

Annual Comprehensive Financial Report

For the Years Ended December 31, 2021 and 2020

LAKETRAN

LAKE COUNTY, OHIO

Brian Falkowski
President
Board of Trustees

Benjamin Capelle
CEO
Secretary-Treasurer



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Laketran
555 Lakeshore Boulevard
Painesville, Ohio 44077

We have reviewed the *Independent Auditor's Report* of Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022

Annual Comprehensive Financial Report
For the Years Ended December 31, 2021 and 2020

LAKE COUNTY, OHIO

LAKETRAN



Brian Falkowski
President
Board of Trustees

Benjamin Capelle
CEO
Secretary-Treasurer

**LAKETRAN
LAKE COUNTY, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**Introductory
Section
2021**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Laketran
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laketran, Ohio for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



1-888-LAKETRAN | www.laketrans.com

555 Lakeshore Blvd. Painesville Twp., OH 44077

May 27, 2022

Mr. Brian Falkowski, President
Members, Board of Trustees of Laketrans
and Residents of Lake County

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Laketrans for the year ended December 31, 2021. This is the twenty first such report issued by Laketrans. It has become the standard format used in presenting the results of Laketrans's operations, financial position, cash flows, and related statistical information.

Laketrans takes great pride in the fact that its nineteen previous ACFRs earned the recognition of the Government Finance Officers' Association of the United States and Canada (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting.

Laketrans also submits its annual operating and capital budget to the GFOA and has been doing so since 1998. All of these budget documents have won the Distinguished Budget Presentation Award, having satisfied the most stringent program criteria and proven its value as 1) a policy document, 2) an operations guide, 3) a financial plan and, 4) a communication device.

This report contains the basic financial statements, management's discussion and analysis (MD&A), and statistical data that provides full disclosure of all the material financial operations of Laketrans. The basic financial statements, MD&A, and statistical information are the representation of Laketrans's management which bears the responsibility for their accuracy, completeness, and fairness. In conformance with generally accepted accounting principles, this report was developed on the accrual basis of accounting, treating Laketrans as a single enterprise fund. The ACFR is indicative of Laketrans's commitment to provide accurate, concise, and high quality financial information to the residents of Lake County and other interested parties.

The MD&A immediately follows the independent accountant's report and provides a narrative summarizing and analyzing the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

REPORTING ENTITY

Laketran is an independent political subdivision of the State of Ohio. It was created on December 23, 1974 by resolution of the Board of County Commissioners of Lake County, Ohio. Contract operations at Laketran began in 1977 using vehicles owned by STS (Special Transportation Services). On July 1, 1985, Laketran began direct operations when it placed its first two buses into service on Route 1. Either directly or through contracts with local service providers, Laketran provides virtually all public transportation services within Lake County. Laketran is a multimodal system, delivering paratransit and motor bus services.

A nine member Board of Trustees (Board) establishes policy and sets direction for the management of Laketran. All Board members are appointed by the County Commissioners and serve overlapping three year terms. Under the provisions of GASB Statement No. 14, (as amended by GASB Statement No. 61) Laketran is considered to be a jointly governed organization.

Responsibility for the line administration rests with the CEO/General Manager/Secretary-Treasurer. He supervises ten managers assigned to three departments as follows:

Administration:

- Director of Finance
- Director of Human Resources
- Director of Communications
- Director of Information Technology
- Director of Compliance & Development

Maintenance:

- Director of Maintenance
- Asst. Director of Vehicle Maintenance
- Asst. Director of Facility Maintenance

Operations:

- Director of Operations
- Asst. Director of Operations

An organization chart, which depicts these relationships, follows later in this introductory section.

In 2021, Laketran had 235 active employees (140 full-time and 95 part-time). The system delivered 1,168,542 revenue miles of motor bus service and 1,869,755 revenue miles of directly operated paratransit service. The service fleet was composed of 31 motor bus coaches and 67 paratransit buses.

CURRENT YEAR REVIEW

During the year, Laketran received the following national awards for financial reporting:

- The Distinguished Budget Presentation Award for the 2021 operating and capital budget from the GFOA.
- Certificate of Achievement for Excellence in Financial Reporting for the 2020 ACFR from the GFOA.

Ridership changes from 2020 to 2021 for all modes of services were up 2.8 percent overall. Dial-a-Ride ridership increased 22.2 percent and Motor Bus ridership decreased 8.8 percent netting an overall increase in ridership of 2.8 percent for 2021 vs 2020 for all modes of service. Ridership is down approximately 40.1% (DAR 34% & MB 44.2%) comparing 2021 vs 2019 ridership numbers due to the COVID-19 pandemic. March 15, 2020 the Ohio Governor shut most things down to help decrease the spread of COVID-19 and encouraged remote meetings and working from home if possible.

MISSION STATEMENT

Laketrans is committed to providing quality public transportation to all Lake County residents with special emphasis on meeting the transportation needs of senior citizens and people with disabilities. We will accomplish this by:

- Providing efficient, affordable, reliable, safe and clean service
- Employing caring, committed, capable and courteous service providers
- Emphasizing individual accountability
- Promoting teamwork
- Maintaining fiscal responsibility

FUTURE PLANS

The Capital Plan is to provide an overview and estimate of the projects that laketrans plans to pursue in the 2022 calendar year. What projects move forward is based upon agency priorities and grant funding. The Capital Improvement Plan is updated monthly and reported to the Board in order to reflect the status of grant applications and shifting project priorities. Actual purchases and contractual agreements over \$25,000 will be approved by the Board of Trustees on an individual basis in accordance with 2 CFR 200, FTA Circular 4220.1f, and ORC 306.43.

The Capital Plan is informed by Laketrans's priorities and the agency's Transit Asset Management Plan (TAM plan). Every public transit agency in the country must develop a TAM plan if it owns, operates, or manages capital assets used to provide public transportation and receives federal financial assistance under 49 U.S.C. Chapter 53 as a recipient or subrecipient. Per 49 CFR 625, a capital asset is defined as a unit of rolling stock, a facility, a unit of equipment, or an element of infrastructure used for providing public transportation with an acquisition value greater than \$50,000. Therefore, not all capital projects that Laketrans may pursue are reflected in the TAM plan.

Laketrans can reasonably expect formula funding from Federal Section 5307 and Section 5339, Congestion Mitigation Air Quality (CMAQ), and Section 5310.

Discretionary and competitive grants include Federal Low-No Emissions (Low-No) and 5339(b) Bus and bus Facilities Infrastructure Improvement and State of Ohio Transportation Partnership Program (OTP2), Diesel Emission Reduction Grant (DERG), and Volkswagen Mitigation Trust Fund (VW).

Laketran pursues all grant opportunities for which it is eligible.

Laketran's capital improvement plan was developed to provide for the future transportation needs of all Lake County residents and includes:

Fleet Improvement

- Laketran replaces a portion of the Dial-a-Ride fleet annually as vehicles reach and exceed their useful life in accordance with FTA Circular 5010.1e. Maintaining a state of good repair in the fleet improves passenger and driver safety, on-time performance, and saves money in maintenance costs.
- Laketran applied for the following grants to replace Light Transit Vehicles: Section 5310 funds in the amount of \$356,801 are expected to be awarded by NOACA at the December 2021 Board Meeting.
- Laketran has CMAQ awards earmarked through 2025 for fleet replacements for Dial-a-Ride: An application for CMAQ funding that would support vehicle replacements from 2026 and 2027 is pending.
- 2022 Replace (16) Dial-a-Ride – Federal \$578,257 (24%), Local \$1,821,743 (76%)
- 2023 Replace (19) Dial-a-Ride – Federal \$2,304,000 (80%), Local \$576,000 (20%)
- 2024 Replace (16) Dial-a-Ride – Federal \$1,904,000 (80%), Local \$476,000 (20%)
- 2025 Replace (16) Dial-a-Ride – Federal \$1,904,000 (80%), Local \$476,000 (20%)
- 2026 Replace (12) Dial-a-Ride – Federal \$1,440,000 (80%), Local \$360,000 (20%)
- 2027 Replace (12) Dial-a-Ride – Federal \$1,440,000 (80%), Local \$360,000 (20%)

Construction Projects

- Laketran's Board of Trustees have formed a Special Projects Committee to review and assess a potential project to renovate and expand Laketran Headquarters. FFY2021 Section 5307 and 5339a funding has been obligated in a grant for the purpose of Headquarters construction in some capacity.

Professional Services

- Engineering and design services will be required for any construction project performed by Laketran.

Non-Revenue Vehicles

- Non-revenue vehicles include driver relief vehicles, Road Supervisor vehicles, and staff vehicles. Typically, these vehicles have a useful life of 10 years.

Miscellaneous Equipment

- Technology (including computer hardware and software) and equipment are eligible expenses for Urbanized Area Formula funds (Section 5307). Laketran earmarks funding every year from our apportionment to spend on computer purchases, technology, network upgrades, and equipment.

Transit Improvements

- Bus shelters, bus stop signs, landscaping (including benches, trash receptacles, and street lights) and bicycle storage are eligible transit improvement projects.

Operational Expenses

- A majority of Laketrans Section 5307 apportionment is allocated to Capitalized maintenance and ADA Complementary Paratransit Service.
- No more than 10% of Section 5307 apportionment can be spent on ADA Paratransit service.
- Section 5307 statues require at least 1% of the apportionment must be spent on transit enhancements such as passenger shelters, benches, and signage.
- Miscellaneous equipment include technology, maintenance equipment, computer replacements and other hardware.

Analysis

- The total 2022 Capital Plan is \$3,028,000 which includes an estimated local share commitment of \$2,038,390.
- Projects are removed or added throughout the year based upon necessity and priority. Laketrans Board of Trustees must approve all capital projects/purchases that exceed \$25,000.

INTERNAL CONTROL

Laketrans internal controls are reviewed annually as a part of the independent audit. In developing and revising Laketrans accounting and reporting control system, consideration is given to the adequacy of internal controls to provide reasonable but not absolute assurance regarding:

- Safeguarding assets against loss from unauthorized use or disposition, and
- Reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- The cost of control should not exceed the benefits likely to be derived, and
- The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Laketrans internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BASIS OF ACCOUNTING

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

BUDGETARY CONTROL

Responsibility for budgetary control rests with individual departments. Each department keeps track of their expenses vs. budget each month. The accounting department exercises budgetary control over administrative costs such as hospitalization and property and casualty coverage. All bank accounts are reconciled monthly.

OTHER INFORMATION

The Laketran independent audit was conducted by the James G Zupka CPA, Inc who has issued an unmodified opinion on the financial statements.

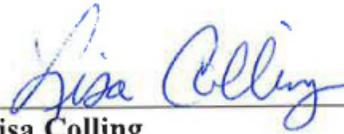
Laketran also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by Laketran. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including Laketran.

ACKNOWLEDGMENT

The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this ACFR is extended to all contributors, but especially those employees in the Department of Finance who have spent their time and energy on various parts of the report and to the staff from James G. Zupka, Certified Public Accountants, Incorporated, for their assistance in compiling the Annual Comprehensive Financial Report. In addition, we would like to thank the Board of Trustees for their support in striving for excellence in financial reporting and disclosure.



Benjamin Capelle
CEO/Secretary-Treasurer



Lisa Colling
Director of Finance

**LAKETRAN
LAKE COUNTY, OHIO
BOARD OF TRUSTEES AND MANAGEMENT
AS OF DECEMBER 31, 2021**

Board of Trustees

Chairman	Brian J. Falkowski
Vice-Chairman	Chuck J. Zibbel
Trustees	Jon P. Martin Donna P. McNamee William Eppich Daniella Nunnally Lane H. Sheets Sara Spence Gary L. Swanson

Management

CEO/Secretary-Treasurer	Benjamin Capelle
Director of Finance	Lisa Colling
Director of Human Resources	Mike Austin
Director of Communications	Julia Schick
Director of Operations	Matthew Maier
Director of Maintenance	Keith Bare



Lakeland's Local Bus Routes 1-6

Lakeland's local bus routes 1-6 travel along the major corridors of Lake County. Stops are found at approximately 1/4 mile intervals. Routes 1, 2, 3, 5 and 6 travel hourly Monday through Friday. All buses on routes 1-6 are equipped with bicycle racks that can accommodate up to two bikes.

