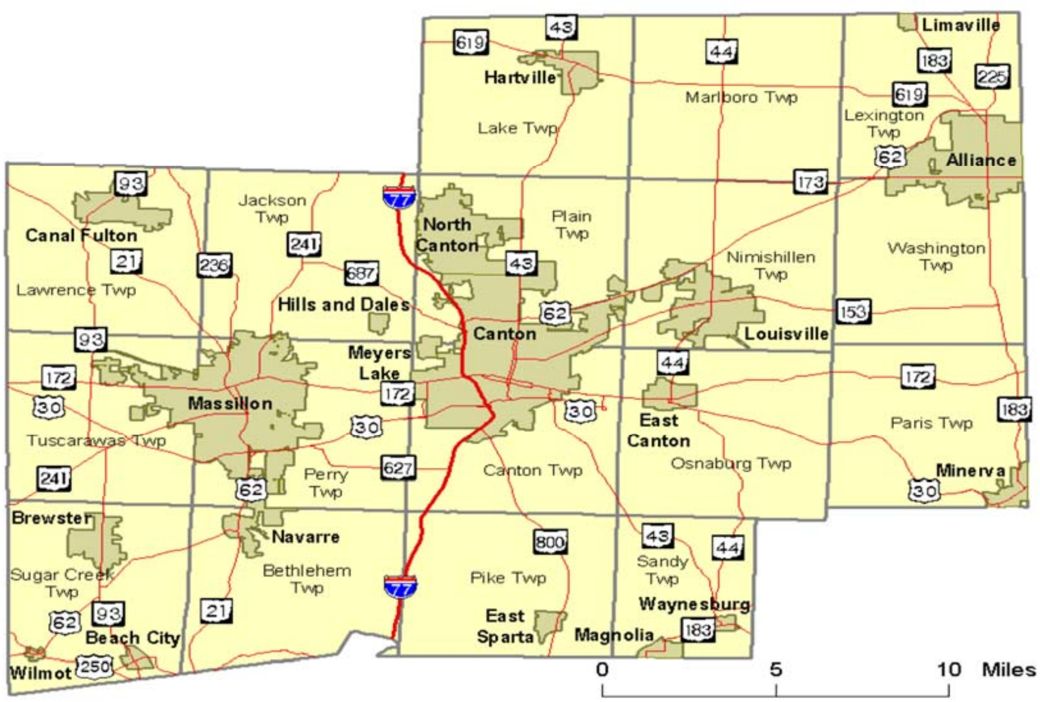
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for the year ended December 31, 2018.

Stark County, Ohio

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

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

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



Reporting Entity Profile
General

SARTA services an area of 576.2 square miles and a population base of 375,586, 2018 Census estimate, was created in 1997 with the passage of Issue 2. SARTA is a political subdivision, enjoying all the rights and privileges accorded political subdivisions. SARTA was created pursuant to Section 306.30 through 306.711 of the Ohio Revised Code for the purpose of providing public transportation in the Stark County, Ohio area.

As the public transit authority for Stark County, SARTA offers a variety of services to meet transit needs within the community. SARTA provided over 2.4 million rides in Stark County during 2018 through Fixed Route, Proline and Medline Services, Paratransit Curb-to-Curb service for individuals with disabilities, shuttle service for special events that pose unusual transit challenges for the community, “community coach” services for senior citizens and the disabled living in assisted care and other facilities, and services providing connections between other transit providers. Our goal is to ensure that Stark County residents, including disabled individuals, seniors, veterans, employees and students, have access to a quality transportation system that is both reliable and affordable.

Mission Statement

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

Management - Board of Trustees

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

The Board of Trustees supervise the operations of the agency and sets policies for the day-to-day operations. They approve the annual budget, hire the Executive Director, and authorize the sales tax levy to be submitted to the voters, which provides for approximately 74 percent of the operating funds for SARTA. In October of 2018, the Board adopted the new vision for SARTA as an overall guide for the Authority. SARTA will accomplish this by:

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

Administration

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

Operations and Funding

On May 3, 2011, the voters of Stark County renewed the .25 percent sales tax levy until June of 2017.
Stark County voters renewed the .25 percent sales tax levy in November of 2016 until June of 2027.

Facilities

Gateway – Main administration, garage and maintenance facility, 1600 Gateway Blvd. SE. The 96,000 square feet garage houses 47 Fixed buses, 53 Paratransit buses, 1 Trolley bus and 14 Support vehicles, 9 maintenance bays, 1 chassis bus wash, and 1 alignment lift.

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

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

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

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

Services

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

Ridership - In 2018, SARTA provided over 2,480,232 rides between Fixed Routes, Proline and Medline services. An increase of 56,714 rides or 2.34 percent from 2017. We mostly attribute this to aggressive ridership campaign and promotional program. In 2017, SARTA provided 2,423,518 rides.

Fixed Route Service - 47 fixed route buses operating over 20 hours a day from just before 5:30 am and finishing after 1:30 am, Monday through Saturday. The Fixed Route fleet covers an average of 7,100 miles a day with service covering Alliance, Akron, Canton, Cleveland, Hartville, Jackson Township, Louisville, Massillon, North Canton and Uniontown. 79 percent of Stark County's population lives within a ½ mile of SARTA's fixed routes.

Proline Services – 53 Proline buses with service available countywide for customers who meet American with Disabilities Act (ADA) requirements. Proline operates over 20 hours a day from just before 5:30 am and finishing after 1:30 am, Monday through Saturday. In 2018, Proline services ran a total of 161,267 trips.

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

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

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

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

Local Economy

Stark County is located in the northeastern section of Ohio and is the 7th largest county in Ohio. Stark County is located in the Canton-Massillon metro area, crossroads of the Eastern and Midwestern U.S. markets. Stark County includes 17 townships and 19 municipalities (13 villages and 6 cities, the largest of which is the City of Canton, the County Seat, and the eighth largest city in the State). Strategically located in proximity to all modes of transportation including truck, railroad, and air. It is home to the Professional Football Hall of Fame, First Ladies National Historic Site, and the William McKinley Presidential Library and Museum. Six institutions of higher learning are located in Stark County as well as various cultural attractions. Stark County is known primarily for manufacturing. Business is moving forward into the new economy with a focus on companies in advanced manufacturing and new emerging technologies such as Fuel Cells, Wind Energy and Oil Shale exploration and development. In addition, the number and variety of national and international companies, such as Timken and Diebold, with facilities in Stark County, is also a testimony to the growing strength of the area's business environment.

The Stark County unemployment rate for 2018 was 5.2 percent [1] compared with State of Ohio's 4.8 percent and the national average of 3.9 percent.[2]

[1] https://www.homefacts.com/unemployment/ohio/Stark-County.html
[2] https://www.homefacts.com/unemployment/ohio/Stark-County.html

County Government

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

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

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

Population

Population in SARTA's principal service area since 1970 has been as follows[3]:

YEAR	CANTON	STARK COUNTY
1970	110,053	372,720
1980	93,077	378,823
1990	84,161	368,065
2000	80,806	378,097
2010	73,007	375,417
2011	72,795	375,087
2012	72,793	374,868
2013	72,535	375,895
2014	72,535	375,584
2015	72,297	375,165
2016	71,323	375,586
2017	70,909	372,542
2018	73,007	375,586

[3] http://suburbanstats.org/population/ohio

Employment

The following table shows comparative unemployment statistics for Stark County, the State of Ohio and the United States for the last five years[4]:

YEAR	STARK COUNTY	OHIO	U.S.
2014	4.6	4.7	5.6
2015	5.1	4.6	5.0
2016	5.2	5.0	4.7
2017	5.0	4.9	4.1
2018	5.2	4.8	3.9

Major Initiatives - 2018 in Review

Hydrogen Funding – SARTA was awarded over $5.2 million dollars in 2018. The collaborative partnership with Federal Transit Administration (FTA) and the Environmental Protection Agency (EPA) has allowed SARTA to purchase up to 5 Hydrogen fixed and 5 Hydrogen paratransit buses by 2019. These will be the first Hydrogen paratransit in the U.S.A.

Borrow-A-Bus –SARTA's borrow a bus program was launched in 2018 to provide the means by which transit agencies and transit dependent organizations in the United States can become more educated and familiar with Hydrogen Fuel Cell as a commercially and operationally viable option to meet their zero-emission transportation needs.

Renewable Hydrogen Collaboration – SARTA along with the Ohio State University Center for Automotive Research has collaborated to begin a roadmap to create Midwest regional advancement and adoption of hydrogen-powered, zero-emission vehicles in Midwestern public transit. This effort if successful could potentially lead to an estimated 65,000 new jobs in the Midwest region as the hydrogen economy continues to grow.

Enterprise Resource upgrade project - Microsoft Dynamics Great Plains 2016 R2 is SARTA's Enterprise Resource Planning software. Upgrade to the software system allowed for better efficiency in workflow and functionality for SARTA's users.

Travel Training – This program to assist individuals to learn to ride and utilize the fixed route system was expanded to include Pinpoint and GoLine. There are now three full-time travel trainers. During 2018, travel trainers trained 1,177 individuals.

5310 Program – SARTA as a designated recipient of Section 5310 program, has assisted in the Enhanced Mobility for seniors and people with disabilities. Along with collaborating with Stark County Transportation Study (SCATS), SARTA has helped agencies and others interested in improving the coordination of transportation services among agencies and private providers requiring or providing transportation services, through vehicle purchases and operating reimbursement.

[4] https://www.homefacts.com/unemployment/Ohio/Stark-County.html

Future Initiatives

Written public comment on the proposed Program of Projects was accepted by SARTA at the close of business on November 13th, 2018.

Comments received by the closing date were considered in preparing and carrying out the Program. A public hearing was scheduled for November 14, 2018 at 4:00 p.m. in the Executive Board Room at SARTA's headquarters located at 1600 Gateway Blvd SE in Canton.

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

PROPOSED
STARK AREA REGIONAL TRANSIT AUTHORITY
FISCAL YEAR 2018 PROGRAM OF PROJECTS
Total Funds Estimated for 2019 Projects $26,604,950

Project	Total Budgeted Cost	Federal Share
Transit Enhancements	$350,700	$280,560
Safety/Security	$225,000	$204,000
Mahoning Corridor	$1,160,458	$1,160,458
Operating Expense	$3,311,170	$1,711,170
ADA Operating Expenses	$350,000	$280,000
Mobility Management	$187,904	$135,202
2019 (1) – Para Transit CNG Bus	$180,000	$144,000
2019 (1) – 40' CNG Buses	$561,654	$449,323
2019 (1) - 30' CNG Buses	$510,793	$413,554
2019 (5) – Hydrogen Para Transit Buses	$1,762,550	$1,239,749
2019 (5) – 40' Hydrogen Buses	$4,299,880	$4,168,908
(3) < 30' Buses	$650,764	$520,612
Alternative Fuels Data Collection/analysis	$735,215	$735,215
Bus Equipment	$48,750	$39,000
IT Projects	$131,244	$104,995
Bus Radio Modem Replacement Project	$268,143	$214,514
Preventive Maintenance	$7,072,995	$5,658,396
Fare Box Replacement Project	$2,204,000	$1,763,200
Bus Wash Project	$250,000	$200,000
Build Grant SE Canton Facilities	$1,870,461	$1,496,369
5310 Subgrantees	$473,269	$473,269
Project Totals	$26,604,950	$21,392,494

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

The major proposed capital projects include:

- Operational Planning and implementation of the TDP
- Implement findings from the Enhanced Ridership/Marketing Study
- Revisions to Mahoning BRT Corridor due to funding issues
- Participation and assistance to the Stark County Mobility Coordination Committee
- Purchase new Transit and Paratransit Buses
  - 2019 - 5 (10 Paratransit buses)
  - 2020 - 2 (8 Paratransit buses)
  - 2021 - 3 (8 Paratransit buses)
  - 2022 - 3 (8 Paratransit buses)
  - 2023 - 4 (8 Paratransit buses)
- Continuing rehabilitation and improvement of SARTA facilities particularly in the area of safety
- Preventative maintenance on buses
- Continuing to study initiatives to increase meeting customer needs
- Upgrading operational and maintenance equipment
- Upgrade the bus wash bay area
- Upgrade the fare boxes on buses
- Upgrade radio modem on buses

Management also intends to explore projects such as:

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

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

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

Basis of Accounting

SARTA's accounting records are maintained on the accrual basis. The activities are reported through the use of a single enterprise fund. Additional information on SARTA's accounting policies can be found in Note No. 1 in the Notes to Financial Statements, located in the Financial Section and starting on page 35.