Route	Principle Street Operated Over	Connecting
1	Mentor Ave.	Painesville, Mentor, Great Lakes Mall, Lakeland College
2	Eucled Ave.	Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid Wildlife
3	Lake Shore Blvd.	Mentor, Great Lakes Mall, Lakeland College, Willoughby, Eastlake, Wickliffe
4	Madison-Painesville	Madison, Perry, Painesville
5	Painesville-Fairport	Painesville, Fairport Harbor
6	Vine St.	Willoughby-Hills, Wickliffe, Willoughby-Estate, Willoughby, Willoughby-Hills, Lakeland College

Lakeland's ADA Service Area

The yellow-highlighted region on Lakeland's system map is the service area that is federally mandated for ADA (Americans with Disabilities) Dial-a-Ride service. And, although Lakeland is only federally mandated to provide curb-to-curb service to people with disabilities in the yellow ADA service area, we do provide service to anyone in Lake County, and to anywhere in Lake County.

Just more ways Lakeland goes above and beyond for Lake County!

Legend

- Bus Route
- GCRTA Route
- State Highway
- U.S. Highway
- Interstate
- Park
- Landmark
- Transfer
- Post Office
- Hospital
- Library
- Park-n-Ride
- School

Miles 14 1/2 1/4 1/8 1/4 1

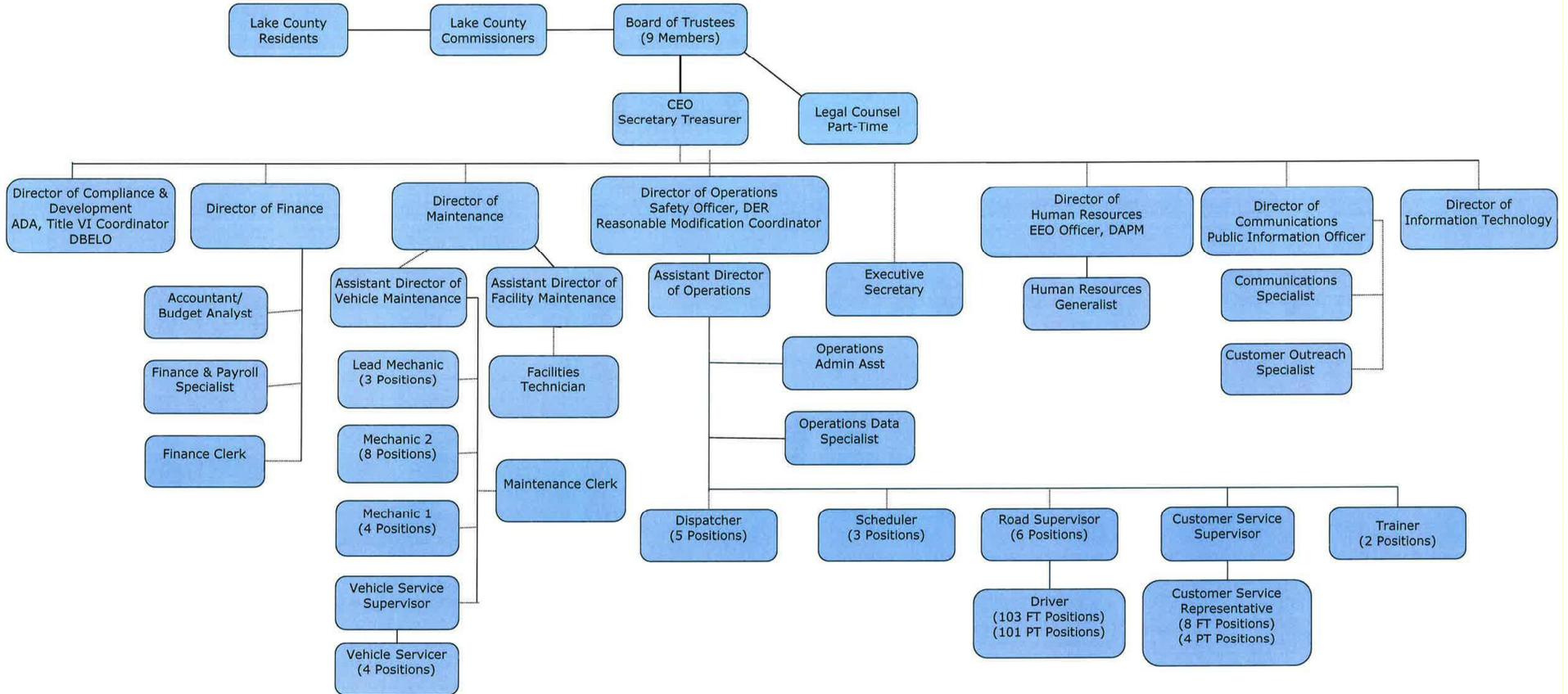
Great Lakes Mall / Lakeland Community College

Shoregate Shopping Center / Wickliffe Park-n-Ride

Madison

Downtown Painesville

LAKETRAN
LAKE COUNTY, OHIO
ORGANIZATION CHART AS OF NOVEMBER 23, 2020
FOR THE YEAR ENDED DECEMBER 31, 2021



Financial Section

2021

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Laketran, Lake County, Ohio, (the Authority) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laketran as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Authority as of and for the year ended December 31, 2020, were audited by other auditors, whose report dated May 28, 2021, expressed an unmodified opinion on those statements and included an emphasis of matter paragraph that described the financial impact of COVID-19 and the continuing emergency measures.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 27, 2022

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**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)**

As management of Laketran, we offer readers of Laketran's financial statements this narrative overview and analysis of the financial activities of Laketran for the fiscal years ended December 31, 2021, 2020, and 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- Laketran's 2021 net position increased as a result of current year operations by \$33,765,085 or 83.0 percent over 2020. Net position for 2020 increased by \$12,029,772 or 42.0 percent from 2019.
- Operating expenses, exclusive of depreciation, were \$11,199,284 at December 31, 2021, \$19,169,793 at December 31, 2020, and \$20,417,877 at December 31, 2019. This represents a decrease of 41.6 and 6.1 percent, respectively.
- Net capital assets were \$41,961,489 at December 31, 2021, \$29,267,346 at December 31, 2020, and \$26,106,586 at December 31, 2019. This represents an increase of 43.4 and 12.1 percent, respectively.
- Cash and cash equivalents were \$11,745,072 at December 31, 2021, \$15,682,924 at December 31, 2020, and \$5,526,893 at December 31, 2019. This represents a decrease of 25.1 percent and an increase of 183.8 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$19,784,214 at December 31, 2021, \$9,954,503 at December 31, 2020, and \$9,780,590 at December 31, 2019. This represents an increase of 98.7 and 1.8 percent, respectively.
- Cash and cash equivalents, and investments at fair value combined were \$31,529,286 at December 31, 2021, \$25,637,427 at December 31, 2020, and \$15,307,483 at December 31, 2019. This represents an increase of 23.0 and 67.5 percent, respectively. These cash reserves are used to pay Laketran's share of capital improvements and operating expenses as necessary.
- Laketran had current grants receivable of \$6,866,117 at December 31, 2021, \$1,240,328 at December 31, 2020 and \$50,217 at December 31, 2019. This represents an increase of 453.6 and 2,369.9 percent, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Laketran's basic financial statements. Laketran's basic financial statements are comprised of four components: **1)** Statement of Net Position, **2)** Statement of Revenues, Expenses, and Changes in Net Position, **3)** Statement of Cash Flows, and **4)** Notes to the Basic Financial Statements. The Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position provide information about the activities of Laketran and present a longer-term view of its finances.

One of the most important questions asked about Laketran's finances is, "Is Laketran better off or worse off as a result of the year's activities?" The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows report information about Laketran and its activities in a way that helps answer this question. These statements are prepared on the accrual basis of accounting. Revenues are recorded when earned as opposed to received and expenses are recorded when incurred as opposed to paid.

LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

The basic financial statements report Laketrans net position and changes in them. Laketrans net position is the difference between assets and deferred outflows of resources (what the citizens own) and liabilities and deferred inflows of resources (what the citizens owe) as one way to measure Laketrans financial health or financial position. Over time, increases or decreases in Laketrans net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors need to be considered such as the condition of Laketrans capital assets (property, equipment, vehicles, etc.).

Laketrans only engages in business type activities. The sole purpose of Laketrans is to provide public transportation services to the citizens of Lake County. A bus fare is charged to each rider to help cover a portion of expenses.

Table 1 - Net Position

	2021	2020	2019
<u>Assets</u>			
Current Assets	\$ 43,960,734	\$ 31,683,403	\$ 18,552,328
Grants Receivable	11,951,742	11,012,998	5,661,738
Net Pension Asset	281,496	215,101	132,303
Net OPEB Asset	1,010,815	0	0
Capital Assets, Net	41,961,489	29,267,346	26,106,586
Fair Value of Derivative Instruments	65,777	0	5,943
Total Assets	99,232,053	72,178,848	50,458,898
<u>Deferred Outflows of Resources</u>			
Pensions	1,818,457	1,964,846	4,787,410
OPEB	847,135	1,353,812	936,911
Fair Value of Derivative Instruments	0	38,879	0
Total Deferred Outflows of Resources	2,665,592	3,357,537	5,724,321
<u>Liabilities</u>			
Current Liabilities	1,761,454	2,125,269	1,564,019
Non-Current Liabilities	511,622	584,335	336,817
Net Pension Liability	8,206,940	10,140,386	14,153,830
Net OPEB Liability	0	7,298,853	7,027,418
Fair Value of Derivative Instruments	0	38,879	0
Total Liabilities	10,480,016	20,187,722	23,082,084
<u>Deferred Inflows of Resources</u>			
Grants	10,126,742	11,262,998	4,178,154
Pension	3,667,198	2,294,419	256,204
OPEB	3,121,288	1,119,707	19,067
Fair Value of Derivative Instruments	65,777	0	5,943
Total Deferred Inflows of Resources	16,981,005	14,677,124	4,459,368
<u>Net Position</u>			
Investment in Capital Assets	41,961,489	29,267,346	26,106,586
Restricted for Insurance Claims	525,141	533,717	418,042
Unrestricted	31,949,994	10,870,476	2,117,139
Total Net Position	\$ 74,436,624	\$ 40,671,539	\$ 28,641,767

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)**

The net pension liability (NPL) and the net OPEB liability (NOL) are the largest liabilities reported by Laketrans at December 31, 2021 and are reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of Laketrans'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 and net pension and OPEB assets.

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 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 OPEB liability*. GASB 68 and GASB 75 takes 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/asset and the net OPEB liability/asset to equal Laketrans'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, Laketrans 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 recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)**

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 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, Laketrans' 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/asset and net OPEB liability not accounted for as deferred inflows/outflows.

Laketrans' net position was \$74,436,624 at December 31, 2021, \$40,671,539 at December 31, 2020, and \$28,641,767 at December 31, 2019. These represent an increase of 83.0 and 42.0 percent, respectively. Unrestricted net position was \$31,949,994 at December 31, 2021, \$10,870,476 at December 31, 2020, and \$2,117,139 at December 31, 2019. This represents an increase of 193.9 and 413.5 percent, respectively.

The following financial ratios should be used to assess the financial stability of Laketrans over a period of five years. The ratios of working capital and days cash and investments in reserve demonstrate the ability to finance operations with cash.

FINANCIAL RATIOS

Working capital is the amount by which current assets exceed current liabilities.

2021	2020	2019	2018	2017
\$ 42,199,280	\$ 29,558,134	\$ 16,988,309	\$ 20,518,767	\$ 20,453,914

The current ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations:

2021	2020	2019	2018	2017
25.0	14.9	11.9	7.8	13.4

Days cash and investments in reserve represents the number of days normal operations could continue with no revenue collection.

2021	2020	2019	2018	2017
1,010	477	282	369	375

Liabilities and deferred inflows of resources to net position indicates the extent of borrowing.

2021	2020	2019	2018	2017
38.4%	85.7%	96.2%	63.5%	58.0%

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

In addition, Laketrans has never incurred debt by borrowing (issuing bonds, obtaining a bank loan, etc.). The "borrowing" in the ratio above is solely a result of unpaid liabilities at year end. These consist of 1) payments due to vendors, 2) accrued payroll liabilities, and 3) deferred inflows of resources. Deferred inflows of resources primarily consist of amounts related to pension and OPEB and of capital grant funding received before time requirements are met.