Internal Control

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

Budgetary Control

SARTA prepares its annual operating budget and capital budget on the accrual basis of accounting. The Director of Finance, CEO, and Administration prepares a preliminary budget of revenues, and allocates a proportional amount to each department. The Department Heads confer with the Director of Finance and prepare their budgets within that allocation. Adjustments are made, if necessary, to the budget for overall agency requirements. The final balanced budget is presented to the Board Finance Committee. The Board Finance Committee submits the budget to the Board of Trustees 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 of Trustees one or more times throughout the operating year.

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

Financial statements are prepared on an accrual basis, in accordance with accounting principles generally accepted in the United States of America (GAAP) and may be reviewed starting on page 30.

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

Independent Audit

Keith Faber, Auditor of State, has issued an unmodified ("clean") opinion on the Stark Area Regional Transit Authority's (the Authority) financial statements for the year ended December 31, 2018. Refer to the Financial Section page 17 for auditor's report.

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

Acknowledgements

This report would not be possible without the hard work, high standards and dedication of the entire Finance Department staff. The 2018 CAFR prepared by Jesse Dent, conforms to the program requirements and management expectations for continued high levels of excellence in reporting the Authority's financials in the future.

Sincerely,

Carrie Domer

Carrie Domer
Chief Financial Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Stark Area Regional Transit Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stark Area Regional Transit Authority

Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department

Stark Area Regional Transit Authority, Ohio

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

Executive Director Christopher P. Morrill

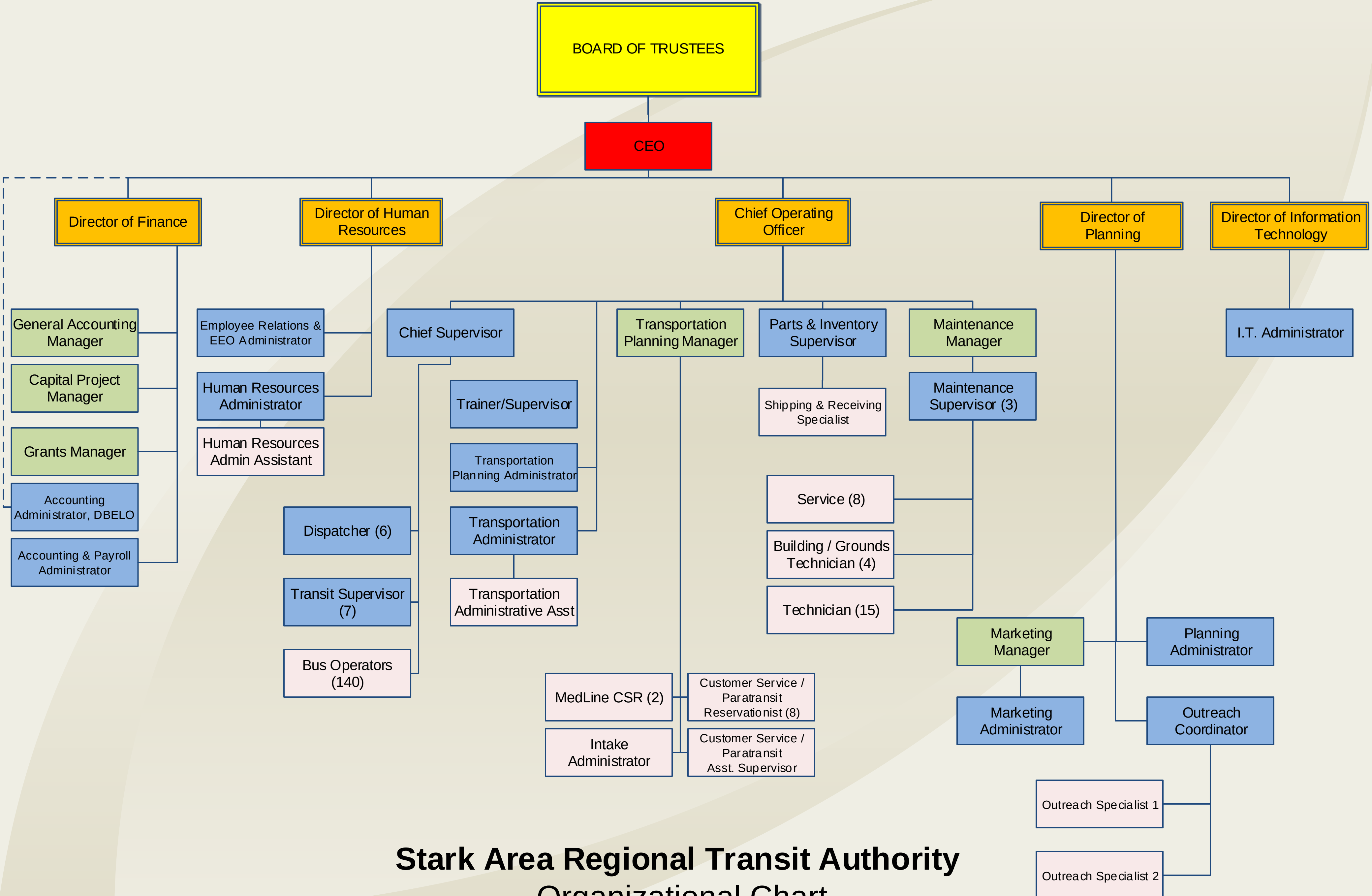
Date January 4, 2019

STARK AREA REGIONAL TRANSIT AUTHORITY
BOARD OF TRUSTEES AND MANAGEMENT

AS OF DECEMBER 31, 2018

BOARD OF TRUSTEES

MANAGEMENT



Stark Area Regional Transit Authority

Organizational Chart

December 31 2018

Financial Section 2018

The Financial Section includes:

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

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark Area Regional Transit Authority, Stark County, Ohio (the Authority), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark Area Regional Transit Authority, Stark County as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio
June 28, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

As the financial management of the Stark Area Regional Transit Authority (Authority or SARTA), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements as a whole.

Financial Highlights

The Authority's total net position decreased $3,560,980 or 7.25 percent in 2018. The decrease in net position is attributed to the Authority's implementation of GASB 75 as well as the GASB 68 changes for 2018.

In 2018, the Authority's operating expenses, excluding depreciation were $831,591 higher than in 2017, a 3.62 percent increase, primarily due to labor, benefits, and material and supplies costs.

Operating revenues for the Authority were $162,536 higher in 2018, a 7.26 percent increase. In 2018, ridership increased with adult passes and auxiliary revenues.

In 2018, sales tax revenue increased $517,239 or 3.40 percent compared to 2017. Sales tax revenue accounted for 74.57 percent of all funding in 2018, exclusive of capital grants.

In 2018, operating grants and reimbursements were $2,589,770 lower compared to 2017, or a 49.33 percent decrease, primarily due to lower fuel cost, less funding drawn for operating expenses and projects not completed until 2019.

Overview of the Financial Statements

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

Required Financial Statements

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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

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

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

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 35-71 of this report.

Financial Analysis of the Authority

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by $45,583,585 at the close of the most recent fiscal year. The Authority's net position is comprised primarily of its investment in capital assets (e.g., land, construction & projects in process, buildings and improvements, transportation equipment, and other equipment). The Authority uses these capital assets to provide transportation services to the citizens of Stark County; consequently, these assets are *not* available for future spending.

In 2018, a portion of the Authority's net position represented resources that were subject to the restriction of being held to pay for capital assets. In 2018 *unrestricted net position* totaled ($3,079,228).

MANAGEMENT DISCUSSION AND ANALYSIS

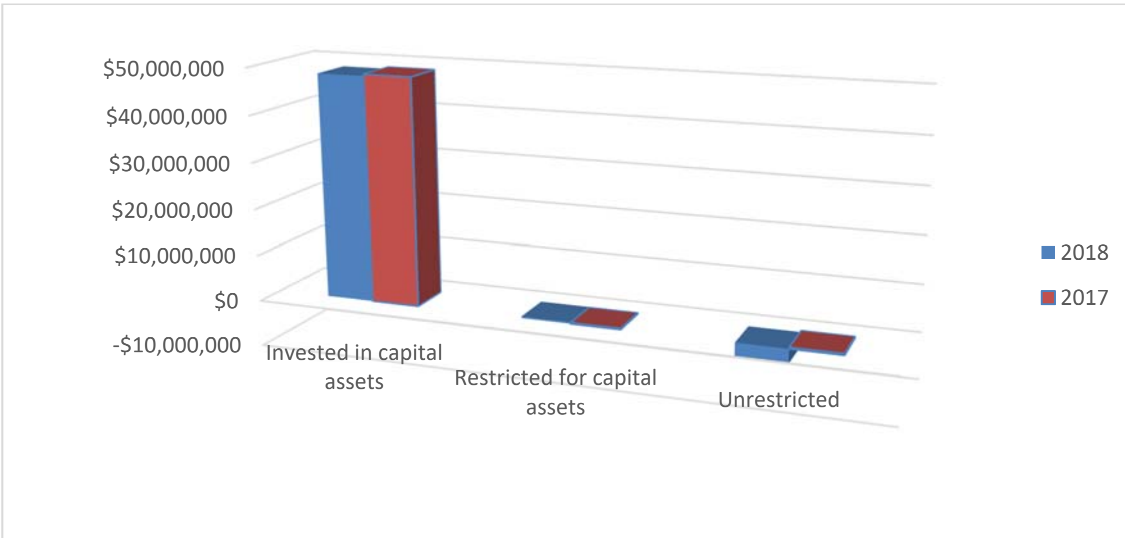
For the Year Ended December 31, 2018

At the end of 2018 and 2017, the Authority was able to report positive balances in net position.

NET POSITION	2018	Restated 2017
Current assets	$17,152,234	$18,138,441
Capital assets, net	48,291,911	48,654,323
Other-Net Pension Asset	55,022	23,637
Total Assets	$65,499,167	$66,816,401
Deferred Outflow - OPEB	$594,290	$89,469
Deferred Outflow - Pension	2,767,659	5,831,287
Total Outflows	$3,361,949	$5,920,756
Current Liabilities	$2,809,003	$2,367,541
Long Term Liabilities	17,533,434	21,120,750
Total Liabilties	$20,342,437	$23,488,291
Deferred Inflow - OPEB	$511,664	$0
Deferred Inflow - Pension	2,423,430	104,301
Total Inflows	$2,935,094	$104,301
Net position:		
Invested in capital assets	$48,291,911	$48,654,323
Restricted for capital assets	370,902	209,739
Unrestricted	(3,079,228)	280,503
Total Net Position	$45,583,585	$49,144,565

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018



As can be seen from the table of net position, in 2018, net position decreased $3,560,980 to $45,583,585 from $49,144,565 in 2017.

For more information on capital assets, readers are referred to Note 7 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

	2018	Restated 2017
OPERATING REVENUES		
Passenger fares	$ 1,358,033	$ 1,148,401
Special transit fares	879,020	978,456
Auxiliary transportation revenues	164,702	112,362
TOTAL OPERATING REVENUES	2,401,755	2,239,219
OPERATING EXPENSES (REVENUES)		
Labor	8,320,070	7,922,433
Fringe benefits	9,035,782	8,672,802
Materials, supplies and training	3,237,323	2,921,073
ODOT fuel tax reimbursement	(87,114)	(98,013)
Services	1,483,953	1,454,817
Utilities	532,743	453,531
Casualty and liability insurance	539,302	498,287
Leases and rentals	39,491	47,266
Miscellaneous	704,310	1,102,073
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	23,805,860	22,974,269
OPERATING LOSS BEFORE DEPRECIATION	(21,404,105)	(20,735,050)
DEPRECIATION EXPENSE (Note 5)	4,504,509	4,064,382
OPERATING LOSS	(25,908,614)	(24,799,432)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 4)	15,748,323	15,231,084
Operating grants and reimbursements	2,659,812	5,249,582
Interest income	151,675	40,546
Sales tax collection expense	(149,527)	(148,633)
Gain (loss) on disposal of capital assets	6,246	12,366
Non-transportation revenues	151,609	124,505
TOTAL NON-OPERATING REVENUES - NET	18,568,138	20,509,450
NET LOSS BEFORE CAPITAL GRANT REVENUE	(7,340,476)	(4,289,982)
Federal capital grant	3,779,496	2,519,273
Total Capital Grants	3,779,496	2,519,273
INCREASE (DECREASE) IN NET POSITION	(3,560,980)	(1,770,709)
Net position, beginning of year	49,144,565	N/A
Net position, end of year	$ 45,583,585	$ 49,144,565

Depreciation expense increased $440,127 or 10.83 percent in 2018, due to purchases of vehicles and completion of the hydrogen station.

In 2018, *Non-operating revenues-net* decreased $1,941,312 or 9.47 percent, to $18,568,138. The decrease is attributed to decrease in operating grants and reimbursements.

Condensed Summary of Cash Flows

Sales tax collections are defined as *non-operating, non-capital revenue*, and are used to support the regular activities of the Authority. The sales tax receipts and transit operating revenues, with the balance being obtained through the use of grants to cover preventative maintenance on buses, generally cover expenses of the Authority. Shortfalls in cash inflows were the result of requirements that the Authority fund up to 20 percent of capital purchases with local funding.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

CASH FLOWS

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 2,298,640	$ 2,238,500
Cash payments to suppliers for goods and services	(6,523,991)	(6,576,162)
Cash payments to employees for salaries and wages	(8,294,815)	(7,940,024)
Cash payments for employees benefits	(6,580,422)	(7,564,521)
Net cash used by operating activities	$ (19,100,588)	$ (19,842,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Sales taxes received	$ 15,381,102	$ 15,235,612
Operating and preventive maintenance grants received	3,516,267	4,383,256
Non-transportation revenues	151,609	124,505
Net cash provided by noncapital financing activities	$ 19,048,978	$ 19,743,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grant revenue	$ 3,940,659	$ 2,622,213
Proceeds from sale of capital assets	6,246	12,366
Acquisition of capital assets and work in process	(4,142,097)	(3,513,615)
Net cash used by capital and related financing activities	$ (195,192)	$ (879,036)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments		
Net cash provided by investing activities	$ 151,675	$ 40,546
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (95,127)	$ (937,324)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,608,991	12,546,315
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,513,864	$ 11,608,991

Capital Assets

The Authority's investment in capital assets amounts to $48,291,911 as of December 31, 2018 and $48,654,323 as of December 31, 2017, a net decrease of $362,412 or .74 percent from 2017. 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 expenses during the current fiscal year included the following:

Bldgs. & improvements	$	415,441
Machine & Equipment		104,908
Light Duty Buses		692,732
Computer hardware		59,112

The construction and projects in progress balance at December 31, 2018 included costs associated with a portion of the following:

1. Hydrogen 40' foot buses
2. Mahoning Rd Corridor project
3. Various other projects

The *Notes to Financial Statements,* Note 7 page 66, 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.

Governmental Accounting Standards Board (GASB) 68 and 75

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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

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

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

As a result of implementing GASB 75, the Stark Area Regional Transit Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $55,312,357 to $49,144,565.

Requests for Information

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OH
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS	2018
CURRENT ASSETS:	
Cash & cash equivalents	$ 11,142,962
Receivables:	
Trade	176,347
Sales tax	3,949,829
Other misc receivables	155,073
Materials & supplies inventory	313,521
Prepaid expenses & other assets	1,043,600
Restricted for capital assets:	
Cash & cash equivalents	370,902
TOTAL CURRENT ASSETS	17,152,234
NONCURRENT ASSETS	
Other Noncurrent Assets - Net Pension Assets	55,022
Capital assets: (Note 7)	
Land, nondepreciable	932,672
Construction & WIP, nondepreciable	10,690,789
Buildings & improvements, depreciable	22,604,817
Transportation equipment, depreciable	41,226,285
Other equipment, depreciable	5,246,391
Total capital assets	80,700,954
Less accumulated depreciation	(32,409,043)
Capital assets - net	48,291,911
Total noncurrent assets	48,346,933
TOTAL ASSETS	65,499,167
Deferred outflow of resources	
OPEB	594,290
Pension	2,767,659
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,361,949

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OH
STATEMENT OF NET POSITION
(continued)
DECEMBER 31, 2018

LIABILITIES AND NET POSITION	2018
CURRENT LIABILITIES:	
Accounts payable	$ 930,251
Accrued payroll	127,230
Accrued payroll taxes & withholdings	299,041
Compensated absences	35,000
Other current liabilities	1,046,579
Capital grants payable	370,902
TOTAL CURRENT LIABILITIES	2,809,003
LONG TERM LIABLITIES	
Compensated absences (Note 9)	455,364
Net OPEB liability	6,868,593
Net pension liability	10,209,477
TOTAL LONG TERM LIABILITIES	17,533,434
TOTAL LIABILITIES	20,342,437
Deferred inflow of resources	
OPEB	511,664
Pension	2,423,430
TOTAL DEFERRED INFLOWS OF RESOURCES	2,935,094
NET POSITION:	
Investment in capital assets	48,291,911
Restricted for capital assets	370,902
Unrestricted	(3,079,228)
TOTAL NET POSITION	$ 45,583,585

The accompanying notes are an integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018
OPERATING REVENUES		
Passenger fares	$	1,358,033
Special transit fares		879,020
Auxiliary transportation revenues		164,702
TOTAL OPERATING REVENUES		2,401,755
OPERATING EXPENSES		
Labor		8,320,070
Fringe benefits		9,035,782
Materials, supplies and training		3,237,323
ODOT fuel tax reimbursement		(87,114)
Services		1,483,953
Utilities		532,743
Casualty and liability insurance		539,302
Leases and rentals		39,491
Miscellaneous		704,310
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION		23,805,860
OPERATING LOSS BEFORE DEPRECIATION		(21,404,105)
DEPRECIATION EXPENSE (Note 7)		4,504,509
OPERATING LOSS		(25,908,614)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenues (Note 6)		15,748,323
Operating grants and reimbursements		2,659,812
Interest income		151,675
Sales tax collection expense		(149,527)
Gain (loss) on disposal of capital assets		6,246
Non-transportation revenues		151,609
Total Non-Operating Revenues - Net		18,568,138
NET LOSS BEFORE CAPITAL GRANT REVENUE		(7,340,476)
Federal capital grant		3,779,496
Total Capital Grants		3,779,496
INCREASE (DECREASE) IN NET POSITION		(3,560,980)
Net position, beginning of year (restated)		49,144,565
Net position, end of year	$	45,583,585

The accompanying notes are integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$	2,298,640
Cash payments to suppliers for goods and services		(6,523,991)
Cash payments to employees for salaries and wages		(8,294,815)
Cash payments for employees benefits		(6,580,422)
Net cash used by operating activities	$	(19,100,588)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Sales taxes received	$	15,381,102
Operating and preventive maintenance grants received		3,516,267
Non-transportation revenues		151,609
Net cash provided by noncapital financing activities	$	19,048,978
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grant revenue	$	3,940,659
Proceeds from sale of capital assets		6,246
Acquisition of capital assets and work in progress		(4,142,097)
Net cash used by capital and related financing activities	$	(195,192)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments		
Net cash provided by investing activities	$	151,675
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$	(95,127)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		11,608,991
CASH AND CASH EQUIVALENTS, END OF YEAR	$	11,513,864

The accompanying notes are integral part of these financial statements

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OH
STATEMENT OF CASH FLOWS
(continued)
For the Year Ended December 31, 2018

RECONCILIATION OF OPERATING LOSS	2018
TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (25,908,614)
Adjustments to reconcile operating loss to	
net cash used in operating activities:	
Depreciation	4,504,509
(Increase) decrease in accounts receivable - trade	(103,115)
(Increase) decrease in materials & supplies inventory	(27,647)
(Increase) decrease in prepaid expenses & other assets	383,081
(Increase) decrease in deferred outflows - OPEB	(504,821)
(Increase) decrease in deferred outflows - pension	3,063,628
(Increase) decrease in net pension asset	(31,385)
(Decrease) increase in accounts payable	(46,336)
(Decrease) increase in net pension liability	(4,250,714)
(Decrease) increase in net OPEB liability	611,332
(Decrease) increase in accrued payroll	25,255
(Decrease) increase in deferred inflows - OPEB	511,664
(Decrease) increase in deferred inflows - pension	2,319,129
(Decrease) increase in accrued payroll taxes & withholdings	32,213
(Decrease) increase in other current liabilities	321,233
NET CASH USED IN OPERATING ACTIVITIES	$ (19,100,588)

Supplemental disclosures of cash flow information:

Change in sales tax receivable	$ 217,694

The accompanying notes are an integral part of these financials statements

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Stark Area Regional Transit Authority (the Authority) was created pursuant to Section 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in the Stark County, Ohio area. As a political subdivision, it is distinct from and not an agency of the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority is managed by a nine-member Board of Trustees and provides virtually all mass-transportation within the Stark County area. Approximately 75 percent of the Authority's employees at December 31, 2018 were subject to a collective bargaining agreement that expires on January 4, 2019.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and Stark County (see Note 6). On November 8, 2016 the voters of Stark County renewed the .25 percent sales tax levy to fund the Authority's operations through June of 2027.

Reporting Entity

The Authority has adopted the provisions of GASB Statement No. 14 "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34 regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units and is not considered to be a component unit of any other entity.

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Cash and Cash Equivalents

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

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

For the fiscal year 2018, there was no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Materials and Supplies Inventory and Prepaid Items

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

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

Property and Depreciation

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

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

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

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

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

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

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

Classifications of Expenses

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal and State Operating and Preventive Maintenance Assistance Funds

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

Sales Tax Revenues

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

Compensated Absences

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

The current accounting standard requires the Authority to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and post-employment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension liability/OPEB equals the Authority's proportionate share of the pension plan's collective present

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Comparative Data/Reclassifications

Prior year data presented in Management's Discussion and Analysis and the footnotes have been reclassified in order to be comparative and provide understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2017 financial statements in order to conform to the 2018 presentation.

Restricted Net Position

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

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For the year 2018, The Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net position December 31, 2017	$ 55,312,357
Adjustments:	
Net OPEB liability	(6,257,261)
Deferred outflow - payments subsequent to measurement date	89,469
Restated net position December 31, 2017	$ 49,144,565

3. DEFINED BENEFIT PENSION PLANS

Net Pension (Asset) Liability

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

The *net pension (asset) liability* represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension (asset) liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - SARTA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for December 31, 2018, as follows:

Statutory Maximum Contribution Rates	2018 State and Local
Employer	14.0%
Employee	10.0%
Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	-%
Total Employer	14.0%
Employee	10.0%

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The Authority's contractually required contribution was $1,289,129 for 2018. Of this amount, $139,200 is reported in accrued payroll taxes & withholdings.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension (asset) liability for OPERS as of December 31, 2018 was measured as of December 31, 2017, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension (asset) liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional OPERS	Combined OPERS	Total
Proportionate Share of the Net Pension (Asset) Liability	$10,209,477	($55,022)	$10,154,455
Proportion of the Net Pension (Asset) Liability	0.065078%	0.040418%	
Pension Expense	$2,379,695	$10,092	$2,389,787

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	Total
Deferred Outflows of Resources			
Net differences between expected and actual experience	$10,426	-	$10,426
Change in proportion and differences between Authority contributions and proportionate share of contributions	239,791	3,404	243,195
Changes of assumptions	1,220,101	4,808	1,224,909
Authority contributions subsequent to the measurement date	1,262,820	26,309	1,289,129
Total Deferred Outflows of Resources	$2,733,138	$34,521	$2,767,659
Deferred Inflows of Resources			
Differences between expected and actual experience	$201,197	$16,391	$217,588
Net difference between projected and actual earnings on pension plan investments	2,191,840	8,681	2,200,521
Change in proportion and differences between Authority contributions and proportionate share of contributions	-	5,321	5,321
Total Deferred Inflows of Resources	$2,393,037	$30,393	$2,423,430

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

$1,289,129 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional	OPERS Combined	Total
2019	$1,075,824	($3,133)	$1,072,691
2020	(132,714)	(3,371)	(136,085)
2021	(965,170)	(5,315)	(970,485)
2022	(900,659)	(5,110)	(905,769)
2023	-	(2,062)	(2,062)
Thereafter	-	(3,190)	(3,190)
Total	($922,719)	($22,181)	($944,900)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

	OPERS Traditional	OPERS Combined
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent	3.25 to 8.25 percent
COLA or Ad Hoc COLA	3 percent, simple	3 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base year of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The morality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the pension plans or OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	2017 Target Allocation		Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	
Fixed Income	23.00	%	2.20	%
Domestic Equities	19.00		6.37	
Real Estate	10.00		5.26	
Private Equity	10.00		8.97	
International Equities	20.00		7.88	
Other Investments	18.00		5.26	
Total	100.00	%	5.66	%

3. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension (asset) liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

2018	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability - Traditional	$18,129,429	$10,209,477	$3,606,623
Authority's proportionate share of the net pension asset - Combined	(29,909)	(55,022)	(72,348)

4. DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The Authority's contractually required contribution was $0 for 2018.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPEB
Proportionate Share of the Net OPEB Liability	$6,868,593
Proportion of the Net OPEB Liability	0.063251%
Pension Expense	$618,175

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS OPEB
Deferred Outflows of Resources	
Net differences between expected and actual experience	$5,351
Change in proportion and differences between Authority contributions and proportionate share of contributions	88,833
Changes of assumptions	500,106
Total Deferred Outflows of Resources	$594,290
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	511,664
Total Deferred Inflows of Resources	$511,664

4. DEFINED BENEFIT OPEB PLANS (CONTINUED)

$0 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS OPEB
2019	$156,215
2020	156,215
2021	(101,888)
2022	(127,916)
2023	-
Thereafter	-
Total	$82,626

Actuarial Assumptions-OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

	OPEB
Wage Inflation	3.25 percent
Future Salary Increase, including inflation	3.25 to 10.75 percent
Single discount rate	3.85 percent
Prior measurement rate	4.23 percent
Municipal bond rate	3.31 percent
Health care cost trend	7.50 percent, initial 3.25 percent, ultimate in 2028
Investment Rate of Return	6.50 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Classs	Target Allocation		Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	
Fixed Income	34.00	%	1.88	%
Domestic Equities	21.00		6.37	
Real Estate	6.00		5.91	
International Equities	22.00		7.88	
Other Investments	17.00		5.39	
Total	100.00	%	4.98	%

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

4. DEFINED BENEFIT OPEB PLAN (CONTINUED)

2018	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
Proportionate share of the net OPEB liability	$9,125,222	$6,868,593	$5,043,002

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

2018	1% Decrease	Current health care cost trend rate assumption	1% Increase
Proportionate share of the net OPEB liability	$6,571,779	$6,868,593	$7,175,193

5. CASH AND CASH EQUIVALENTS

Allowable investments are according to Ohio Revised Code Section 135, and are limited to the following:

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

- State Treasury Asset Reserve of Ohio (STAR Ohio), managed by the State Treasurer of Ohio.