Table 2 - Changes in Net Position

	2021	2020	2019
<u>Revenues</u>			
<u>Operating Revenues</u>			
Passenger Fares	\$ 1,866,846	\$ 1,084,931	\$ 2,787,979
Auxiliary Transportation Revenue	85,890	81,448	84,703
Total Operating Revenue	1,952,736	1,166,379	2,872,682
<u>Non-Operating Revenues</u>			
Sales Tax Revenue	22,716,865	16,784,614	9,615,330
Federal Grants and Reimbursements	10,525,727	8,341,956	1,672,789
State Grants, Reimbursements, and Special Fare Assistance	4,340,267	2,620,144	1,919,074
Other Grants	50,000	25,000	0
Interest Income	0	228,256	335,408
Other	234,743	1,128,275	185,204
Total Non-Operating Revenue	37,867,602	29,128,245	13,727,805
<u>Capital Funding</u>			
Federal Grants and Reimbursements	12,123,349	5,287,291	2,242,787
Total Capital Funding	12,123,349	5,287,291	2,242,787
Total Revenues	51,943,687	35,581,915	18,843,274
<u>Expenses</u>			
<u>Operating Expenses Other Than Depreciation</u>			
Labor	8,160,212	7,239,978	7,063,745
Fringe Benefits	(1,144,886)	7,464,518	8,351,435
Services	1,351,374	1,567,051	1,353,478
Fuel and Lubricants	712,821	952,491	939,024
Materials and Supplies	817,367	1,062,405	675,948
Utilities	204,807	138,319	235,528
Claims and Insurance	475,849	297,960	1,185,297
Purchased Transportation	195,537	168,270	285,402
Miscellaneous	426,203	278,801	328,020
Total Operating Expenses Other Than Depreciation	11,199,284	19,169,793	20,417,877
Depreciation	5,706,489	4,325,471	4,349,343
Total Operating Expenses	16,905,773	23,495,264	24,767,220
<u>Non-Operating Expenses</u>			
Loss on Disposal of Assets	1,095,610	56,879	153,366
Interest Expense	177,219	0	0
Total Non-Operating Expenses	1,272,829	56,879	153,366
Total Expenses	18,178,602	23,552,143	24,920,586
Increase (Decrease) in Net Position	33,765,085	12,029,772	(6,077,312)
Total Net Position Beginning of Year	40,671,539	28,641,767	34,719,079
Total Net Position End of Year	\$ 74,436,624	\$ 40,671,539	\$ 28,641,767

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Significant items contributing to the change in net position are as follows:

- Federal and capital grants and reimbursements increased from 2020 to 2021 by 66.2 percent and increased from 2019 to 2020 by 248.1 percent. The increase in 2021 was from ARPA funding due to the COVID-19 pandemic, used to support operating costs. Deferred inflows of resources (formerly deferred revenues) fluctuate greatly from year to year. This primarily represents grant funds approved but did not meet time requirements, which increased from 2020 to 2021 by 15.7 percent and increased from 2019 to 2020 by 229.1 percent.
- State grants, reimbursements, and special fare assistance increased from 2020 to 2021 by 65.6 percent and increased from 2019 to 2020 by 36.5 percent. These increases were due to additional grants for funding of new vehicles.
- Sales tax revenues, Laketrans largest source of revenue, increased from 2020 to 2021 by 35.3 percent and increased from 2019 to 2020 by 74.6 percent. The increase in revenue during 2020 and 2021 was due to a new tax levy which took effect April 1, 2020, increasing Laketrans sales tax from 1/4 percent to 1/2 percent and was fully implemented for all of 2021.
- Investment income decreased 177.6 percent from 2020 to 2021 and decreased 31.9 percent from 2019 to 2020 due to changes in interest rates and values of investments.
- Operating revenue from passenger fares increased 72.1 percent from 2020 to 2021 and decreased 61.1 percent from 2019 to 2020. The decrease in 2020, and subsequent increase in 2021, was due to a decrease in ridership in 2020 because of the COVID-19 pandemic.
- Operating expenses, excluding depreciation, decreased 41.6 percent from 2020 to 2021 and decreased 6.1 percent from 2019 to 2020, respectively. The decrease in 2021 was a result of negative fringe benefit expenses, which are related to the changes in GASB 68 and 75.
- Significant changes in operating expenses are:

Fuel and oil costs decreased 25.2 percent from 2020 to 2021 and increased 1.4 percent from 2019 to 2020. Laketrans hedged its fuel costs for 2019, 2020 and 2021. By hedging this cost Laketrans was able to lock into a fixed fuel rate so it could put back Saturday Service for DAR and Fixed Route Bus Service.

Labor costs increased 12.7 percent from 2020 to 2021 and increased 2.5 percent from 2019 to 2020. The increase in labor costs is attributed to changes in staffing/hiring as ridership increases.

Fringe benefits decreased 115.3 percent from 2020 to 2021 and decreased 10.6 percent from 2019 to 2020, due primarily to the aforementioned changes in pension and OPEB expenses per GASB 68 and GASB 75.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)**

Table 3 - Changes in Cash Flows

	2021	2020	2019
Net Cash Used for Operating Activities	\$ (16,046,035)	\$ (14,226,226)	\$ (15,694,666)
Net Cash Provided by Noncapital Financing Activities	29,881,235	27,299,495	13,038,570
Net Cash Provided/(Used) by Capital and Related Financing Activities	(7,671,164)	(3,023,685)	860,832
Net Cash Provided/(Used) by Investment Activities	(10,093,312)	(9,228)	827,869
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (3,929,276)	\$ 10,040,356	\$ (967,395)

Net cash used for operating activities increased 12.8 percent from 2020 to 2021 and decreased 9.4 percent from 2019 to 2020 due to fluctuations in operating costs.

Net cash provided by noncapital financing activities increased 9.5 percent from 2020 to 2021 and increased 109.4 percent from 2019 to 2020 due to fluctuations in sales tax and grant revenue.

Net cash provided/(used) by capital and related financing activities changed by -153.7 percent from 2020 to 2021 and changed by -451.3 percent from 2019 to 2020 due to capital asset acquisitions in 2021 and 2020 exceeding those in 2019.

Net cash provided/(used) by investment activities changed by -109,277 percent from 2020 to 2021 and decreased 101.1 percent from 2019 to 2020 mostly due to changes in investment security purchases and investment proceeds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For years ended December 31, 2021, 2020 and 2019, Laketran had invested in a broad range of capital assets, including land, buildings and improvements, equipment, office furniture/fixtures/equipment, parking lots, communication equipment, and vehicles for \$41,961,489, \$29,267,346 and \$26,105,586, (net), respectively. This represents a net increase of \$1,694,143, or 43.4 percent from 2020 to 2021, and a net increase of \$3,161,760 or 12.1 percent from 2019 to 2020 which is attributable to the purchase of additional transportation vehicles and equipment and construction in progress.

Table 4 - Capital Assets at Year End

	2021	2020	2019
Land	\$ 1,898,151	\$ 1,898,151	\$ 1,898,151
Buildings and Improvements	15,835,459	15,570,099	15,570,099
Transportation Vehicles and Equipment	56,397,855	47,032,901	45,898,568
Furniture and Equipment	-	391,170	587,123
Construction in Progress	855,818	4,823,894	290,804
	74,987,283	69,716,215	64,244,745
Less Accumulated Depreciation	33,025,794	40,448,869	38,139,159
Total Capital Assets, Net	\$ 41,961,489	\$ 29,267,346	\$ 26,105,586

For more detailed information on capital asset activity, see Note 11 of the financial statements.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
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All capital assets are depreciated using the straight-line method of depreciation. Vehicles useful lives are either four, seven, or twelve years as specified in Federal Transit Administration regulations. All other useful lives range from five to thirty years, depending on the nature of the asset. Laketran owns one building which is being depreciated over a period of forty-five years. During 2021, Laketran combined Furniture and Equipment into Transportation Vehicles and Equipment.

LONG TERM OBLIGATIONS

Laketran has long-term obligations consisting of net pension liability, net OPEB liability and compensated absences. See Notes 6, 7, and 8 of the financial statements for additional detail.

DISCUSSION OF CURRENTLY KNOWN FACTS

During 2021, operating and non-operating revenues increased 63.1 percent while operating expenses (other than depreciation) decreased 41.6 percent. Wages and benefits are 61.8 percent of operating expenses other than depreciation, and these decreased 52.3 percent. Employees pay 10 or 15 percent of their health insurance costs.

Capital grant reimbursements can be very volatile from one year to the next because they are based upon the availability of governmental funds for capital purchases rather than bus operations and any special types of projects going on in any given year.

Fuel and oil, which comprises 6.4 percent of the operating expenses, decreased between 2021 and 2020, with a change of 25.2 percent. This was a result of positive hedging results.

During November 2019, Lake County voters overwhelmingly voted for an additional $\frac{1}{4}$ percent sales tax making Laketran's total sales to $\frac{1}{2}$ of one percent. The new levy took effect April 1, 2020. Laketran has seen a 136.26 percent increase in sales tax revenue compared to 2019.

Due to the COVID-19 pandemic, Laketran has pledged statewide and national initiatives taking on additional precautions to ensure the health and safety of both our riders and employees. During 2020, Laketran made continual modifications to its services and procedures to follow new safety protocols, TSA requirements, and CDC recommendations. In 2021, Laketran continued to follow public health guidelines from official sources. Ridership from 2019 to 2020 for all modes of services were down 40 percent overall as a result of the pandemic.

Requests for Information

This financial report is designed to provide a general overview of Laketran for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lisa Colling, Director of Finance, Laketran, 555 Lakeshore Blvd, Painesville, Ohio 44077.

**LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 11,219,931	\$ 15,149,207
Cash and Cash Equivalents Held with Other Governments	525,141	533,717
Investments in Segregated Accounts	542,658	453,969
Investments	19,784,214	9,954,503
Receivables:		
Federal Grants	5,767,078	439,560
Capital Grants	1,099,039	800,768
Trade	348,149	210,576
Sales Tax	3,787,739	3,438,633
Accrued Interest	32,389	26,120
Materials and Supplies	696,131	676,350
Prepaid Assets	158,265	0
Total Current Assets	43,960,734	31,683,403
<u>Non-Current Assets</u>		
Federal Grants Receivable	6,463,769	112,012
Capital Grants Receivable	3,662,973	10,900,986
State Grants Receivable	1,825,000	0
Non-Depreciable Capital Assets	2,753,969	6,722,045
Depreciable Capital Assets, Net	39,207,520	22,545,301
Fair Value of Derivative Instruments	65,777	0
Net Pension Asset	281,496	215,101
Net OPEB Asset	1,010,815	0
Total Non-Current Assets	55,271,319	40,495,445
TOTAL ASSETS	99,232,053	72,178,848
<u>Deferred Outflows of Resources</u>		
Pension	1,818,457	1,964,846
OPEB	847,135	1,353,812
Fair Value of Derivative Instruments	0	38,879
Total Deferred Outflows of Resources	2,665,592	3,357,537
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 101,897,645	\$ 75,536,385
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 188,365	\$ 560,056
Accrued Payroll and Benefits	926,626	814,648
Compensated Absences	646,463	750,565
Total Current Liabilities	1,761,454	2,125,269
<u>Non-Current Liabilities</u>		
Compensated Absences	511,622	584,335
Net Pension Liability	8,206,940	10,140,386
Net OPEB Liability	0	7,298,853
Fair Value of Derivative Instruments	0	38,879
Total Non-Current Liabilities	8,718,562	18,062,453
TOTAL LIABILITIES	10,480,016	20,187,722
<u>Deferred Inflows of Resources</u>		
Pension	3,667,198	2,294,419
OPEB	3,121,288	1,119,707
Federal Grants	6,463,769	112,012
Capital Grants	3,662,973	10,900,986
State Grants	0	250,000
Fair Value of Derivative Instruments	65,777	0
Total Deferred Inflows of Resources	16,981,005	14,677,124
<u>Net Position</u>		
Investment in Capital Assets	41,961,489	29,267,346
Restricted for Insurance Claims	525,141	533,717
Unrestricted	31,949,994	10,870,476
Total Net Position	74,436,624	40,671,539
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 101,897,645	\$ 75,536,385

See accompanying notes to the basic financial statements.

**LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>Operating Revenues</u>		
Passenger Fares for Transit Service	\$ 695,498	\$ 585,413
Special Transit Fares	1,171,348	499,518
Auxiliary Transportation Revenue	85,890	81,448
Total Operating Revenues	1,952,736	1,166,379
<u>Operating Expenses Other Than Depreciation</u>		
Labor	8,160,212	7,239,978
Fringe Benefits	(1,144,886)	7,464,518
Services	1,351,374	1,567,051
Fuel and Lubricants	712,821	952,491
Materials and Supplies	817,367	1,062,405
Utilities	204,807	138,319
Claims and Insurance	475,849	297,960
Purchased Transportation	195,537	168,270
Miscellaneous	426,203	278,801
Total Operating Expenses Other Than Depreciation	11,199,284	19,169,793
Depreciation	5,706,489	4,325,471
Total Operating Expenses	16,905,773	23,495,264
Operating Loss	(14,953,037)	(22,328,885)
<u>Non-Operating Revenues (Expenses)</u>		
Sales Tax Revenue	22,716,865	16,784,614
Federal Grants and Reimbursements	10,525,727	8,341,956
State Grants, Reimbursements, and Special Fare Assistance	4,340,267	2,620,144
Other Grants	50,000	25,000
Interest Income/(Expense)	(177,219)	228,256
Loss on Disposal of Capital Assets	(1,095,610)	(56,879)
Non-Transportation Revenues	234,743	1,128,275
Total Non-Operating Revenues	36,594,773	29,071,366
Income before Capital Contributions	21,641,736	6,742,481
<u>Capital Funding</u>		
Capital Grants and Reimbursements	12,123,349	5,287,291
Total Capital Funding	12,123,349	5,287,291
Increase in Net Position	33,765,085	12,029,772
Total Net Position, Beginning of Year	40,671,539	28,641,767
Total Net Position, End of Year	\$ 74,436,624	\$ 40,671,539

See accompanying notes to the basic financial statements.

LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 1,815,163	\$ 1,328,210
Cash Payments for Goods and Services	(4,575,430)	(4,255,252)
Cash Payments for Employees' Services	(13,520,511)	(12,427,459)
Non-Transportation Revenue	234,743	1,128,275
Net Cash Used for Operating Activities	(16,046,035)	(14,226,226)
<u>Cash Flows from Noncapital Financing Activities</u>		
Sales Tax Received	22,367,759	15,001,056
Federal Grants and Reimbursements	5,198,209	7,919,711
State Grants and Reimbursements	2,265,267	4,353,728
Other Grants	50,000	25,000
Net Cash Provided by Noncapital Financing Activities	29,881,235	27,299,495
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital Grants and Reimbursements	11,825,078	4,519,425
Acquisition and Construction of Capital Assets	(19,556,454)	(7,637,252)
Net Proceeds from Sale of Assets	60,212	94,142
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,671,164)	(3,023,685)
<u>Cash Flows from Investing Activities</u>		
Interest Received	(183,488)	235,334
Purchase of Investment Securities	(33,000,680)	(16,350,217)
Proceeds from Maturities of Investments	23,082,280	16,221,330
Insurance Reserves	8,576	(115,675)
Net Cash Provided (Used) by Investment Activities	(10,093,312)	(9,228)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,929,276)	10,040,356
Cash and Cash Equivalents at Beginning of Year	15,149,207	5,108,851
Cash and Cash Equivalents at End of Year	\$ 11,219,931	\$ 15,149,207
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>		
Operating Loss	\$ (14,953,037)	\$ (22,328,885)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	5,706,489	4,325,471
Non-Transportation Revenue	234,743	1,128,275
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	(137,573)	161,831
Materials and Supplies	(19,781)	(41,397)
Prepaid Assets	(158,265)	0
Net Pension Asset	(66,395)	(82,798)
Net OPEB Asset	(1,010,815)	0
(Increase) Decrease in Deferred Outflows of Resources:		
Deferred Outflows - Pension	146,389	2,822,564
Deferred Outflows - OPEB	506,677	(416,901)
Increase (Decrease) in:		
Accounts Payable	(371,691)	251,442
Accrued Payroll and Benefits	(64,837)	557,326
Net Pension Liability	(1,933,446)	(4,013,444)
Net OPEB Liability	(7,298,853)	271,435
Increase in Deferred Inflows of Resources:		
Deferred Inflows - Pension	1,372,779	2,038,215
Deferred Inflows - OPEB	2,001,581	1,100,640
Total Adjustments	(1,092,998)	8,102,659
Net Cash Used for Operating Activities	\$ (16,046,035)	\$ (14,226,226)

See accompanying notes to the basic financial statements.

Schedule of Noncash Investing Capital and Financing Activities

The net change in the fair value of investments was \$(304,912) and \$25,816 as of December 31, 2021 and 2020, respectively.

Notes to the Basic Financial Statements

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1: **ORGANIZATION**

Laketrans was formed as the public agency responsible for public transportation in Lake County. Laketrans is a political subdivision of the State of Ohio and was organized as a regional transit authority in accordance with the provisions of the Ohio Revised Code Sections 306.30 through 306.71, inclusive. Therefore, Laketrans is not subject to federal, state, or local income taxes.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The financial statements of Laketrans have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of Laketrans's accounting policies are described below.

Financial Reporting Entity

For financial reporting purposes, all departments and operations for which Laketrans is financially accountable are included in the reporting entity. Financial accountability was evaluated based on consideration of financial interdependency, appointment of voting majority, and imposition of will. No governmental units other than Laketrans itself are included in the reporting entity. There are no component units based on the consideration above.

Under the current GASB guidelines, Laketrans is a jointly governed organization. All nine members of its Board are appointed by the Lake County Board of Commissioners. The Lake County Board of Commissioners did not provide any support or have any significant financial transactions with Laketrans during 2021 or 2020.

Basis of Presentation

Laketrans's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Laketrans uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of Laketrans are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how Laketrans finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Laketrans's enterprise fund are charges to customers for passenger fare for transit services. Operating expenses for enterprise funds include the cost of transit services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, Laketrans considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents. The carrying amount of cash equivalents and investments is fair value. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses, and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

During 2020 and 2021, Laketrans invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79 *Certain External Investment Pools and Pool Participants*. Laketrans measures their investment in STAR Ohio at the net asset value (NAV) per share provided 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 2021, there were 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 transactions to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash, Cash Equivalents, and Investments (Continued)

At December 31, 2021 and 2020, Laketrans had \$525,141 and \$533,717, respectively, of cash and cash equivalents held with the Ohio Transit Risk Pool. These funds will be used to insure future claims. For additional information, see Note 9 of the basic financial statements.

Laketrans had investments in segregated accounts at December 31, 2021 and 2020, of \$542,658 and \$453,969, respectively. These funds are used for fuel hedging.

Derivative and Hedging Activities

Laketrans's derivative instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Under GASB 53, derivatives are either categorized as hedging derivative instruments or investment derivatives. Hedging derivative instruments are associated with specific hedging transactions wherein the intent is to significantly reduce risks. Changes in fair value of hedges are reported as either deferred inflows of resources or deferred outflows of resources in the statement of net position. For accounting purposes, in order to qualify as a hedge, the relationship between the derivative and the underlying item must result in a hedge that is "effective" in mitigating risk. If the hedge transaction is considered "ineffective" the valuation of the instrument is considered investment income or loss in the flows of resources statements.

Laketrans has adopted GASB 53 to account for future contracts to hedge variability in future cash flows resulting from volatility in diesel fuel prices. Fair value is determined based on quoted prices in active markets for the derivative instrument. Because the fuel hedge is an effective hedge as defined by GASB 53, the unrealized gain (loss) on the fuel hedge is reported as deferred inflow/outflow of resources in the statement of net position.

Inventory

Inventory is stated at cost.

Capital Assets and Depreciation

Property, facilities, and equipment are stated at cost. Donated property is capitalized at acquisition value at the date donated. Laketrans's capitalization threshold is \$1,500.

Depreciation on all assets is computed on the straight-line method based on the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and Improvements	5 - 45
Equipment	5 - 10
Furniture and Office Equipment	5 - 10
Parking Lots and Bus Shelters	10
Communication System	15
Vehicles	4 - 12

Cost of property retired and the related depreciation are removed from the asset account and accumulated depreciation account, respectively.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation time is accrued as a liability when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered compensation that will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date.

Pension

For purposes of measuring the net pension/OPEB liability/asset, 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/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. 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 plans report investments at fair value.

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The restricted component of net position at December 31, 2021 and 2020 was \$525,141 and \$533,717, respectively.

Recognition of Revenue and Receivables

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

The Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT) provide financial assistance and make grants directly to Laketrans for 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 period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to revenue when the related qualified expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred inflows of resources. Subsidies from various local governments/agencies are recognized when received.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For Laketran, deferred outflows of resources include pension and OPEB (Notes 6 and 7) for 2021 and 2020, and fair value of derivative instruments for 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For Laketran, deferred inflows of resources include pension and OPEB (See Notes 6 and 7) for 2021 and 2020; grants that have not met time requirements for 2021 and 2020; and fair value of derivative instruments (Note 10) for 2021.

Investment Policy

State statutes and Board resolutions authorize Laketran's investments. Laketran is authorized to invest in U.S. Treasury securities and obligations of federal government agencies or instrumentalities, collateralized repurchase agreements, certificates of deposit, bankers' acceptances, commercial paper, savings accounts, the State Treasurer's Asset Reserve (STAR Ohio) investment pool and investment derivative instruments.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2021 and 2020, Laketran had undeposited cash on hand, including petty cash, of \$500.

Deposits

At December 31, 2021, \$513,918 of Laketran's bank balance of \$9,677,116 was covered by Federal Depository Insurance, \$6,875,536 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in Laketran's name, and \$2,287,662 was uninsured and uncollateralized. At December 31, 2020, \$529,193 of Laketran's bank balance of \$13,697,664 was covered by Federal Depository Insurance, \$8,987,221 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in Laketran's name, and \$4,181,250 was uninsured and uncollateralized. One of Laketran's financial institutions was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, Laketran will not be able to recover deposits or collateral securities that are in the possession of an outside party. Laketran has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

1. Eligible securities pledged to Laketran and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Laketran's financial institutions had enrolled in OPCS as of December 31, 2021.

Cash Held with Other Governments

At December 31, 2021 and 2020, Laketran has cash held with other governments of \$525,141 and \$533,717, respectively.

Investments

Laketran has a formal investment policy. Laketran follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2021, fair value was \$304,912 below Laketran's net cost for investments, and at December 31, 2020 fair value was \$25,816 above Laketran's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, Laketran's investment policy requires that operating funds be invested primarily in short-term investments maturing within 5 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risk of Laketran's investments are in the table below. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Laketran has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Laketran will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Laketran has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such balances to the controller or qualified trustee. Laketran's investments in negotiable certificates of deposit at December 31, 2021, and December 31, 2020, were fully insured by Federal Depository Insurance.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Laketrans places no limit on the amount it may invest in any one issuer. At December 31, 2021, Laketrans's investment in Star Ohio, money market mutual fund, negotiable certificates of deposit, municipal bonds, and U.S. Government and agency securities represent 7.42, 0.06, 18.10, 16.93, and 57.49 percent, respectively, of Laketrans's total investments. At December 31, 2020, Laketrans's investment in Star Ohio, money market mutual fund, negotiable certificates of deposit, municipal bonds and U.S. Government and agency securities represent 13.73, 25.28, 27.38, 24.96, and 8.65 percent, respectively, of Laketrans's total investments.

Cash and investments at 2021 year-end were as follows:

Measurement/Investment	Balance Sheet	GASB 3 Reclass	Measurement Amount	Credit Rating		Level Input	Investment Maturities (in Years)		
				Standard & Poor's	Moody's		<1	1-2	>2-5
NAV Share:									
STAR Ohio	\$ 0	\$ 1,585,949	\$ 1,585,949	AAAm	N/A	N/A	\$ 1,585,949	\$ 0	\$ 0
Fair Value:									
Money Market Mutual Fund	13,159	0	13,159	N/A	N/A	1	13,159	0	0
Certificates of Deposit	3,868,656	0	3,868,656	N/A	N/A	2	499,180	503,100	2,866,376
Municipal Bonds:									
City of Uhrichsville, Ohio	1,462,363	0	1,462,363	SP-1+	N/A	2	1,462,362	0	0
City of Mayfield Heights, Ohio	351,546	0	351,546	N/A	Aa2	2	351,546	0	0
Ohio St Dept Administrative Services	634,524	0	634,524	AA	Aa2	2	634,524	0	0
Little Miami Ohio Local School District	251,715	0	251,715	N/A	Aa3	2	251,715	0	0
Riversouth Authority, Ohio	916,476	0	916,476	AA+	Aa2	2	0	916,476	0
U.S. Government and Agency Securities	12,285,775	0	12,285,775	AA+	Aaa	2	0	0	12,285,775
Total Investments	19,784,214	1,585,949	21,370,163				\$ 4,798,435	\$ 1,419,576	\$ 15,152,151
Carrying Amount of Deposits	11,219,431	(1,585,949)	9,633,482						
Cash Held with Other Governments	525,141	0	525,141						
Investments in Segregated Accounts	542,658	0	542,658						
Petty Cash	500	0	500						
Totals	\$ 32,071,944	\$ 0	\$ 32,071,944						

N/A- Not Available/Rated

Cash and investments at 2020 year-end were as follows:

Measurement/Investment	Balance Sheet	GASB 3 Reclass	Measurement Amount	Credit Rating		Level Input	Investment Maturities (in Years)		
				Standard & Poor's	Moody's		<1	1-2	>2-5
NAV Share:									
STAR Ohio	\$ 0	\$ 1,584,653	\$ 1,584,653	AAAm	N/A	N/A	\$ 1,584,653	\$ 0	\$ 0
Fair Value:									
Money Market Mutual Fund	2,917,153	0	2,917,153	N/A	N/A	1	2,917,153	0	0
Certificates of Deposit	3,158,985	0	3,158,985	N/A	N/A	2	1,389,962	512,447	1,256,576
Municipal Bonds:									
City of Uhrichsville, Ohio	1,463,424	0	1,463,424	SP-1+	N/A	2	1,463,424	0	0
City of Springboro, Ohio	155,668	0	155,668	N/A	Aa1	2	155,668	0	0
Ohio St Spl Oblig Taxable Cap Facs	1,009,750	0	1,009,750	AA	Aa2	2	1,009,750	0	0
Little Miami Ohio Local School District	251,623	0	251,623	N/A	Aa3	2	251,623	0	0
U.S. Government and Agency Securities	997,900	0	997,900	AA+	Aaa	2	0	0	997,900
Total Investments	9,954,503	1,584,653	11,539,156				\$ 8,772,233	\$ 512,447	\$ 2,254,476
Carrying Amount of Deposits	15,148,707	(1,584,653)	13,564,054						
Cash Held with Other Governments	533,717	0	533,717						
Investments in Segregated Accounts	453,969	0	453,969						
Petty Cash	500	0	500						
Totals	\$ 26,091,396	\$ 0	\$ 26,091,396						

N/A- Not Available/Rated

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. Laketrans categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of 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. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). Laketrans remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

NOTE 4: **GRANT ASSISTANCE**

Federal and Capital Grants

Preventive maintenance operating expenses became eligible for federal capital assistance under the Department of Transportation's 1998 Appropriations Act. Revenues are recognized in the year earned, which is the year in which eligible expenses are incurred. For the years ended December 31, 2021 and 2020, Laketrans recognized \$1,663,611 and \$2,047,541, respectively. In addition, Laketrans recognized capital grants reimbursements as revenue in 2021 and 2020 of \$12,123,349 and \$5,287,291, respectively.

In 2021 and 2020, Laketrans additionally received \$8,862,116 and \$6,294,415, respectively in operating assistance under the CARES Act, ARPA, and CRRSSA in response to the COVID-19 pandemic.

State Grants

The Ohio Department of Transportation typically enacts very similar regulations to those of the U.S. Department of Transportation. Preventive maintenance operating expenses are eligible for state capital assistance with certain restrictions which depend upon availability of federal funds. For the years ended December 31, 2021 and 2020, Laketrans recognized revenue of \$1,313,075 and \$405,946, respectively.

In 2021 and 2020, Laketrans additionally received \$7,790 and \$32,316, respectively for COVID-19 revenue assistance.

State of Ohio Elderly and Disabled Transit Fare Assistance

The State of Ohio provides a grant each year to help defray the high costs of transporting Lake County residents who are elderly or have disabilities. For the years ended December 31, 2021 and 2020 Laketrans received \$500,000 and \$500,000, respectively.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 4: **GRANT ASSISTANCE** (Continued)

Ohio Transit Partnership Program

Laketran was awarded grant funding through the Ohio Transit Partnership Program (OTP2). The goals of OPT2 are to modernize and adapt service to increase transit competitiveness, expand service availability and improve service quality, increase ridership, address local needs, and develop integrated regional transit networks. Laketran's use of funds include capitalized maintenance, renovations at Lakeland Community College for a new transit center, and computer upgrades. For the years ended December 31, 2021 and 2020, Laketran recognized revenue of \$876,523 and \$1,652,495, respectively.

Transportation for Livable Communities Initiative Program

Laketran was awarded grant funding through the Northeast Ohio Areawide Coordinating Agency's Transportation for Livable Communities Initiative (TLCI) Program. The purpose of the TLCI Program is to improve livability in Northeast Ohio's communities through transportation. Laketran will be using the funds in planning of the Vine Street Corridor, which runs from Erie Street in Downtown Willoughby to Lakeshore Boulevard in Willowick. The plan will include bringing new streetscape, lighting and transportation down the entire corridor. For the years ended December 31, 2021 and 2020, Laketran recognized revenue of \$15,359 and \$29,387, respectively.

Paradox Prize

The Fund for Our Economic Future has provided funding to Laketran through the Paradox Prize project. The goal of the Paradox Prize is to increase transportation options for low-income residents in Northeast Ohio, in a way that increases access to jobs, ultimately promoting social welfare and combatting community deterioration. Laketran is using the funding for Transit GO, a new employee benefit program for Lake County employers to offer employees free transportation to work. For the years ended December 31, 2021 and 2020, Laketran recognized revenue of \$50,000 and \$25,000, respectively.

VW Diesel Mitigation Trust Fund

Ohio EPA developed a Beneficiary Mitigation Plan, as required for the state to accept and distribute funds allocated to Ohio from the Volkswagen settlement. The plan directs these funds to eligible projects to achieve the maximum air quality benefits for the people of Ohio. Ohio EPA reached out to the public, fleet owners, interest groups, government officials and transportation organizations for information and ideas about how the settlement money should be spent within the allowable uses. Laketran used the funding to replace six model year 2009 diesel powered transit buses with six model year 2021 all-electric buses. For the year ended December 31, 2021, Laketran recognized revenue of \$1,605,000.

NOTE 5: **OTHER REVENUE**

Sales Tax

In November 2013, Lake County electorate voted to renew a levy of 1/4 percent sales tax, and make it continuing beginning August 1, 2014, to provide local funding for all transit purposes. In November 2019, Lake County voters overwhelmingly voted for an additional 1/4 percent sales tax making Laketran's total sales to 1/2 of one percent. The new levy took effect April 1, 2020. For the years ended December 31, 2021 and 2020, sales tax revenues totaled \$22,716,865 and \$16,784,614, respectively. Laketran records sales tax revenues and receivables as the sales taxes are earned, which is the year in which the related exchange transaction is incurred.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability/Asset

The net pension liability/(asset) reported on the statement of net position represents a 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 liability/asset represents Laketran’s proportionate share of the pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan’s fiduciary net position. The net pension liability/asset 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 this estimate annually.

Ohio Revised Code limits Laketran’s obligation for this liability to annually required payments. Laketran cannot control benefit terms or the manner in which pensions are financed; however, Laketran 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 the plan’s unfunded and funded benefits is presented as a long-term *net pension liability or net pension asset* 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 and benefits* on the accrual basis of accounting.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Laketran 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. Laketran employees) may elect the member-directed plan and the combined plan, substantially all employee members are in the 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 both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is 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' Annual Comprehensive Financial Report referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 62 with 60 months 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

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.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost of living adjustment.

When a traditional plan 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.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care. The date of implementation will be determined when finalized changes are approved.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans.

Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year.

**LAKETRAN
LAKE COUNTY, OHIO
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(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits**	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** The pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2020. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Laketran's contractually required contribution was \$1,213,864 for 2021 and \$1,153,004 for 2020. Of these amounts, \$104,073 and \$94,810, for 2021 and 2020 respectively, is reported as accrued payroll and benefits.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability/asset for OPERS was measured as of December 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of those dates. Laketrans proportion of the net pension liability/asset was based on Laketrans 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:

	2021			2020		
	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.051303%	0.103154%		0.051679%	0.118315%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.055423%	0.097517%		0.051303%	0.103154%	
Change in Proportionate Share	0.004120%	-0.005637%		-0.000376%	-0.015161%	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,206,940	\$ (281,496)		\$ 10,140,386	\$ (215,101)	
Pension Expense	\$ 725,693	\$ 7,498	\$ 733,191	\$ 1,893,007	\$ 24,534	\$ 1,917,541

At December 31, 2021 and 2020, Laketrans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021			2020		
	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Deferred Outflows of Resources						
Changes of assumptions	\$0	\$ 17,578	\$ 17,578	\$ 541,616	\$ 22,180	\$ 563,796
Changes in proportion and differences between Laketrans contributions and proportionate share of contributions	565,868	21,147	587,015	232,137	15,909	248,046
Laketrans contributions subsequent to the measurement date	1,150,693	63,171	1,213,864	1,092,838	60,166	1,153,004
Total Deferred Outflows of Resources	\$ 1,716,561	\$ 101,896	\$ 1,818,457	\$ 1,866,591	\$ 98,255	\$ 1,964,846
Deferred Inflows of Resources						
Net difference between projected and actual earnings on pension plan investments	\$ 3,198,826	\$ 41,863	\$ 3,240,689	\$ 2,022,780	\$ 27,901	\$ 2,050,681
Differences between expected and actual experience	343,303	53,108	396,411	128,211	50,505	178,716
Changes in proportion and differences between Laketrans contributions and proportionate share of contributions	18,179	11,919	30,098	50,903	14,119	65,022
Total Deferred Inflows of Resources	\$ 3,560,308	\$ 106,890	\$ 3,667,198	\$ 2,201,894	\$ 92,525	\$ 2,294,419

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities/Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At of December 31, 2021, \$1,213,864 is reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Year Ending December 31:			
2022	\$ (993,200)	\$ (19,295)	\$ (1,012,495)
2023	(261,018)	(11,941)	(272,959)
2024	(1,303,951)	(21,592)	(1,325,543)
2025	(436,271)	(9,304)	(445,575)
2026	0	(3,279)	(3,279)
Thereafter	0	(2,754)	(2,754)
Total	\$ (2,994,440)	\$ (68,165)	\$ (3,062,605)

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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are present below:

<u>Traditional Pension Plan</u>	
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; .5 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

<u>Combined Plan</u>	
Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; .5 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 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 previously described tables

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

The long-term 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.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, 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. The annual money weighted rate of return expressing investment performances, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was at a gain of 11.7 percent for 2020.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 benefits 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 Laketrans Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents Laketrans proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what Laketrans proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	2021			2020		
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Laketrans proportionate share of the net pension liability/(asset)						
Traditional Pension Plan	\$ 15,654,781	\$ 8,206,940	\$ 2,014,072	\$ 16,724,778	\$ 10,140,386	\$ 4,221,211
Combined Plan	\$ (196,009)	\$ (281,496)	\$ (345,210)	\$ (129,974)	\$ (215,101)	\$ (276,453)

Changes Between Measurement Date and Report Date

Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 7: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability or asset 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 present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents Laketrans' 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/asset 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.

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

GASB 75 assumes that any 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/asset. Resulting adjustments to the net OPEB liability/asset 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 and funded benefits are presented as a long-term *net OPEB liability or net OPEB asset* 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 and benefits* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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' Annual Comprehensive Financial Report 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 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> 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. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. 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 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Laketrans' contractually required contribution was \$16,372 for 2021 and \$13,792 for 2020.

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by actuarial valuations as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, and as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. Laketrans' proportion of the net OPEB liability/asset was based on Laketrans' 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:

	2021 OPERS	2020 OPERS
	<u> </u>	<u> </u>
Proportion of the Net OPEB Liability/Asset		
Prior Measurement Date	0.052842%	0.053901%
Proportion of the Net OPEB Liability/Asset		
Current Measurement Date	<u>0.056737%</u>	<u>0.052842%</u>
Change in Proportionate Share	<u>0.003895%</u>	<u>-0.001059%</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,010,815)	\$ 7,298,853
OPEB Expense	\$ (5,785,038)	\$ 968,966

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2021 and 2020, Laketran reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	<u>2020</u>
	<u>OPERS</u>	<u>OPERS</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$0	\$196
Changes of assumptions	496,928	1,155,331
Changes in proportion and differences between Laketran contributions and proportionate share of contributions	333,835	184,493
Laketran contributions subsequent to the measurement date	<u>16,372</u>	<u>13,792</u>
Total Deferred Outflows of Resources	<u><u>\$847,135</u></u>	<u><u>\$1,353,812</u></u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$538,376	\$371,657
Differences between expected and actual experience	912,253	667,514
Changes of assumptions	1,637,823	0
Changes in proportion and differences between Laketran contributions and proportionate share of contributions	<u>32,836</u>	<u>80,536</u>
Total Deferred Inflows of Resources	<u><u>\$3,121,288</u></u>	<u><u>\$1,119,707</u></u>

At December 31, 2021, \$16,372 is reported as deferred outflows of resources related to OPEB resulting from Laketran contributions subsequent to the measurement date, and will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Year Ending December 31:	
2022	\$ (1,179,518)
2023	(813,613)
2024	(233,957)
2025	<u>(63,437)</u>
Total	<u><u>\$ (2,290,525)</u></u>

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

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 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, 2019, rolled forward to the measurement date of December 31, 2020. 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:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial

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.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

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.