- Demand deposit accounts (such as checking accounts) established with local financial institutions.

- Certificates of Deposit (CDs) issued by local financial institutions mentioned in Section 135.32 of the ORC.

- Commercial paper notes, limited to 40% (5% for single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days;

- Banker's acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

- No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under Section 135.14 of the ORC and repurchase agreements secured by such obligations. Eligible money market funds shall comply with Section 135.01 of the ORC regarding limitations and restrictions.

5. CASH AND CASH EQUIVALENTS (CONTINUED)

- Repurchase agreements with any eligible institution mentioned in Section 135.32 of the ORC, or any eligible securities dealer pursuant to the ORC, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held in safekeeping by a third party custodian as agreed to by the Executive Director. The fair value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement by at least two percent as defined under the Ohio Revised Code. The Executive Director reserves the right to require an additional percentage of collateral securing such repurchase agreements. Prior to the execution of any repurchase agreement with an eligible dealer, master repurchase agreement will be signed by the Executive Director and the eligible dealer.

The Authority is prohibited from investments of the following:

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

5. CASH AND CASH EQUIVALENTS (CONTINUED)

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

Deposits

At December 31, 2018, the carrying amount of the Authority's deposits was $2,092,812 and the bank balance was $2,226,119, based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures." Of the bank balance, $250,000 was covered by FDIC and $776,067 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of December 31, 2018 the Authority had the following investments:

		Maturity Date	
Investment	2018 Fair Value	Less than 6 Months	More than 6 Months
STAR Ohio	$ 20,865	$ 20,865	$ -
CDARS-52 week term	1,500,000	-	1,500,000
Money Market	2,905,813	249,900	2,655,913
Debt Securities	4,994,374	12,971	4,981,403
Total	$ 9,421,052	$ 283,736	$ 9,137,316

5. CASH AND CASH EQUIVALENTS (CONTINUED)

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

The above chart identifies the Authority's recurring fair value measurements as of December 31, 2018. The CDARS and money market investments are valued using quoted market prices (Level 1 inputs) at December 31, 2018. The fair value of debt securities at December 31, 2018 was determined primarily based on Level 2 inputs. Inputs within Level 2 of the fair value hierarchy include inputs that are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are not directly observable for the asset or liability. The debt securities are valued using fair valuation methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. There is no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million per day. Transactions in all of a participant's accounts of the STAR Ohio investor will be combined for these purposes.

Interest rate risk

In accordance with its investment policy, the Authority limits its exposure to declines in fair values by limiting the weighted average maturity of its investments in the Ohio Investment Pool to less than 12 months. STAR Ohio's weighted average maturity was 44.9 days.

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

5. CASH AND CASH EQUIVALENTS (CONTINUED)

2018 Investments	Fair Value	Within 1 Year	1-5 Years
State Treasurer's Inv Pool (StarOhio)	$ 20,865	$ 20,865	$ -
CDARS	1,500,000	237,500	1,262,500
Money Market	2,905,813	249,900	2,655,913
Debt Securities	4,994,374	1,989,441	3,004,933

Credit Risk

As of December 31, 2017, Standard & Poor's rated the Authority's investment in the State Treasurer's Pool AAAm, and the Authority's investment in both FNMA bonds AA+.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy for custodial credit risk. As of December 31, 2018, $776,067 was potentially exposed to custodial credit risk because those deposits were uninsured and could be uncollateralized. The Authority's financial institution participates in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the Authority's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS.

Custodial Credit Risk – Investments

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

5. CASH AND CASH EQUIVALENTS (CONTINUED)

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

6. TAX REVENUES

On November 8, 2016, the voters of Stark County renewed the .25 percent sales tax levy until June of 2027. Revenue generated from the levy can be used for operating or capital purposes. The Authority receives cash from the sales tax levy when the related sales tax collections are distributed by the State of Ohio.

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance 1/1/2018	Additions	Disposals	Transfers	Ending Balance 12/31/2018
Capital Assets Not Being Depreciated:					
Land	$ 932,672	$ -	$ -	$ -	$ 932,672
Construction & Projects in Progress	8,063,064	3,043,165		(415,440)	10,690,789
Total Capital Assets Not Depreciated	8,995,736	3,043,165	-	(415,440)	11,623,461
Capital Assets Being Depreciated:					
Buildings & Improvements	22,189,377	-	-	415,440	22,604,817
Transportation Equipment	41,355,318	830,154	(959,187)	-	41,226,285
Other Equipment	4,977,613	268,778	-	-	5,246,391
Total Capital Assets Being Depreciated	68,522,308	1,098,932	(959,187)	415,440	69,077,493
Total Capital Assets	77,518,044	4,142,097	(959,187)	-	80,700,954
Less Accumulated Depreciation For:					
Buildings & Improvements	4,984,702	561,405	-	-	5,546,107
Transportation Equipment	19,583,798	3,733,363	(959,187)	-	22,357,974
Other Equipment	4,295,221	209,741	-	-	4,504,962
Total Accumulated Depreciation	28,863,721	4,504,509	(959,187)	-	32,409,043
Total Capital Assets, Net	$ 48,654,323	$ (362,412)	$ -	$ -	$ 48,291,911

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

8. RESTRICTED ASSETS

During 2018, the Authority received insurance proceeds in the amount of $189,340 for two buses. The proceeds will be used to offset future bus purchases, thereby reducing the amount drawn from grant funds. As of December 31, 2018, the balance in restricted cash related to these proceeds was $370,902.

9. LONG TERM LIABILITIES

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

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018	Due Within One Year
Compensated Absences	$439,298	$86,066	($35,000)	$490,364	($35,000)

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018	Due Within One Year
Pension, net	$14,460,191	$0	($4,250,714)	$10,209,477	$ -

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018	Due Within One Year
OPEB, net	$6,257,261	$611,332	$ -	$6,868,593	$ -

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

10. GRANTS AND REIMBURSEMENTS

Grants and reimbursements included in the statements of revenues, expenses and changes in net position for the years ended December 31, 2018 consists of the following:

Grants	**2018**
State and Federal Prevention Maintenance	$1,796,163
Federal Planning	37,544
Federal Capital & Operating	4,605,601
Total Grants	6,439,308
ODOT Fuel Tax Reimbursement	87,114
Total Reimbursements	87,114
Total Grants and Reimburements	$6,526,422

11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, flood, tornado and earthquake, errors and omissions, employment-related matters, injuries to employees, and employee theft and fraud. Effective December 31, 1997, the Authority joined together with certain other transit authorities in the State to form the Ohio Transit Insurance Association, Inc. (name changed to Ohio Transit Risk Pool in 2002 – OTRP), a joint self-insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for ten (as of December 31, 2017) member transit agencies. The Authority pays an annual premium to OTRP for its general insurance coverage for losses greater than the Pool's retained losses. Quarterly, the Authority pays into a loss and administration fund pursuant to OTRP's bylaws to fund this retained layer. The Agreement of Formation of OTRP provides that OTRP will be self-sustaining through member contributions and will purchase coverage in excess of the Pool retained amount through commercial companies with an industry standard rating of A or better. All retained amounts and limits listed are per occurrence. Coverage is granted per occurrence.

11. RISK MANAGEMENT (CONTINUED)

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

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

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

The Authority participates in the Health Transit Pool of Ohio.

12. LEASES

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

13. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenses under the terms of the grant. At December 31, 2018 there were no material questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenses will be disallowed.

14. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2018, the Authority has implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86 "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployments benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement 75 had the effect of (1) restating net position as previously report (see note 2), (2) revised the Authority's postemployment benefit plan disclosures, as presented in Note 4 to the basic financial statements, and (3) added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending components units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement 85 did not have an effect on the financial statements of the Authority.

GASB Statement No. 86 improves consistency in accounting and financial report for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceed of refunding debt – are place in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The implementation of GASB Statement 86 did not have an effect on the financial statements of the Authority.

Required Supplementary Information 2018

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System-Traditional Plan
Last Five Years (1)

	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.065078%	0.063678%	0.061711%	0.060696%	0.060696%
Authority's proportionate share of the net pension liability	$ 10,209,477	$ 14,460,191	$ 10,689,124	$ 7,320,616	$ 7,155,268
Authority's covered-employee payroll	$ 8,589,069	$ 7,873,350	$ 7,854,942	$ 7,478,633	$ 6,246,241
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	118.87%	183.66%	136.08%	97.89%	114.55%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System-Combined Plan
Last Five Years (1)

	2018	2017	2016	2015	2014
Authority's proportion of the net pension asset	0.040418%	0.04247%	0.04896%	0.022117%	0.022117%
Authority's proportionate share of the net pension asset	$ 55,022	$ 23,637	$ 23,825	$ 8,515	$ 2,321
Authority's covered-employee payroll	$ 178,938	$ 182,875	$ 96,192	$ 80,842	$ 67,752
Authority's proportionate share of the net pension asset as a percentage of its covered-employee payroll	30.75%	12.93%	24.77%	10.53%	3.43%
Plan fiduciary net position as a percentage of the total pension liability	137.28%	116.55%	116.90%	114.83%	104.56%

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System-OPEB
Last Two Years (1)

	2018	2017
Authority's proportion of the net OPEB liability	0.063251%	0.061951%
Authority's proportionate share of the net OPEB liability	$ 6,868,593	$ 6,257,261
Authority's covered-employee payroll	$ 8,947,000	$ 8,628,900
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	76.77%	72.52%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

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

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO
Required Supplementary Information
Schedule of Authority Contributions
Ohio Public Employees Retirement System-Traditional Plan

For the Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually-required contribution	$ 1,262,820	$ 1,116,579	$ 944,802	$ 942,593	$ 897,436	$ 817,633	$ 775,369	$ 780,642	$ 747,917	$ 878,360
Contributions in relation to the contractually-required contribution	(1,262,820)	(1,116,579)	(944,802)	(942,593)	(897,436)	(817,633)	(775,369)	(780,642)	(747,917)	(878,360)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$ 9,020,143	$ 8,589,069	$ 7,873,350	$ 7,854,942	$ 7,478,633	$ 6,246,241	$ 7,753,690	$ 7,806,420	$ 8,310,189	$ 10,333,647
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO
Required Supplementary Information
Schedule of Authority Contributions
Ohio Public Employees Retirement System-Combined Plan

For the Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually-required contribution	$ 26,309	$ 23,262	$ 21,945	$ 11,543	$ 9,701	$ 8,869	$ 8,410	$ 8,467	$ 8,113	$ 9,527
Contributions in relation to the contractually-required contribution	(26,309)	(23,262)	(21,945)	(11,543)	(9,701)	(8,869)	(8,410)	(8,467)	(8,113)	(9,527)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$ 187,921	$ 178,938	$ 182,875	$ 96,192	$ 80,842	$ 67,752	$ 84,100	$ 84,670	$ 90,144	$ 112,082
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%

STARK AREA REGIONAL TRANSIT AUTHORITY
CANTON, OHIO
Required Supplementary Information
Schedule of Authority Contributions
Ohio Public Employees Retirement System-OPEB

For the Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually-required contribution	$ -	$ 89,470	$ 172,578	$ 159,023	$ 151,190	$ 63,140	$ 313,512	$ 315,644	$ 420,017	$ 574,515
Contributions in relation to the contractually-required contribution		(89,470)	(172,578)	(159,023)	(151,190)	(63,140)	(313,512)	(315,644)	(420,017)	(574,515)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$ -	$ 8,947,000	$ 8,628,900	$ 7,951,133	$ 7,559,475	$ 6,313,993	$ 7,837,790	$ 7,891,090	$ 8,400,333	$ 10,445,729
Contributions as a percentage of covered-employee payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%	5.00%	5.50%

Stark Area Regional Transit Authority
Canton, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

Net Pension Liability

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Statistical Section 2018

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

Contents/Page Number

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

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

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

This schedule presents information to help the reader assess the affordability of SARTA's current levels of outstanding debt and the ability to issue debt in the future.