During 2020, 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 10.50 percent for 2020.

The allocation of investment assets with 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 2020 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent and a municipal bond rate of 2.75 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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of Laketrans Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents Laketrans proportionate share of the net OPEB asset calculated using the single discount rate as of December 31, 2021 and 2019, as well as what Laketrans proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2021			2020		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Laketrans proportionate share of the net OPEB liability/(asset)	\$ (251,345)	\$ (1,010,815)	\$ (1,635,160)	\$ 9,551,720	\$ 7,298,853	\$ 5,495,040

Sensitivity of Laketrans Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 7: DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

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 2021 is 8.50 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 3.50 percent in the most recent valuation.

	2021			2020		
	Current Health Care Cost Trend Rate			Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase	1% Decrease	Assumption	1% Increase
Laketrans proportionate share of the net OPEB liability/(asset)	\$ (135,450)	\$ (1,010,815)	\$ (983,252)	\$ 7,083,470	\$ 7,298,853	\$ 7,511,490

NOTE 8: COMPENSATED ABSENCES

Employees of Laketrans earn vacation and sick leave at various rates under Laketrans policy. In case of death, termination, or retirement, an employee or their estate is paid for portions of these benefits. Laketrans records a liability for vacation, holiday, and sick hours earned but not used at year-end at the employees' current wage rate. Laketrans' obligations for these amounts at December 31, 2021 and 2020 amounted to approximately \$1,158,085 and \$1,334,900, respectively.

Changes in compensated absences liabilities are as follows:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year	Due Within One Year
2021	\$ 1,334,900	\$ 573,750	\$ 750,565	\$ 1,158,085	\$ 646,463
2020	\$ 803,975	\$ 998,083	\$ 467,158	\$ 1,334,900	\$ 750,565

NOTE 9: RISK MANAGEMENT

Since 1996, Laketrans has been a member of the Ohio Transit Risk Pool (OTRP), a joint self-insurance pool, created pursuant to Section 2744.081 of the Ohio Revised Code. OTRP has been in existence since 1994 and operates pursuant to by-laws and a Board of Trustees to provide self-insurance through risk retention and to purchase property and liability coverage from A rated, or greater, commercial carriers.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 9: **RISK MANAGEMENT** (Continued)

During the loss year of December 1, 2020 - November 30, 2021, OTRP provided to Laketran commercial property coverage with limits of \$250,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage, the pool provided \$100,000,000 in coverage and retained \$250,000. Crime coverage limits are \$4,000,000. The following coverages were also provided: auto/transit liability, general liability, E&O, and EBL \$10,000,000. These limits are per occurrence no aggregate limits apply. For each of these lines the pool retained \$2,000,000.

Laketran's deductible for all claims was \$1,000 except for auto physical damage which was \$25,000.

OTRP provides the Treasurer of Laketran a Bond as required by Ohio law.

As of December 31, 2021, Laketran has met all obligations to OTRP. There are no special assessments being billed at this time and there are no known loss developments which would lead to an unfunded special assessment.

Laketran pays OTRP through an initial contribution for reinsurance and/or excess insurance and quarterly payments for their loss and administrative fee. Laketran's contribution percentage for 2020 and 2021 was 110.429 percent.

Laketran participates in the State of Ohio Workers' Compensation plan, paying premiums directly to the State.

Laketran provides medical and life insurance to its employees by participating in the self-insured pooled network offered by the Health Transit Pool of Ohio.

Laketran is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from the previously noted risks have not exceeded commercial insurance coverage in the past three fiscal years.

NOTE 10: **DERIVATIVE INSTRUMENTS**

Pursuant to Ohio Revised Code Sections 9.835 (A), (B), and (C) and Section 135.14, Laketran utilizes futures contracts to manage the volatility of fuel costs. These techniques are traditionally used to limit exposure to price fluctuations. Management recognized that fluctuations in fuel prices could have a negative impact on Laketran's financial affairs. Accordingly, Laketran has utilized futures contracts and firm-fixed price contracts to offset the price volatility of diesel fuel in accordance with the Energy Price Risk Management Policy established by the Board of Trustees. The futures contracts are in the form of derivative investments.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 10: DERIVATIVE INSTRUMENTS

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2021 and 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statement are as follows:

	Changes in Fair Value		Fair Value at 12/31/2021		Notional
	Classification	Amount	Classification	Amount	
<u>Cash Flow Hedges:</u>					
Futures contracts	Deferred outflow/ inflow of resources	\$ 104,656	Derivative Instruments	\$ 65,777	84,000 Gallons
	Changes in Fair Value		Fair Value at 12/31/2020		Notional
	Classification	Amount	Classification	Amount	
<u>Cash Flow Hedges:</u>					
Futures contracts	Deferred outflow/ inflow of resources	\$ (44,822)	Derivative Instruments	\$ (38,879)	294,000 Gallons

The hedging instruments are New York Harbor Ultra Low Sulfur Diesel (NYHRBRULSD) futures contracts with a notional amount of 42,000 gallons each as listed on the NYMEX. As of December 31, 2021, and December 31, 2020, Laketran had seven and eight futures contracts, respectively. The aggregate fuel hedge contracts cover a 3-year period.

Basis Risk – Laketran is exposed to basis risk on its expected fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts are expected to settle (New York Harbor Ultra Low Sulfur Diesel).

NOTE 11: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2021 and 2020:

2021	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,898,151	\$ 0	\$ 0	\$ 1,898,151
Construction in Progress	4,823,894	2,125,547	(6,093,623)	855,818
Total Capital Assets Not Being Depreciated	6,722,045	2,125,547	(6,093,623)	2,753,969
Capital Assets Being Depreciated				
Buildings	15,570,099	265,360	0	15,835,459
Transportation Vehicles and Equipment	47,032,901	23,259,170	(13,894,216)	56,397,855
Furniture and Office Equipment	391,170	0	(391,170)	0
Total Capital Assets Being Depreciated	62,994,170	23,524,530	(14,285,386)	72,233,314
Less: Accumulated Depreciation				
Buildings	(11,034,095)	(492,762)	0	(11,526,857)
Transportation Vehicles and Equipment	(29,059,173)	(5,213,727)	12,773,963	(21,498,937)
Furniture and Office Equipment	(355,601)	0	355,601	0
Total Accumulated Depreciation	(40,448,869)	(5,706,489)	13,129,564	(33,025,794)
Total Capital Assets Being Depreciated, Net	22,545,301	17,818,041	(1,155,822)	39,207,520
Total Capital Assets, Net	\$ 29,267,346	\$ 19,943,588	\$ (7,249,445)	\$ 41,961,489

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)

NOTE 11: **CAPITAL ASSETS** (Continued)

<u>2020</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,898,151	\$ 0	\$ 0	\$ 1,898,151
Construction in Progress	290,804	4,533,090	0	4,823,894
Total Capital Assets Not Being Depreciated	<u>2,188,955</u>	<u>4,533,090</u>	<u>0</u>	<u>6,722,045</u>
Capital Assets Being Depreciated				
Buildings	15,570,099	0	0	15,570,099
Transportation Vehicles and Equipment	45,898,568	3,088,087	(1,953,754)	47,032,901
Furniture and Office Equipment	587,123	16,075	(212,028)	391,170
Total Capital Assets Being Depreciated	<u>62,055,790</u>	<u>3,104,162</u>	<u>(2,165,782)</u>	<u>62,994,170</u>
Less: Accumulated Depreciation				
Buildings	(10,541,897)	(478,702)	0	(11,020,599)
Transportation Vehicles and Equipment	(27,026,523)	(3,817,294)	1,805,044	(29,038,773)
Furniture and Office Equipment	(569,739)	(29,475)	209,717	(389,497)
Total Accumulated Depreciation	<u>(38,138,159)</u>	<u>(4,325,471)</u>	<u>2,014,761</u>	<u>(40,448,869)</u>
Total Capital Assets Being Depreciated, Net	<u>23,917,631</u>	<u>(1,221,309)</u>	<u>(151,021)</u>	<u>22,545,301</u>
Total Capital Assets, Net	<u>\$ 26,106,586</u>	<u>\$ 3,311,781</u>	<u>\$ (151,021)</u>	<u>\$ 29,267,346</u>

NOTE 12: **CONTINGENCIES**

Litigation

In the normal course of operations, Laketran may be subject to litigations and claims. It is the opinion of Laketran's management that any judgment against Laketran would not have a material adverse effect, if any, on Laketran's financial position.

Grants

Laketran received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Laketran at December 31, 2021 or 2020.

NOTE 13: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of Laketran. The investments of the pension and other employee benefit plan in which Laketran participates fluctuate with market conditions, and due to market volatility, the amounts of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on Laketran's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1)**

Traditional Plan	2021	2020	2019
Laketran's Proportion of the Net Pension Liability	0.055423%	0.051303%	0.051679%
Laketran's Proportionate Share of the Net Pension Liability	\$ 8,206,940	\$ 10,140,386	\$ 14,153,830
Laketran's Covered Payroll	\$ 7,805,986	\$ 7,218,329	\$ 6,985,207
Laketran's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%
Combined Plan	2021	2020	2019
Laketran's Proportion of the Net Pension (Asset)	0.097517%	0.103154%	0.118315%
Laketran's Proportionate Share of the Net Pension (Asset)	\$ (281,496)	\$ (215,101)	\$ (132,303)
Laketran's Covered Payroll	\$ 429,757	\$ 459,193	\$ 503,886
Laketran's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	65.50%	46.84%	26.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	157.67%	145.28%	126.64%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the Laketran's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.047370%	0.047245%	0.046532%	0.044494%	0.044494%
\$ 7,431,435	\$ 10,728,536	\$ 8,059,929	\$ 5,366,474	\$ 5,245,263
\$ 6,256,969	\$ 6,108,075	\$ 5,799,475	\$ 5,473,033	\$ 5,220,008
118.77%	175.65%	138.98%	98.05%	100.48%
84.66%	77.25%	81.08%	86.45%	86.36%
2018	2017	2016	2015	2014
0.105137%	0.098810%	0.101700%	0.086530%	0.086537%
\$ (143,125)	\$ (54,995)	\$ (49,491)	\$ (33,320)	\$ (9,080)
\$ 430,585	\$ 384,617	\$ 365,267	\$ 318,717	\$ 299,615
33.24%	14.30%	13.55%	10.45%	3.03%
137.28%	116.55%	116.90%	114.83%	104.33%

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S CONTRIBUTION - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 1,150,693	\$ 1,092,838	\$ 1,010,566	\$ 977,929
Combined Plan	<u>63,171</u>	<u>60,166</u>	<u>64,287</u>	<u>70,544</u>
Total Required Contributions	\$ 1,213,864	\$ 1,153,004	\$ 1,074,853	\$ 1,048,473
Contributions in Relation to the Contractually Required Contribution	<u>(1,213,864)</u>	<u>(1,153,004)</u>	<u>(1,074,853)</u>	<u>(1,048,473)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Laketrans Covered Payroll				
Traditional Plan	\$ 8,219,236	\$ 7,805,986	\$ 7,218,329	\$ 6,985,207
Combined Plan	\$ 451,221	\$ 429,757	\$ 459,193	\$ 503,886
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 813,406	\$ 732,969	\$ 695,937	\$ 656,764	\$ 678,601
<u>55,976</u>	<u>46,154</u>	<u>43,832</u>	<u>38,246</u>	<u>38,950</u>
\$ 869,382	\$ 779,123	\$ 739,769	\$ 695,010	\$ 717,551
<u>(869,382)</u>	<u>(779,123)</u>	<u>(739,769)</u>	<u>(695,010)</u>	<u>(717,551)</u>
<u>\$ -</u>				
\$ 6,256,969	\$ 6,108,075	\$ 5,799,475	\$ 5,473,033	\$ 5,220,008
\$ 430,585	\$ 384,617	\$ 365,267	\$ 318,717	\$ 299,615
13.00%	12.00%	12.00%	12.00%	13.00%
13.00%	12.00%	12.00%	12.00%	13.00%

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1)**

	2021	2020	2019	2018	2017
Laketrans Proportion of the Net OPEB Liability/Asset	0.056737%	0.052842%	0.053901%	0.048990%	0.048650%
Laketrans Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,010,815)	\$ 7,298,853	\$ 7,027,418	\$ 5,319,953	\$ 4,913,815
Laketrans Covered Payroll	\$ 8,580,549	\$ 7,895,904	\$ 7,818,416	\$ 6,939,037	\$ 6,723,447
Laketrans Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.78%	92.44%	89.88%	76.67%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the Laketrans measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S CONTRIBUTIONS – OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 16,372	\$ 13,792	\$ 12,229	\$ 13,173	\$ 76,844	\$ 139,099	\$ 123,229
Contributions in Relation to the Contractually Required Contribution	<u>(16,372)</u>	<u>(13,792)</u>	<u>(12,229)</u>	<u>(13,173)</u>	<u>(76,844)</u>	<u>(139,099)</u>	<u>(123,229)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>					
Laketran Covered Payroll	\$ 9,079,750	\$ 8,580,549	\$ 7,895,904	\$ 7,818,416	\$ 6,939,037	\$ 6,723,447	\$ 6,313,569
Contributions as a Percentage of Covered Payroll	0.18%	0.16%	0.15%	0.17%	1.11%	2.07%	1.95%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) 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. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

**Statistical
Section
2021**

STATISTICAL SECTION

This part of Laketrans Annual Comprehensive Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about Laketrans overall financial health.

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how Laketrans financial performance and well being have changed over time.

S2-S3

Revenue Capacity

These schedules contain information to help the reader assess Laketrans operating revenues and comparisons to the transportation industry.

S4-S7

Operating Information

These schedules contain service data to help the reader understand how the information in Laketrans financial report relates to the services Laketrans provides and the activities it performs.

S8-S10

Demographic and Economic Information

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

S11-S14

**LAKETRAN
LAKE COUNTY, OHIO
NET POSITION BY COMPONENT
LAST TEN YEARS**

	2012	2013	2014 (1)	2015	2016	2017 (2)	2018	2019	2020	2021
Net Investment in Capital Assets	\$ 23,154,984	\$ 22,732,058	\$ 23,007,176	\$ 22,392,621	\$ 28,533,635	\$ 26,324,591	\$ 27,147,851	\$ 26,106,586	\$ 29,267,346	\$ 41,961,489
Unrestricted	15,226,561	16,878,213	13,464,453	14,927,462	13,977,753	8,367,749	7,343,251	2,117,139	10,870,476	31,949,994
Restricted for Insurance Claims	0	0	0	0	0	227,973	227,977	418,042	533,717	525,141
Total Net Position	\$ 38,381,545	\$ 39,610,271	\$ 36,471,629	\$ 37,320,083	\$ 42,511,388	\$ 34,920,313	\$ 34,719,079	\$ 28,641,767	\$ 40,671,539	\$ 74,436,624

(1) Restated for GASB Statement No. 68 Implementation.

(2) Restated for GASB Statement No. 75 Implementation.

**LAKETRAN
LAKE COUNTY, OHIO
REVENUE AND EXPENSES BY TYPE AND CHANGES IN NET POSITION
LAST TEN YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Operating Revenues</u>										
Fares	\$ 1,997,777	\$ 2,063,623	\$ 2,169,712	\$ 2,266,754	\$ 2,578,993	\$ 2,519,175	\$ 2,711,452	\$ 2,787,979	\$ 1,084,931	\$ 1,866,846
Auxiliary Transportation Revenue	67,911	89,234	118,933	100,954	81,683	80,584	86,863	84,703	81,448	85,890
Total Operating Revenues	2,065,688	2,152,857	2,288,645	2,367,708	2,660,676	2,599,759	2,798,315	2,872,682	1,166,379	1,952,736
<u>Non Operating Revenues</u>										
Sales Tax	7,869,357	8,152,976	8,592,079	8,890,398	9,291,442	9,281,207	9,504,880	9,615,330	16,784,614	22,716,865
Federal Grants and Reimbursements	1,715,565	2,222,531	2,032,462	2,583,970	2,312,824	2,406,505	2,329,763	1,672,789	8,341,956	10,525,727
State Grants, Reimbursements, and Special Fare Assistance	1,030,575	998,468	1,025,496	1,015,728	1,001,943	867,502	757,975	1,919,074	2,620,144	4,340,267
Other Grants	0	0	0	0	0	0	0	0	25,000	50,000
Interest Income (Expense)	87,610	(20,666)	129,858	87,693	77,309	88,428	220,271	335,408	228,256	(177,219)
Gain on Disposal of Capital Assets	23,887	0	25,771	4,174	0	0	162,032	0	0	0
Non-Transportation Revenue	9,876	2,302	41,699	16,266	9,573	128,786	162,607	185,204	1,128,275	234,743
Total Non-Operating Revenues	10,736,870	11,355,611	11,847,365	12,598,229	12,693,091	12,772,428	13,137,528	13,727,805	29,128,245	37,690,383
<u>Capital Funding</u>										
Capital Grants and Reimbursements	1,337,655	2,589,114	2,104,454	1,892,460	7,543,724	1,460,535	4,498,331	2,242,787	5,287,291	12,123,349
Total Capital Funding	1,337,655	2,589,114	2,104,454	1,892,460	7,543,724	1,460,535	4,498,331	2,242,787	5,287,291	12,123,349
Total Revenues	14,140,213	16,097,582	16,240,464	16,858,397	22,897,491	16,832,722	20,434,174	18,843,274	35,581,915	51,766,468
<u>Operating Expenses</u>										
Labor	4,682,349	4,881,371	5,165,363	5,588,600	6,047,861	6,185,758	6,811,645	7,063,745	7,239,978	8,160,212
Fringe Benefits	3,277,370	3,107,366	3,207,603	3,151,044	3,744,019	5,287,015	5,246,450	8,351,435	7,464,518	(1,144,886)
Services	705,399	722,139	741,945	1,062,125	1,069,254	1,137,955	1,209,679	1,353,478	1,567,051	1,351,374
Fuel and Lubricants	958,003	1,207,040	1,277,228	1,458,161	617,090	768,323	1,087,095	939,024	952,491	712,821
Materials and Supplies	432,403	511,588	568,017	655,246	675,621	809,242	724,789	675,948	1,062,405	817,367
Utilities	133,408	165,311	195,902	200,415	205,210	238,139	198,613	235,528	138,319	204,807
Claims and Insurance	467,232	473,198	466,908	489,963	415,128	374,728	464,329	1,185,297	297,960	475,849
Purchased Transportation	703,294	733,470	255,594	262,528	263,897	264,456	275,562	285,402	168,270	195,537
Miscellaneous	186,735	348,459	320,883	334,109	349,378	365,761	356,275	328,020	278,801	426,203
Total Operating Expense	11,546,193	12,149,942	12,199,443	13,202,191	13,387,458	15,431,377	16,374,437	20,417,877	19,169,793	11,199,284
Excluding Depreciation										
Depreciation	3,764,197	2,711,924	2,638,490	2,807,752	3,611,857	4,009,596	4,260,971	4,349,343	4,325,471	5,706,489
Total Operating Expenses	15,310,390	14,861,866	14,837,933	16,009,943	16,999,315	19,440,973	20,635,408	24,767,220	23,495,264	16,905,773
<u>Non-Operating Expenses</u>										
Loss on Disposal of Capital Assets	0	6,990	0	0	706,871	145,853	0	153,366	56,879	1,095,610
Total Expenses	15,310,390	14,868,856	14,837,933	16,009,943	17,706,186	19,586,826	20,635,408	24,920,586	23,552,143	18,001,383
Change in Net Position	\$ (1,170,177)	\$ 1,228,726	\$ 1,402,531	\$ 848,454	\$ 5,191,305	\$ (2,754,104)	\$ (201,234)	\$ (6,077,312)	\$ 12,029,772	\$ 33,765,085

**LAKETRAN
LAKE COUNTY, OHIO
FAREBOX RECOVERY AND PERCENTAGE
LAST TEN YEARS**

	<u>Percentage</u>
2012	13.05
2013	13.89
2014	14.62
2015	11.60
2016	11.30
2017	10.47
2018	9.20
2019	8.63
2020	0.03
2021	3.40

Note: Fare box recovery is calculated by dividing fare box revenues into direct operating expenses.

Fare Structure - December 31, 2021

	Dial-A-Ride	Fixed Route	Local Commuter Express
Regular Adult Fare	\$ 10.00	\$ 1.75	\$ 3.75
Citizens with Buckeye or Medicare Cards (Senior citizens and those with disabilities)	2.50	0.75	N/A
Children ages 2-12	2.50	0.75	N/A
Children under 2	FREE	FREE	N/A
Monthly Pass	N/A	N/A	135.00
All Day Pass - Fixed Route			
Seniors and Disabled	N/A	2.00	N/A
Regular Fare	N/A	\$ 4.00	N/A
Electronic Fare Boxes accept cash/fare media - will return value card if excess cash is deposited			
Transfers	N/A	FREE	FREE

**LAKETRAN
LAKE COUNTY, OHIO
REVENUES AND OPERATING ASSISTANCE
COMPARISON TO INDUSTRY TREND DATA – LAST TEN YEARS
(expressed in percent)**

Transportation Industry (1)

Year	Operating and Other Miscellaneous Revenue			Operating Assistance			Total Revenues
	Fares	Other	Total	Federal	State & Local	Total	
2009	31.5	12.4	43.9	8.2	47.9	56.1	100.0
2010	32.1	11.9	44.0	9.4	46.6	56.0	100.0

Laketran:

Year	Operating and Other Miscellaneous Revenue			Operating Assistance			Total Revenues
	Fares	Other (2)	Total	Federal	State & Local (3)	Total	
2012	14.6	0.9	15.5	21.6	62.9	84.5	100.0
2013	13.4	(0.1)	13.3	29.9	56.8	86.7	100.0
2014	14.1	1.2	15.3	25.5	59.2	84.7	100.0
2015	14.0	0.6	14.6	26.6	58.8	85.4	100.0
2016	11.6	0.4	12.0	43.0	45.0	88.0	100.0
2017	15.6	0.4	16.0	23.2	60.8	84.0	100.0
2018	13.3	3.1	16.4	33.4	50.2	83.6	100.0
2019	14.8	3.2	18.0	20.8	61.2	82.0	100.0
2020	4.8	9.6	14.4	29.0	62.3	91.3	100.0
2021	1.6	0.5	2.1	28.7	65.1	93.8	100.0

- (1) Source: **2012 Public Transportation Fact Book**, table 63. This book contains data through 2010 which is the latest available.
- (2) Other miscellaneous revenue includes advertising, interest income and other non-operating income.
- (3) State and local operating assistance includes sales tax, operating grants, and special fare assistance.

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING EXPENSES
COMPARISON TO INDUSTRY TREND DATA – LAST TEN YEARS
(expressed in percent)**

Transportation Industry (1) (2) (3):

Year	Salaries and Wages	Fringe Benefits	Services	Materials and Supplies	Utilities	Casualty and Liability	Purchased Transportation	Other Expenses	Total Expenses
2009	38.2	26.7	6.6	11.3	3.5	2.3	14.0	(2.6)	100.0
2010	37.8	27.4	6.6	10.7	3.4	2.6	13.8	(2.3)	100.0

Laketran:

Year	Salaries and Wages	Fringe Benefits	Services	Materials and Supplies	Utilities	Casualty and Liability	Purchased Transportation	Other Expenses	Total Expenses
2012	40.6	28.4	6.1	12.0	1.2	4.0	6.1	1.6	100.0
2013	40.2	25.6	5.9	14.1	1.4	3.9	6.0	2.9	100.0
2014	42.3	26.3	6.1	15.2	1.6	3.8	2.1	2.6	100.0
2015	42.3	23.9	8.1	16.0	1.5	3.7	2.0	2.5	100.0
2016	45.2	28.0	8.0	9.6	1.5	3.1	2.0	2.6	100.0
2017	40.1	34.3	7.4	10.2	1.5	2.4	1.7	2.4	100.0
2018	41.6	32.0	7.4	11.1	1.2	2.8	1.7	2.2	100.0
2019	34.6	40.9	6.6	7.9	1.2	5.8	1.4	1.6	100.0
2020	37.8	38.9	8.2	10.5	0.7	1.6	0.9	1.4	100.0
2021	38.1	37.0	8.7	10.3	3.4	0.0	1.1	1.4	100.0

(1) Source: **2012 Public Transportation Fact Book**, table 51. This book contains data through 2010 which is the latest available.