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

Financial Trends Information 2018

(Unaudited)

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

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

Table 1

	2018	(Restated) 2017**	2016	2015	(Restated) 2014*	2013	2012	2011	2010	2009
NET POSITION										
Net Investment in Capital Assets	$ 48,291,911	$ 48,654,323	$ 49,205,091	$ 36,746,495	$ 34,954,513	$ 34,143,696	$ 35,108,740	$ 28,659,037	$ 26,657,794	$ 22,070,412
Restricted	370,902	209,739	106,799	125,918	230,753	-	100,000	38,899	38,899	-
Unrestricted	(3,079,228)	280,503	7,771,176	6,758,329	6,708,300	11,029,737	7,778,378	7,671,591	6,574,635	3,533,639
TOTAL NET POSITION	$ 45,583,585	$ 49,144,565	$ 57,083,066	$ 43,630,742	$ 41,893,566	$ 45,173,433	$ 42,987,118	$ 36,369,527	$ 33,271,328	$ 25,604,051

**2017 restated to comply with GASB 75
*2014 restated to comply with GASB 68

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

Table 2

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Passenger Fares……………………………………	$ 1,358,033	$ 1,148,401	$ 1,200,231	$ 1,348,373	$ 1,352,071	$ 1,141,471	$ 1,111,074	$ 1,069,426	$ 1,051,643	$ 1,052,755
Special Transit Fares…………………………………	879,020	978,456	1,024,495	990,281	821,161	654,311	553,229	684,507	529,091	491,479
Auxiliary Transportation Revenues……………………	164,702	112,362	71,041	110,273	141,553	92,973	72,972	60,939	22,176	37,570
TOTAL OPERATING REVENUES	**2,401,755**	**2,239,219**	**2,295,767**	**2,448,927**	**2,314,785**	**1,888,755**	**1,737,275**	**1,814,872**	**1,602,910**	**1,581,804**
OPERATING EXPENSES										
Labor……………………………………………	$ 8,320,070	$ 7,922,433	$ 7,601,170	$ 7,142,492	$ 6,793,551	$ 6,396,815	$ 5,902,311	$ 5,808,570	$ 5,566,669	$ 5,898,232
Fringe Benefits………………………………………	9,035,782	8,672,802	6,783,211	5,858,125	5,317,403	4,853,118	4,785,964	4,221,636	4,143,021	4,844,810
Materials, Supplies and Training………………………	3,237,323	2,921,073	2,501,737	3,045,136	3,800,800	3,638,790	3,085,079	2,512,522	2,198,564	2,367,522
ODOT Fuel Tax Reimbursement	(87,114)	(98,013)	(105,527)	(108,694)	(118,853)	(118,412)	(125,428)	(142,943)	-	-
Services…………………………………………………	1,483,953	1,454,817	1,313,963	1,375,355	890,085	1,146,558	998,807	884,687	728,318	570,908
Utilities………………………………………………..	532,743	453,531	415,293	414,994	171,951	271,048	326,085	237,395	241,461	277,368
Casualty & Liability Insurance…………………………	539,302	498,287	683,314	476,012	521,659	465,550	388,802	368,469	617,237	377,719
Leases & Rentals………………………………………	39,491	47,266	28,922	52,462	19,100	20,311	237	2,930	1,738	7,998
Miscellaneous…………………………………………	704,310	1,102,073	1,012,790	231,512	303,775	403,070	236,161	322,725	356,638	241,921
TOTAL OPERATING EXPENSES										
Before Depreciation Expense……….	**$ 23,805,860**	**$ 22,974,269**	**$ 20,234,873**	**$ 18,487,394**	**$ 17,699,471**	**$ 17,076,848**	**$ 15,598,018**	**$ 14,215,991**	**$ 13,853,646**	**$ 14,586,478**
OPERATING LOSS										
Before Depreciation Expense……….	**$ (21,404,105)**	**$ (20,735,050)**	**$ (17,939,106)**	**$ (16,038,467)**	**$ (15,384,686)**	**$ (15,188,093)**	**$ (13,860,743)**	**$ (12,401,119)**	**$ (12,250,736)**	**$ (13,004,674)**
Depreciation Expense………………………………	4,504,509	4,064,382	3,755,115	3,453,601	2,999,536	3,586,813	3,611,443	3,415,401	1,911,419	1,717,793
OPERATING LOSS…………………………………………..	**$ (25,908,614)**	**$ (24,799,432)**	**$ (21,694,221)**	**$ (19,492,068)**	**$ (18,384,222)**	**$ (18,774,906)**	**$ (17,472,186)**	**$ (15,816,520)**	**$ (14,162,155)**	**$ (14,722,467)**
NON OPERATING REVENUES (EXPENSES)										
Sales Tax Revenues…………………………………..	$ 15,748,323	$ 15,231,084	$ 14,812,362	$ 14,573,689	$ 14,225,476	$ 13,008,940	$ 12,636,571	$ 12,017,178	$ 11,367,468	$ 10,408,166
Operating Grants and Reimbursements	2,659,812	5,249,582	4,424,793	3,050,742	3,833,729	5,607,527	3,144,395	2,669,878	-	-
Federal Preventative Maintenance……………………	-	-	-	-	-	-	-	-	1,841,668	1,909,366
Federal Capital & Operating Grants…………..					-	-	-	-	2,010,817	656,624
State Preventative Maintenance………………………	-	-	-	-	-	-	-	-	25,380	284,323
Elderly & Disables Assistance…………………………	-	-	-	-	-	-	-	-	372,917	346,642
Federal Planning Grants………………………..	-	-	-	-	-	-	-	-	190,354	35,290
Investment/Interest Income……………………………	151,675	40,546	67,488	17,604	37,692	17,720	9,979	1,534	19,799	230
Interest Expense	-	-	-	-	-	-	-	-	-	(1,076)
Sales Tax Collection Expense…………………………	(149,527)	(148,633)	(148,124)	(145,737)	(144,995)	(130,089)	(125,115)	(120,172)	(112,509)	(104,082)
Gain (Loss) on Disposal of Capital Assets……………	6,246	12,366	675	(58,557)	(1,944)	(45,339)	(75,508)	(16,379)	(13,259)	2,667
Non-transportation Revenues………………………..	151,609	124,505	20,810	54,616	110,360	76,870	26,552	22,190	32,079	20,065
Special Item*……………………………………..	-	-	-	-	-	-	-	-	(79,708)	(30,000)
NON OPERATING REVENUES/EXPENSES - NET…	**$ 18,568,138**	**$ 20,509,450**	**$ 19,178,004**	**$ 17,492,357**	**$ 18,060,318**	**$ 18,535,629**	**$ 15,616,874**	**$ 14,574,229**	**$ 15,655,006**	**$ 13,528,215**
CAPITAL GRANT REVENUE										
Federal Capital Grant…………………………………….	$ 3,779,496	$ 2,519,273	$ 15,968,541	$ 3,736,887	$ 3,059,094	$ 2,425,592	$ 5,391,151	$ 4,203,691	$ 5,674,426	$ 1,812,717
State/Local Capital Grant………………………………	-	-	-	-	-	-	2,981,752	97,900	500,000	-
Restricted Federal Capital Grant	-	-	-	-	230,753	-	100,000	38,899	-	-
TOTAL CAPITAL GRANTS…………………………….	**$ 3,779,496**	**$ 2,519,273**	**$ 15,968,541**	**$ 3,736,887**	**$ 3,289,847**	**$ 2,425,592**	**$ 8,472,903**	**$ 4,340,490**	**$ 6,174,426**	**$ 1,812,717**
CHANGE IN NET POSITION…………………………………………..	**$ (3,560,980)**	**$ (1,770,709)**	**$ 13,452,324**	**$ 1,737,176**	**$ 2,965,943**	**$ 2,186,315**	**$ 6,617,591**	**$ 3,098,199**	**$ 7,667,277**	**$ 618,465**

*2009 Employee Settlements

*2010 Employee Settlements & IRS Settlements

Revenue Capacity Information 2018

(Unaudited)

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

STARK AREA REGIONAL TRANSIT AUTHORITY

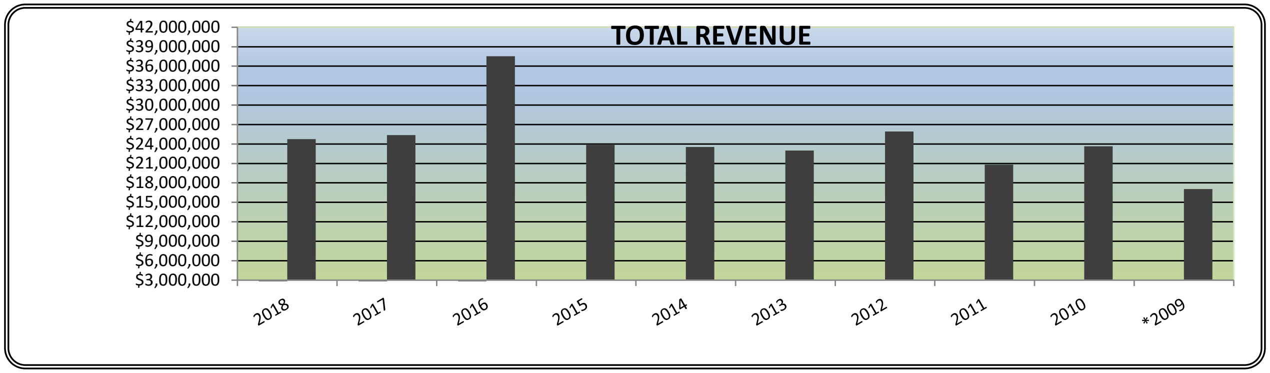
REVENUE BASE

LAST TEN YEARS

(Unaudited)

Table 3

	2018	2017	2016	2015	2014	2013	2012	2011	2010	*2009
FARES	$2,401,755	$2,239,219	$2,295,767	$2,448,927	$2,314,785	$1,888,755	$1,737,275	$1,814,872	$1,580,734	$1,544,234
SALES TAX	$15,748,323	$15,231,084	$14,812,362	$14,573,689	$14,225,476	$13,008,940	$12,636,571	$12,017,178	$11,367,468	$10,408,166
FEDERAL:										
Operating Grants	$2,659,812	$5,249,582	$4,424,793	$3,050,742	$3,833,729	$5,607,527	$3,144,395	$2,669,878	$553,684	$643,655
Capital Grant Reimbursements	$3,779,496	$2,519,273	$15,968,541	$3,736,887	$3,059,094	$2,425,592	$5,391,151	$4,203,691	$9,163,581	$3,770,342
STATE:										
Special Fare Assistance	$0	$0	$0	$0	$0	$0	$0	$0	$372,917	$346,642
Capital Grant Reimbursements	$0	$0	$0	$0	$0	$0	$0	$0	$525,380	$284,323
LOCAL:										
Reimbursement	$0	$0	$0	$0	$0	$0	$2,981,752	$97,900	$0	$0
Nontransportation	$151,609	$124,505	$20,810	$54,616	$110,360	$76,870	$26,522	$22,190	$32,079	$20,065
Misc Income	$0	$0	$0	$0	$0	$0	$0	$0	$41,975	$37,800
	$24,740,995	$25,363,663	$37,522,273	$23,864,861	$23,543,444	$23,007,684	$25,917,666	$20,825,709	$23,637,818	$17,055,227



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

STARK AREA REGIONAL TRANSIT AUTHORITY
PASSENGER REVENUE RATES
(As of December 31, 2018)
(Unaudited)

TABLE 4

TICKET/PASS ROUTE	SINGLE FARE TICKET	10-RIDE TICKET	31-DAY PASS
REGULAR FIXED ROUTE	$1.50	$15.00	$45.00
REDUCED FIXED ROUTE	$0.75	$7.50	$22.50
PROLINE/CURB TO CURB	$2.25	$22.50	$63.00
STUDENT FIXED ROUTE			$27.50
Non-ADA Proline	$3.50		
Day Pass	$3.00		
CLEVELAND FIXED ROUTE	$2.50		

Note:

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

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

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

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

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

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

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

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

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

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

Table 5

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
SALES TAX REVENUE	$15,748,323	$15,231,084	$14,812,362	$14,573,689	$14,225,476	$13,008,940	$12,636,571	$12,017,178	$11,367,468	$10,408,166
POPULATION*	375,586	372,542	375,586	375,165	375,584	375,895	374,868	375,087	375,417	379,466
SALES TAX PER CAPITA	$41.93	$40.88	$39.44	$38.85	$37.88	$34.61	$33.71	$32.04	$30.28	$27.43

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

2012	http://factfinder2.census.gov/faces/ http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2012_PEPANNRES	
2013	http://quickfacts.census.gov/qfo/stats/39/: http://quickfacts.census.gov/qfo/stats/39/39151.html	(US Census only has population up to 2012)
2014	http://quickfacts.census.gov/qfo/stats.html	(US Census only has population up to 2012)
2017	https://factfinder.census.gov	
2018	https://suburbanstats.org/population/ohio/how-many-people-live-in stark-county	

Operating Information 2018

(Unaudited)

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

Table 6

CLASSIFICATION / YEAR	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
VEHICLE OPERATIONS	164	162	163	165	165	159	159	132	144	137
VEHICLE MAINTENANCE	27	31	28	28	29	20	20	28	28	28
NON-VEHICLE MAINTENANCE	4	4	3	3	4	3	3	3	3	2
GENERAL ADMINISTRATION	20	19	19	19	18	23	23	18	16	12
TOTAL OPERATING LABOR	215	216	213	215	216	205	205	181	191	179
TOTAL CAPITAL LABOR	0	0	0	0	0	0	0	0	0	0
TOTAL LABOR	**215**	**216**	**213**	**215**	**216**	**205**	**205**	**181**	**191**	**179**

Data complied from SARTA Payroll and Human Resource reports

STARK AREA REGIONAL TRANSIT AUTHORITY
OPERATING INDICATORS
Last Ten Years
(Unaudited)

Table 7

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
System Ridership*1										
Fixed Route	2,290,017	2,239,560	2,311,193	2,499,409	2,639,702	2,530,749	2,502,299	2,309,425	1,959,470	1,995,218
Paratransit	161,264	162,339	171,493	136,901	140,747	138,147	139,992	128,034	128,905	138,217
Shuttles and Specials	28,951	21,619	29,949	44,937	26,034	22,129	16,607	10,636	19,958	30,702
Average Weekday*1										
System Ridership										
Fixed Route	7,909	7,111	8,038	9,009	10,398	9,152	8,719	8,053	6,940	7,187
Paratransit	576	632	617	552	497	497	455	457	461	495
Average Weekday*1										
Miles Operated										
Fixed Route	8,219	7,767	7,988	8,850	8,740	8,812	8,695	7,592	7,465	7,800
Paratransit	5,371	5,307	5,390	5,672	5,852	4,620	4,404	3,905	4,176	3,752
Revenue Miles*1										
Fixed Route	2,318,669	2,262,229	2,249,630	2,247,849	2,237,394	2,208,234	2,119,345	2,256,733	2,116,316	2,324,483
Paratransit	1,281,624	1,307,673	1,384,210	1,440,588	1,498,092	1,138,653	1,132,028	977,902	1,026,751	1,207,790
Passenger Miles*1										
Fixed Route	15,374,255	15,613,135	18,696,527	12,738,406	12,789,633	12,789,633	12,616,719	11,464,591	9,916,934	10,149,079
Paratransit	1,425,633	1,826,865	1,498,475	1,221,319	1,283,190	1,283,190	1,221,319	1,201,757	1,193,861	1,340,807
Energy Consumption*2										
Gallons of CNG & diesel/biodiesel	631,499	646,626	575,555	638,703	622,585	576,992	573,162	529,331	534,326	575,616
Cost	851,984	857,572	755,981	1,173,285	1,709,986	1,882,758	1,841,540	$1,603,873	$1,245,736	$1,486,250
Avg Cost Per Gallon	$1.35	$1.33	$1.31	$1.84	$2.75	$3.26	$3.21	$3.03	$2.33	$2.58
Fleet Requirement*1										
Fixed Route	36	36	33	34	34	34	34	34	32	35
Paratransit	30	30	30	26	23	23	23	23	23	23
Total Active Vehicles*1										
Fixed Route	47	50	52	38	43	43	39	38	38	40
Paratransit	53	52	42	42	41	41	41	42	42	43
Number of Employees*3										
Full Time Equivalent	215	216	213	215	216	205	205	181	191	179

*1-Data complied from National Transit Database
*2-Data complied from maintenance department
*3-Data complied from payroll department

STARK AREA REGIONAL TRANSIT AUTHORITY
EXPENSES BY SOURCE - LAST TEN YEARS
(Unaudited)

Table 8

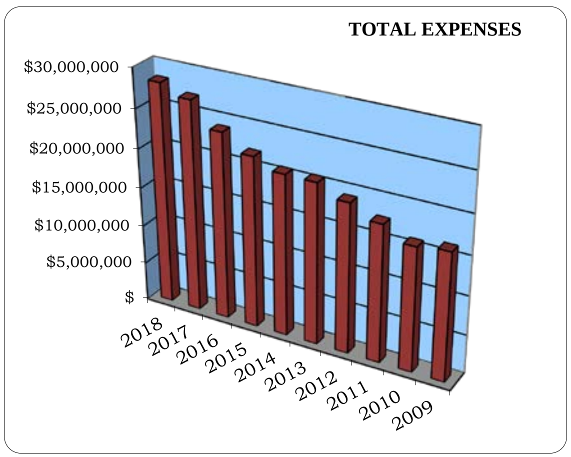
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Labor	$8,320,070	$7,922,433	$7,601,170	$7,142,492	$6,793,551	$6,396,815	$5,902,311	$5,808,570	$5,566,669	$5,898,232
Fringe Benefits	$9,035,782	$8,672,802	$6,783,211	$5,858,125	$5,317,403	$4,853,118	$4,785,964	$4,221,636	$4,143,021	$4,844,810
General & Administrative	$6,450,008	$6,379,034	$5,850,492	$5,486,777	$5,588,517	$5,826,915	$4,909,743	$4,185,785	$4,349,432	$3,978,594
Depreciation	$4,504,509	$4,064,382	$3,755,115	$3,453,601	$2,999,536	$3,586,813	$3,611,443	$3,415,401	$1,911,419	$1,717,793
	$28,310,369	$27,038,651	$23,989,988	$21,940,995	$20,699,007	$20,663,661	$19,209,461	$17,631,392	$15,970,541	$16,439,429

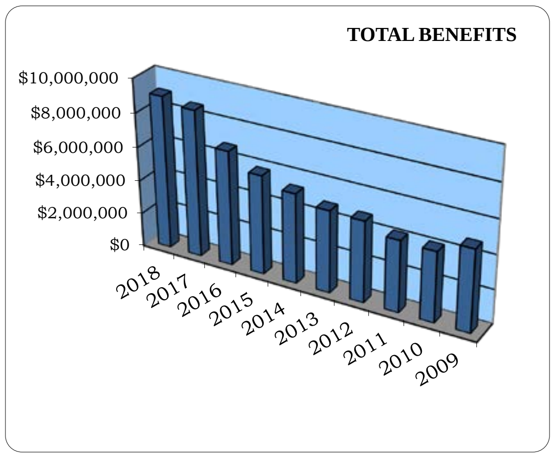
EXPENSES BY OBJECT - LAST TEN YEARS
(Unaudited)

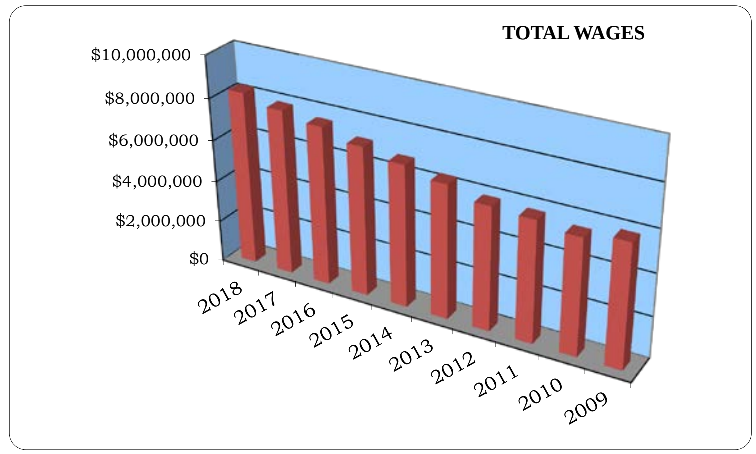
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Wages	$8,320,070	$7,922,433	$7,601,170	$7,142,492	$6,793,551	$6,396,815	$5,902,311	$5,808,570	$5,566,669	$5,898,232
Benefits	$9,035,782	$8,672,802	$6,783,211	$5,858,125	$5,317,403	$4,853,118	$4,785,964	$4,221,636	$4,143,021	$4,844,810
Services	$1,483,953	$1,454,817	$1,313,963	$1,375,355	$890,085	$1,146,558	$998,807	$884,687	$728,318	$570,908
Supplies **	$3,150,209	$2,823,060	$2,396,210	$2,936,442	$3,681,947	$3,520,378	$2,959,651	$2,369,740	$2,198,564	$2,367,522
Utilities	$532,743	$453,531	$415,293	$414,994	$171,951	$271,048	$326,085	$237,395	$241,461	$277,368
Casualty & Liability **	$539,302	$498,287	$683,314	$476,012	$521,659	$465,550	$388,802	$368,469	$617,237	$377,719
Depreciation	$4,504,509	$4,064,382	$3,755,115	$3,453,601	$2,999,536	$3,586,813	$3,611,443	$3,415,401	$1,911,419	$1,717,793
Miscellaneous Expenses	$743,801	$1,149,339	$1,041,712	$283,974	$322,875	$423,381	$236,398	$325,494	$563,852	$385,077
Total Expenses	$28,310,369	$27,038,651	$23,989,988	$21,940,995	$20,699,007	$20,663,661	$19,209,461	$17,631,392	$15,970,541	$16,439,429

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

** Later years reflect rising insurance & fuel costs.







Data compiled from SARTA Financial Statements

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

Table 9

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue Vehicle Inventory										
Heavy Duty Vehicles	47	50	52	38	43	43	39	38	38	40
Light Duty Vehicles	53	52	42	42	41	41	41	42	42	43
Total Revenue Vehicle Inventory	100	102	94	102	102	84	80	80	80	83
Administration/Maintenance Buildings	1	1	1	1	1	1	1	1	1	1
Transit Stations	4	4	4	4	4	4	4	4	3	3

Data compiled from SARTA inventory count

Debt Capacity Information 2018

(Unaudited)

Table 10 – Debt Service

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

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	DEBT	COVERAGE
2018	$24,898,920	$23,955,387	$943,533				
2017	$25,416,575	$23,122,902	$2,293,673				
2016	$37,590,436	$20,382,997	$17,207,439				
2015	$23,882,164	$18,691,387	$5,190,777				
2014	$23,811,889	$17,927,848	$5,884,041				
2013	$23,025,404	$17,122,187	$5,903,217				
2012	$25,827,052	$15,598,018	$10,229,034				
2011	$20,729,589	$14,473,148	$6,256,441				
2010	$23,637,818	$14,059,122	$9,578,696				
2009	$17,055,227	$14,721,636	$2,333,591				

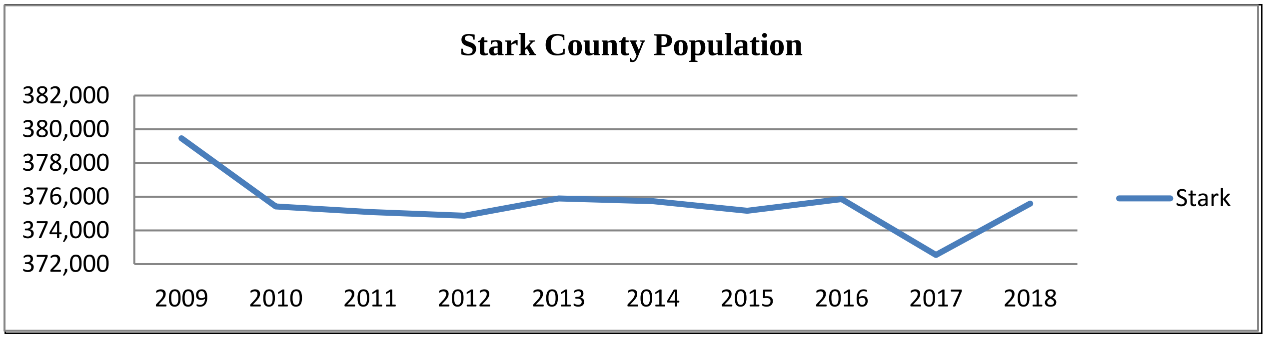
(1) Gross revenues include interest, planning grants, special fares assistance, local grants, gain on disposal of capital asset, and other non-operating revenues.
(2) Total expenses exclusive of depreciation and inclusive of loss on disposal of assets and sales tax administrative charge.

Economic & Demographic Information 2018

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

ECONOMIC CONDITION AND OUTLOOK
(Unaudited)

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.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Stark	379,466	375,417	375,087	374,868	375,895	375,584	375,165	375,586	372,542	375,586

[1]

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

The Unemployment rate continues to trend upwards despite the growth in non-manufacturing jobs. The jobs created by the non-manufacturing sector have not been numerous enough to outpace the loss of manufacturing jobs. The Stark County unemployment rate for 2018 was 5.2 % [2] compared with the national average of 3.9%.[3]

[1] http://www.censu.gov/quickfatcts
[2] http://homefacts.com/unemployment/Ohio/Stark-County.html
[3] http://homefacts.com/unemployment/Ohio/Stark-County.html

Stark County Major Employers

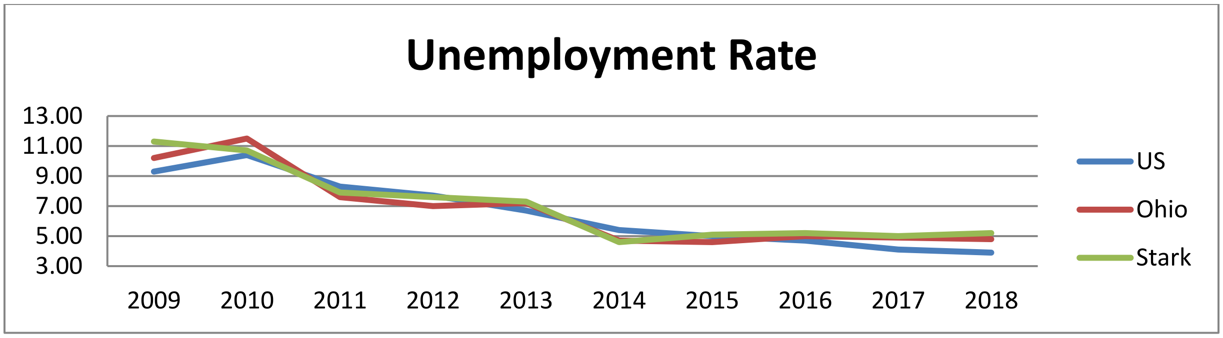
PRIOR YEAR AND TEN YEARS AGO

(Unaudited)

2017 Employers*1	Nature of Activity	Employees	Percentage of Total City Employment
Aultman Hospital	Health Service	5,480	17.48%
Stark County	County Government	2,532	8.08%
Mercy Medical Center	Health Service	2,500	7.97%
Timken Steel	Steel	2,830	9.03%
Canton City School District	Education	2,260	7.21%
City of Canton	Municipal Government	985	3.14%
Fresh Mark, Inc.	Meat Processing	873	2.78%
MK Morse Co	Saw Blades and Accessories	460	1.47%
Republic Engineered Steels, Inc	Hot-rolled and cold finished and specialty steels	400	1.28%
Nationwide Insurance	Insurance Provider	320	1.02%
Total		18,640	59.46%
	Estimated Total Employment within the City	31,349	

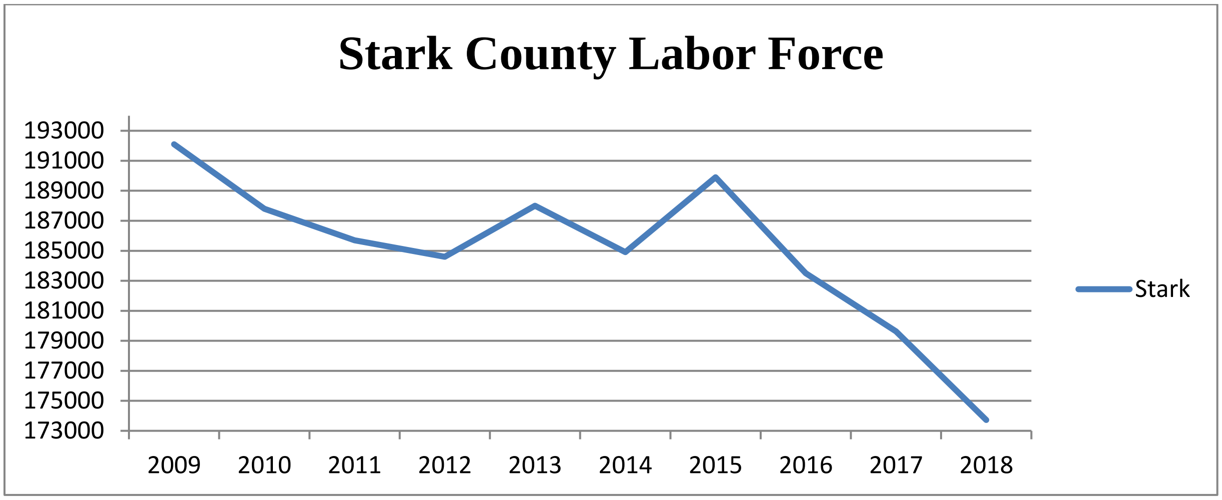
2008 Employers *1	Nature of Activity	Employees	Percentage of Total City Employment
Aultman Hospital	Health Service	5,258	17.09%
The Timken Co.	Tapered roller bearings and steel	2,443	7.94%
Mercy Medical Center	Health Service	2,676	8.70%
Canton City School District	Education	1,926	6.26%
Stark County	County Government	2,793	9.08%
City of Canton	Municipal Government	1,100	3.58%
Nationwide Insurance	Insurance Provider	720	2.34%
Fresh Mark Inc.	Meat Processing	800	2.60%
Republic Engineered Steels, Inc	Hot-rolled and cold finished and specialty steels	192	0.62%
United States Postal Service	Federal Government	466	1.51%
Total		18,374	59.73%
	Estimated Total Employment within the City	30,761	

*1 – Source: http://www.cantonohio.gov/auditor/pdf/2017-CAFR.pdf
(Information not updated for 2018)



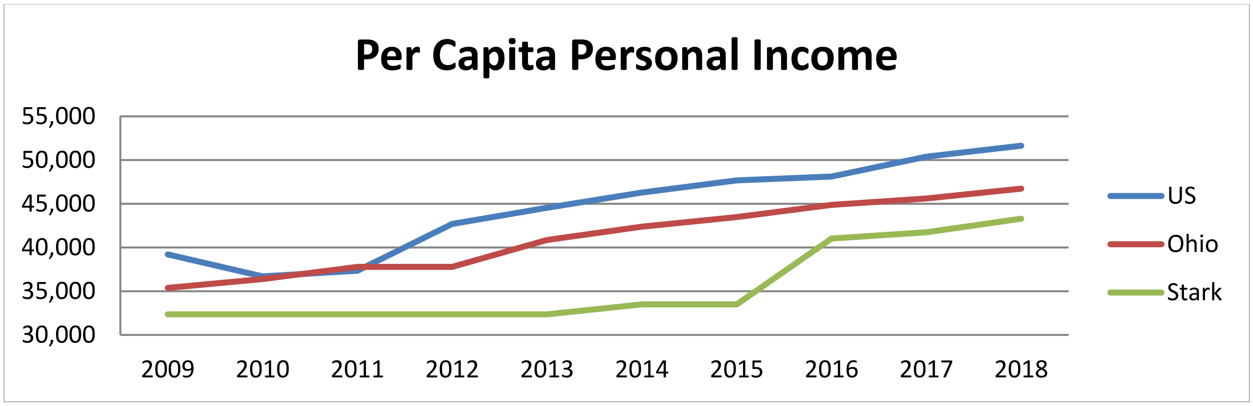
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
US	9.3	10.4	8.3	7.7	6.7	5.4	5.0	4.7	4.1	3.9
Ohio	10.2	11.5	7.6	7	7.2	4.7	4.6	5.0	4.9	4.8
Stark	11.3	10.7	7.9	7.6	7.3	4.6	5.1	5.2	5.0	5.2

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Stark	192,100	187,800	185,700	184,600	188,000	184,908	189,900	183,500	179,626	173,722

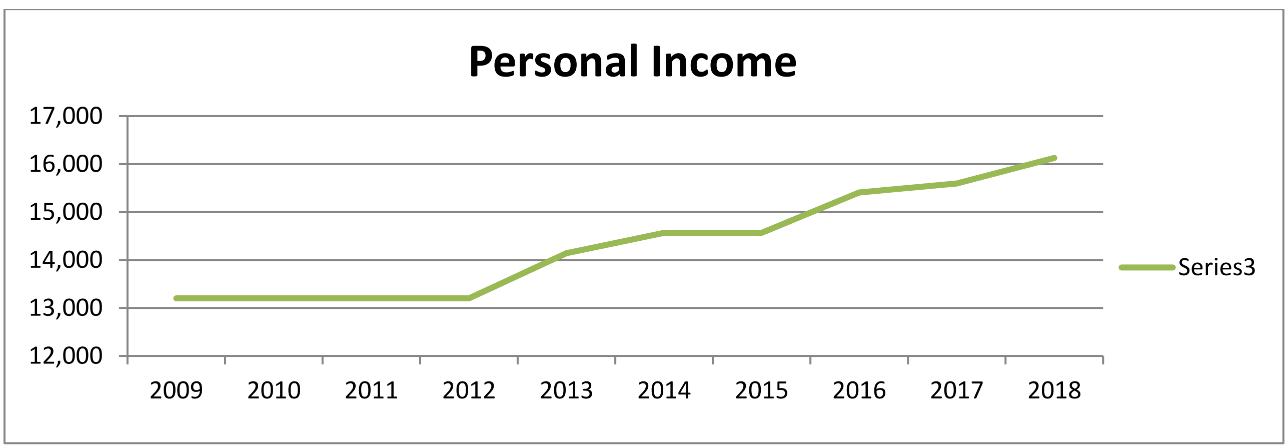
Source: datausa.io/profile/geo/stark-county-oh



Per Capita Personal Income

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
US	39,212	36,697	37,345	42,693	44,543	46,280	47,669	48,111	50,392	51,640
Ohio	35,381	36,395	37,791	37,791	40,865	42,377	43,478	44,876	45,615	46,732
Stark	32,356	32,356	32,356	32,356	32,356	33,488	33,488	41,026	41,741	43,293

Source: Bureau of Economic Analysis, US Department of Commerce



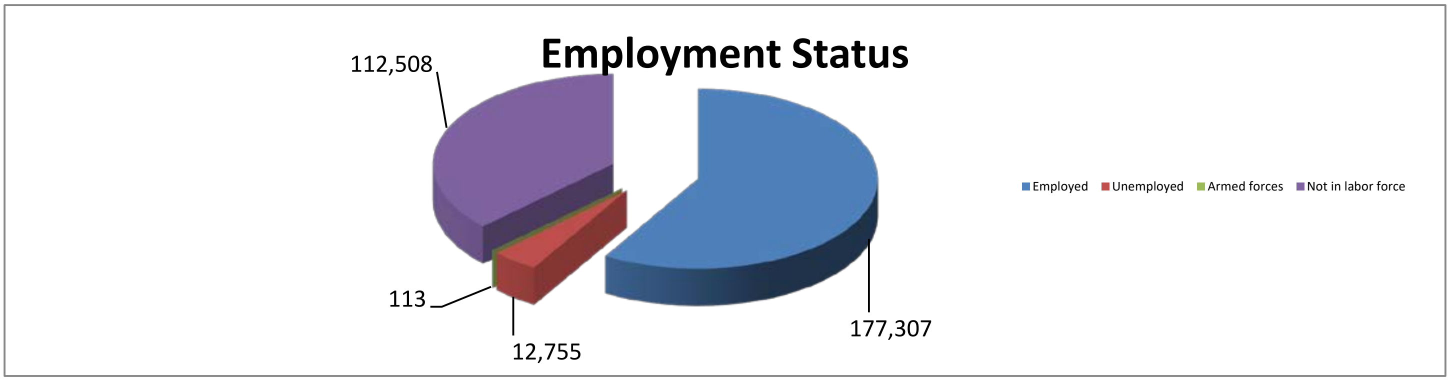
Personal Income

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
US	12,097,700	12,701,052	13,105,700	13,602,600	14,309,800	14,882,192	15,551,891	15,463,981	16,413,550	16,820,250
Ohio	407,874	425,614	436,297	436,297	472,845	487,030	501,641	521,208	531,810	544,828
Stark Co	13,201	13,201	13,201	13,201	14,141	14,565	14,565	15,408	15,594	16,128

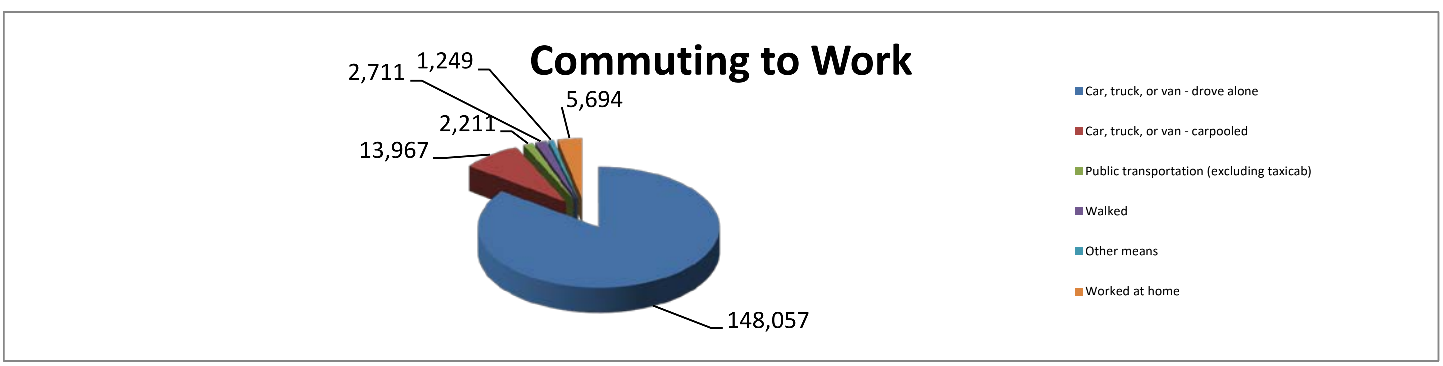
Source: Bureau of Economic Analysis, US Department of Commerce - Link: www.bea.gov

STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2017 Community Survey*
US Census Bureau / American Fact Finder
(Unaudited)

Employment Status	Number	Percent
Population 16 Years and Over	**302,683**	**100%**
Employed	177,307	58.58%
Unemployed	12,755	4.21%
Armed forces	113	0.04%
Not in labor force	112,508	37.17%



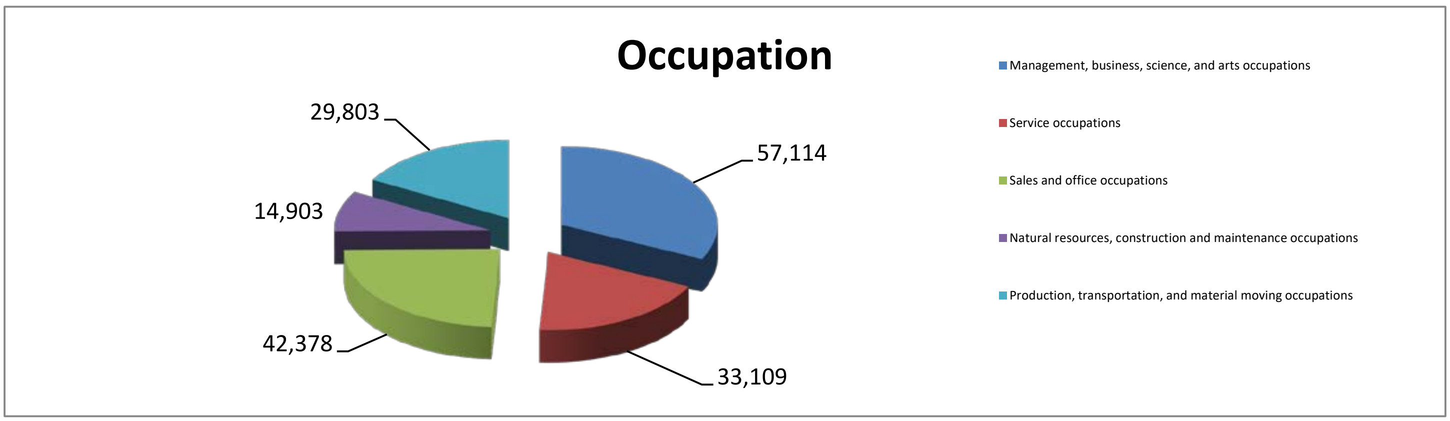
Commuting to Work	Number	Percent
Workers 16 years and over	**173,889**	**100%**
Car, truck, or van - drove alone	148,057	85.14%
Car, truck, or van - carpooled	13,967	8.03%
Public transportation (excluding taxicab)	2,211	1.27%
Walked	2,711	1.56%
Other means	1,249	0.72%
Worked at home	5,694	3.27%
Mean travel time to work (minutes)	21.8	



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2017 Community Survey*
US Census Bureau / American Fact Finder
(Unaudited)

DEMOGRAPHICS (CONTINUED)

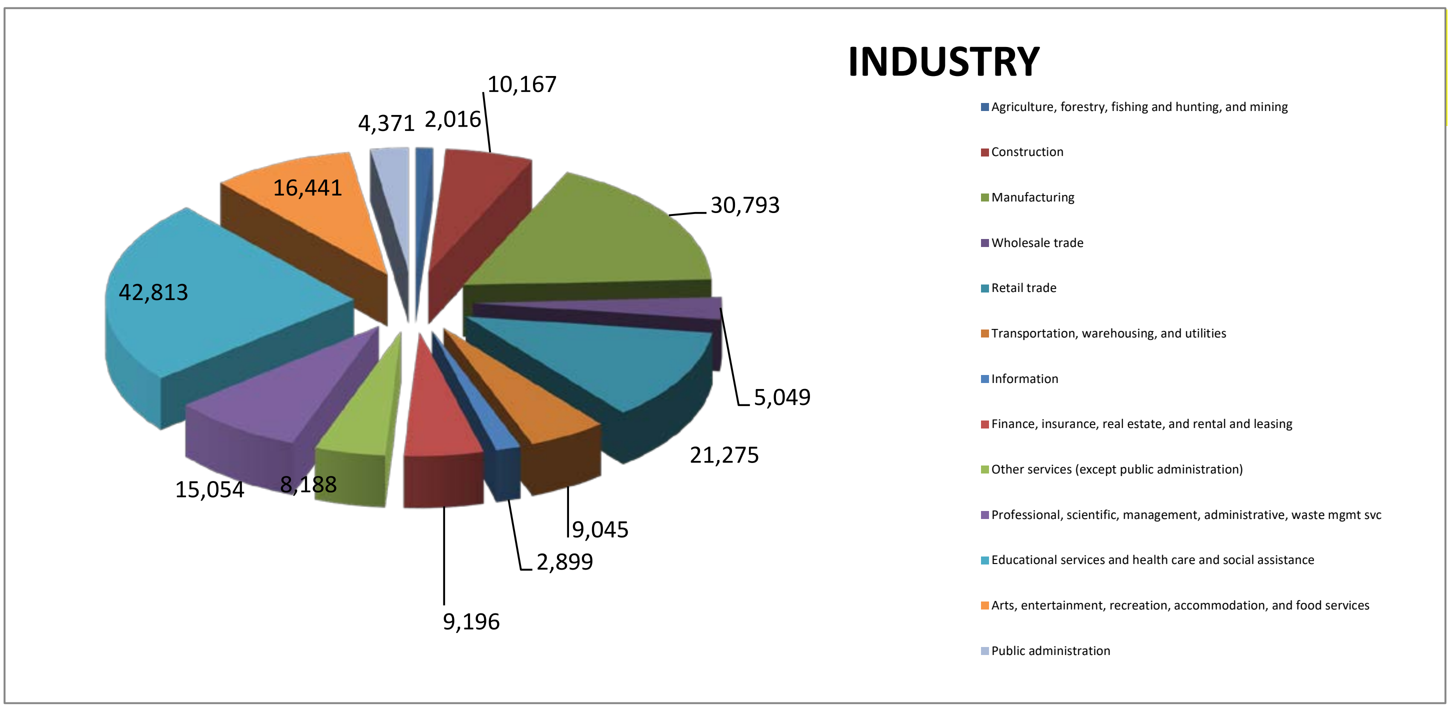
Occupation	Number	Percent
Employed Civilian Population 16 Years and Over	**177,307**	**100%**
Management, business, science, and arts occupations	57,114	32.21%
Service occupations	33,109	18.67%
Sales and office occupations	42,378	23.90%
Natural resources, construction and maintenance occupations	14,903	8.41%
Production, transportation, and material moving occupations	29,803	16.81%



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2017 Community Survey*
US Census Bureau / American Fact Finder
(Unaudited)

DEMOGRAPHICS (CONTINUED)

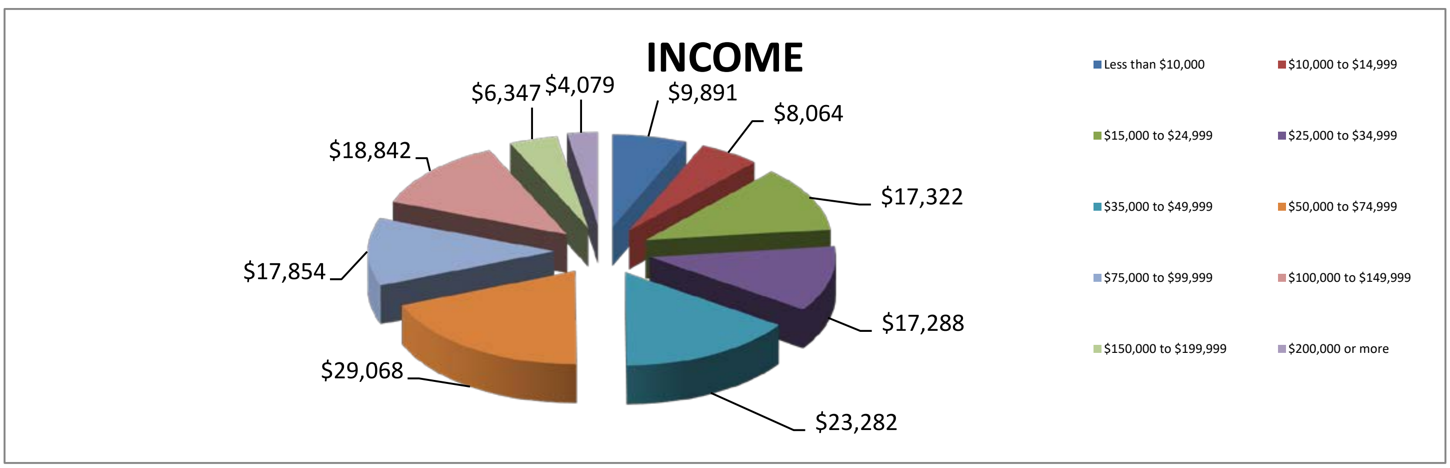
Industry	Number	Percent
Employed Civilian Population 16 Years and Over	**177,307**	**100%**
Agriculture, forestry, fishing and hunting, and mining	2,016	1.14%
Construction	10,167	5.73%
Manufacturing	30,793	17.37%
Wholesale trade	5,049	2.85%
Retail trade	21,275	12.00%
Transportation, warehousing, and utilities	9,045	5.10%
Information	2,899	1.63%
Finance, insurance, real estate, and rental and leasing	9,196	5.19%
Other services (except public administration)	8,188	4.62%
Professional, scientific, management, administrative, waste mgmt svc	15,054	8.49%
Educational services and health care and social assistance	42,813	24.15%
Arts, entertainment, recreation, accommodation, and food services	16,441	9.27%
Public administration	4,371	2.46%



STARK AREA REGIONAL TRANSIT AUTHORITY
STARK COUNTY DEMOGRAPHICS
2017 Community Survey*
US Census Bureau / American Fact Finder
(Unaudited)

DEMOGRAPHICS (CONTINUED)

Income		Number	Percent
Households	**$**	**152,037**	**100%**
Less than $10,000	$	9,891	6.51%
$10,000 to $14,999	$	8,064	5.31%
$15,000 to $24,999	$	17,322	11.40%
$25,000 to $34,999	$	17,288	11.37%
$35,000 to $49,999	$	23,282	15.31%
$50,000 to $74,999	$	29,068	19.12%
$75,000 to $99,999	$	17,854	11.74%
$100,000 to $149,999	$	18,842	12.39%
$150,000 to $199,999	$	6,347	4.17%
$200,000 or more	$	4,079	2.68%
Median household income (dollars)	$	50,117	



*2018 US Census survey results not available at time of reporting.

Source: U.S. Census Bureau, 2013-2017 American Community Survey

http://factfinder2.census.gov/