(2) Excludes depreciation expense

(3) No information available after 2010.

**LAKETRAN
LAKE COUNTY, OHIO
SALES TAX REVENUE
LAST TEN YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax Revenue	\$ 7,869,357	\$ 8,152,976	\$ 8,592,079	\$ 8,890,398	\$ 9,291,442	\$ 9,281,207	\$ 9,504,880	\$ 9,615,330	\$ 16,784,614	\$ 22,716,865
Population *	236,775	230,041	229,857	229,230	229,245	230,041	230,117	230,514	230,041	232,023
Sales Tax Per Capita	\$ 33.24	\$ 35.44	\$ 37.38	\$ 38.78	\$ 40.53	\$ 40.35	\$ 41.30	\$ 41.71	\$ 72.96	\$ 97.91

*Population - suburbanstats.org
OHIO.gov

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>System Ridership</u>										
Motor Bus (directly operated)	530,252	502,092	496,030	475,320	473,310	463,609	452,456	433,679	265,352	242,068
Dial-A-Ride (directly operated)	189,001	182,824	227,565	243,346	260,500	261,810	268,911	271,877	158,389	193,575
Dial-A-Ride (contract service)	61,339	67,776	31,977	32,444	29,882	29,762	25,711	21,990	8,268	8,421
<u>Average Dial System Ridership</u>										
Motor Bus (directly operated)	2,093	2,076	1,758	1,835	1,842	1,818	1,523	1,623	972	938
Dial-A-Ride (directly operated)	727	793	837	932	1,010	853	905	1,020	583	626
Dial-A-Ride (contract service)	147	265	124	128	116	116	104	86	32	33
<u>Average Daily Vehicle Miles operated</u>										
Motor Bus (directly operated)	4,066	4,398	4,463	4,465	4,514	4,504	4,380	4,442	4,584	5,520
Dial-A-Ride (directly operated)	7,316	7,381	8,211	9,118	9,915	8,601	10,096	10,181	7,515	7,313
Dial-A-Ride (contract service)	1,068	1,301	269	298	259	252	229	215	119	123
<u>Revenue Miles</u>										
Motor Bus (directly operated)	760,577	778,583	781,349	804,284	856,648	843,652	856,121	886,763	963,061	1,168,542
Dial-A-Ride (directly operated)	1,583,745	1,599,600	1,937,517	2,120,358	2,315,442	2,326,700	2,292,847	2,312,091	1,656,405	1,869,755
Dial-A-Ride (contract service)	227,344	272,074	62,206	68,773	60,414	57,475	53,424	50,017	25,812	27,100

Source: Laketran Section 15 Statistics Report

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS
(CONTINUED)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Passenger Miles</u>										
Motor Bus (directly operated)	6,700,162	6,011,047	5,808,334	5,410,394	5,665,800	5,558,646	5,378,412	5,113,915	2,209,999	1,949,284
Dial-A-Ride (directly operated)	1,910,889	2,417,184	2,244,900	2,413,977	2,572,199	2,550,249	2,541,302	2,590,782	1,440,540	1,812,064
Dial-A-Ride (contract service)	540,101	562,966	175,983	178,442	164,351	163,691	141,410	120,945	45,474	46,315

Source: Public Transportation Fact Book

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS
(CONTINUED)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Energy Consumption</u>										
Motor Bus										
Gallons of diesel	183,572	182,348	189,663	195,245	203,505	196,924	199,889	197,396	206,160	208,079
Gallons of natural gas	0	0	0	0	0	0	0	0	0	0
Gallons of purinox	0	0	0	0	0	0	0	0	0	0
Gallons of Gas	4,593	3,841	3,777	3,764	3,836	5,565	10,612	7,688	2,625	3,442
Dial-A-Ride										
Gallons of diesel	192,770	199,247	195,555	212,282	232,899	228,995	230,025	187,938	86,430	48,736
Gallons of purinox	0	0	0	0	0	0	0	0	0	0
Gallons of Gas	10	4,870	10,268	6,895	10,157	9,291	14,562	20,915	32,058	54,797
Gallons of Propane	0	0	0	0	0	876	14,541	91,447	169,099	247,779
<u>Fleet Requirement</u>										
Motor Bus (directly operated)	25	25	26	25	25	25	27	27	31	31
Dial-A-Ride (directly operated)	75	53	60	72	73	71	68	67	67	67
Dial-A-Ride (contract service)	6	8	0	0	0	0	0	0	0	0
<u>Total Active Vehicles</u>										
Motor Bus (directly operated)	38	40	40	40	40	40	38	39	38	39
Dial-A-Ride (directly operated)	79	66	75	75	80	86	88	97	104	93
Dial-A-Ride (contract service)	11	11	0	0	0	0	0	0	0	0
Van Pool (contract service)	0	0	0	0	0	0	0	0	0	0

*2010 - stopped CNG early in year (January 2010) - Replaced by New Flyers - Diesel

Source: Financials and Ohio Department of Development

**LAKETRAN
LAKE COUNTY, OHIO
FULL-TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Administration</u>										
Chief Executive Officer	1	1	1	1	1	1	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Director of Finance	1	1	1	1	1	1	1	1	1	1
Compliance & Development Director	1	1	1	1	1	1	1	1	1	1
Director of Human Resources	1	1	1	1	1	1	1	1	1	1
Human Resources Generalist	0	0	0	1	1	1	1	1	1	1
Director of Communications	1	1	1	1	1	1	1	1	1	1
Communications Specialist	0	0	0	0	1	1	1	1	1	1
Accountant/Budget Analyst	1	1	1	1	1	1	1	1	1	1
Finance & Payroll Specialist	0	0	0	0	0	0	0	0	1	1
Finance Clerk	1	1	1	1	1	1	1	1	1	1
Customer Outreach Specialist	0	1	1	1	1	1	1	1	1	1
Total Administrative	<u>8</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>

Source: Operations Department stats

**LAKETRAN
LAKE COUNTY, OHIO
FULL-TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS
(CONTINUED)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Maintenance</u>										
Director of Maintenance	1	1	1	1	1	1	1	1	1	1
Assistant Director of Maintenance	1	1	1	1	1	1	1	1	2	2
Facilities Technician	0	0	0	0	0	0	0	0	1	1
Maintenance Clerk	1	1	1	1	1	1	1	1	1	1
Mechanic I	6	6	7	7	6	6	3	4	7	7
Mechanic II	1	1	1	1	2	2	7	6	5	5
Vehicle Servicer Supervisor	0	0	0	0	0	0	0	0	1	1
Vehicle Servicer	4	3	3	3	3	3	4	3	3	3
Total Maintenance	<u>14</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>17</u>	<u>16</u>	<u>21</u>	<u>21</u>
<u>Operations</u>										
Director of Operations	1	1	1	1	1	1	1	1	1	1
Assistant Director of operations	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	2	2	2
Dispatchers/Schedulers	5	5	5	5	5	7	7	7	7	7
Clerk Receptionist	1	0	1	1	1	1	1	1	1	1
Customer Service Supervisor	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	7	7	7	7	7	7	8	8	8	8
Road Supervisors	4	4	4	4	4	4	5	5	5	5
Trainer	0	0	0	1	1	1	1	1	2	2
Drivers	95	133	135	144	139	155	153	136	170	160
Total Operations	<u>115</u>	<u>151</u>	<u>156</u>	<u>165</u>	<u>161</u>	<u>179</u>	<u>179</u>	<u>163</u>	<u>198</u>	<u>188</u>
Grand Total	<u>138</u>	<u>173</u>	<u>180</u>	<u>190</u>	<u>186</u>	<u>204</u>	<u>207</u>	<u>191</u>	<u>231</u>	<u>221</u>

Source: Operations Department stats

**LAKETRAN
LAKE COUNTY, OHIO**

LAKE COUNTY DEMOGRAPHICS (Continued)

County Population by Decade and Future Projections

<u>Decade</u>	<u>Population</u>	<u>Percent of Change</u>
1900	21,680	
1910	22,927	5.75
1920	28,667	25.04
1930	41,674	45.37
1940	50,020	20.03
1950	75,979	51.90
1960	148,700	95.71
1970	197,200	32.62
1980	212,801	7.91
1990	215,499	1.27
2000	227,511	5.57
2010	230,041	1.11
2015	229,602	(0.19)
2020	232,603	1.31
2030 Projection	222,388	(4.39)

Source: Actual figures from Ohio Department of Development
Projections from Lake County Job and Family Services Profile

Age and Population Distribution - 2020

	<u>Age</u>	<u>Percentage</u>
Under 5	11,397	4.9
Under 18	45,822	19.7
18-64	127,466	54.8
65 and Over	47,918	20.6
Total	232,603	100.0

Source: quickfacts.census.gov

**LAKETRAN
LAKE COUNTY, OHIO**

LAKE COUNTY DEMOGRAPHICS (Continued)

Population By Race - 2020 Estimate

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	210,738	90.6
African American	5,117	2.2
Two or more races	4,187	1.8
Asian	3,489	1.5
Latino/Other	8,840	3.8
Native American	232	0.1
Total	232,603	100.0

Source: development.ohio.gov

Largest Populations in the County

Mentor	46,901
Willoughby	22,631
Eastlake	18,232
Painesville	19,776
Madison Township	15,599
Concord Township	18,245
Painesville Township	16,900
Willowick	13,957
Wickliffe	12,545
Willoughby Hills	9,382

Source: quickfacts.census.gov

LAKETRAN

LAKE COUNTY, OHIO



**LAKETRAN
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

James G. Zupka, CPA, Inc.
Certified Public Accountants

**LAKETRAN
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**LAKETRAN
LAKE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grantor Number	Total Federal Expenditures
<u>U.S. Department of Transportation</u>			
<i>Direct Awards:</i>			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	OH-90-0086	\$ 197,479
Federal Transit Formula Grants	20.507	OH-90-0099	2,165,436
Federal Transit Formula Grants	20.507	OH-90-0110	1,605,523
Federal Transit Formula Grants	20.507	OH-95-0020	13,295
Federal Transit Formula Grants	20.507	OH-95-0024	626,800
Federal Transit Formula Grants	20.507	OH-95-0034	1,316,228
COVID-19 Federal Transit Formula Grants	20.507	OH-90-0093	1,620,029
COVID-19 Federal Transit Formula Grants	20.507	OH-90-0932	4,761,822
COVID-19 Federal Transit Formula Grants	20.507	OH-90-000111	3,410,294
<i>Total CFDA #20.507</i>			<u>15,716,906</u>
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	OH-34-0060	4,584
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	OH-34-0070	139,765
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	OH-34-0084	5,102,840
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	OH-34-0091	1,684,981
<i>Total CFDA 20.526</i>			<u>6,932,170</u>
Total Federal Transit Cluster			<u>22,649,076</u>
Total U.S. Department of Transportation			<u>22,649,076</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 22,649,076</u>

The accompanying notes are an integral part of this schedule.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Laketran under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Laketran, it is not intended to and does not present the financial position, changes in net position, or cash flows of Laketran.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Laketran has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JAMES G. ZUPKA, C.P.A., INC.

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

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Laketran, Lake County, Ohio, (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 27, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

James G. Zupka, CPA, Inc.
Certified Public Accountants

May 27, 2022

JAMES G. ZUPKA, C.P.A., INC.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laketran, Lake County, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Laketran complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Laketran, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Laketran's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to Laketran's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Laketran's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Laketran's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Laketran's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Laketran's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Laketran's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 27, 2022, which contained unmodified opinions on those financial statements, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 27, 2022

**LAKETRAN
LAKE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinions	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list): Federal Transit Cluster: Federal Transit Formula Grants - ALN #20.507 Bus and Bus Facilities Formula Program - ALN #20.526	
2021(viii)	Dollar Threshold: A/B Program	Type A: >\$750,000 Type B: >All Others
2021(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**LAKETRAN
LAKE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The prior audit report, as of December 31, 2020, included no findings or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE KEITH FABER



LAKETRAN

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/7/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov