

**LAKETRAN**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Laketran  
P.O. Box 158  
Grand River, Ohio 44045

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, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 8, 2007

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**LAKETRAN  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5
Note to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Schedule of Prior Audit Findings	8

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Trustees  
Laketran  
Grand River, Ohio

We have audited the basic financial statements of Laketran, Ohio as of and for the year ended December 31, 2006, which comprise Laketran, Ohio's basic financial statements and have issued our report thereon dated April 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Laketran, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Laketran, Ohio's financial statements that is more than inconsequential will not be prevented or detected by Laketran, Ohio's internal control.

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of Laketrans, Ohio, in a separate letter dated April 25, 2007.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

April 25, 2007

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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

Board of Trustees  
Laketran  
Grand River, Ohio

**Compliance**

We have audited the compliance of Laketran with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2006. Laketran, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Laketran, Ohio's management. Our responsibility is to express an opinion on Laketran, Ohio's compliance based on our audit.

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

In our opinion, Laketran, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2006.

### **Internal Control Over Compliance**

The management of Laketrans, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Laketrans, Ohio's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of Laketrans, Ohio as of and for the year ended December 31, 2006, and have issued our report thereon dated April 25, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Laketrans, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

April 25, 2007

**LAKETRAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Grand Total</b>
<b><u>U.S. Department of Transportation</u></b>			
Federal Transit Cluster			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-90-0427	\$ 331,155
		OH-90-0428	210,768
		OH-90-0461	651,946
		OH-90-0462	1,404,529
		OH-90-0505	613,464
		OH-90-0524	<u>1,832,474</u>
Subtotal CFDA #20.507			<u>5,044,336</u>
Federal Transit Administration Capital Improvement Grants	20.500	OH-03-0004	<u>158,076</u>
<b>Total U.S. Department of Transportation</b>			<u>5,202,412</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through Ohio Department of Public Safety</i>			
Public Assistance Grant	97.026	DR-1656-OH	<u>4,238</u>
<b>Total U.S. Department of Homeland Security</b>			<u>4,238</u>
<b>Total Federal Expenditures</b>			<u>\$ 5,206,650</u>

**LAKETRAN**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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**NOTE 1: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented as follows:

- As described in Note 2 of the financial statements, Laketran's accounts are maintained on the full accrual basis of accounting where revenues are recorded as earned and expenses are recognized when they are incurred.

**LAKETRAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 & §.505**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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**1. Summary of Auditor's Results**

2005(i)	Type of Financial Statement Opinion	Unqualified
2005(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2005(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2005(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2005(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2005(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2005(v)	Type of Major Programs' Compliance Opinion	Unqualified
2005(vi)	Are there any reportable findings under .510?	No
2005(vii)	Major Programs (list):  Federal Transit Cluster: Federal Transit Administration Capital and Operating Assistance Formula Grants - CFDA #20.507  Federal Transit Capital Improvement Grants - CFDA #20.500	
2005(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: > All Others
2005 (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**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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No significant findings or questioned costs were included in the prior year's audit report.

**Comprehensive  
Annual Financial Report  
For The Year Ended December 31, 2006**

**LAKETRAN**

**LAKE COUNTY, OHIO**





# **Introductory Section**

**2006**

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**Comprehensive  
Annual Financial Report  
For The Year Ended December 31, 2006**

**LAKETRAN**

**LAKE COUNTY, OHIO**



J.Terrell Dillard  
President  
Board of Trustees

Raymond Jurkowski  
General Manager/  
Secretary-Treasurer

**LAKETRAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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TABLE OF CONTENTS

	<u>PAGE</u>
<b><u>I. Introductory Section</u></b>	
Table of Contents	2
Certificate of Achievement for Excellence in Financial Reporting	3-4
Letter of Transmittal	5-11
List of Principal Officials	12
Municipalities in Lake County	13
Organization Chart	14
<b><u>II Financial Section</u></b>	
Independent Auditors' Report	15-16
Management's Discussion and Analysis	17-23
Basic Financial Statements:	
Comparative Statement of Net Assets	24
Comparative Statement of Revenues, Expenses and Changes in Net Assets	25
Comparative Statement of Cash Flows	26
Notes to Basic Financial Statements	27-40
<b><u>III. Statistical Section</u></b>	
Fare Box Recovery - Last Ten Years	41
Fare Structure	41
Revenues by Type/Source - Last Ten Years	42
Expenses by Type/Function - Last Ten Years	43
Revenues and Operating Assistance - Comparison To Industry Trend Data - Last Ten Years	44
Operating Expenses - Comparison To Industry Trend Data - Last Ten Years	45
Operating Statistics - Last Ten Years	46-48
Lake County Demographics - Last Ten Years	49-51
Full Time Equivalent Staffing by Position	52-53

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laketrans  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director

*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 comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.*

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



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June 26, 2007

Mr. J. Terrell Dillard, President  
members, Board of Trustees of Laketrans  
and Residents of Lake County

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Laketrans for the year ended December 31, 2006. This is the sixth 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 five previous CAFRs earned the recognition of the Government Finance Officer's 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 ten 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 CAFR 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 auditor'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.

The CAFR is divided into three sections as follows:

The **INTRODUCTORY SECTION** contains a title page, a table of contents, this letter of transmittal, the Laketran organization chart, a listing of the members of the Board of Trustees and management of Laketran, and a map of municipalities in Lake County.

The **FINANCIAL SECTION** contains the Independent Auditor's Report, management's discussion and analysis, the basic financial statements, and the notes to the basic financial statements. (The notes to the financial statements are an integral part of the basic financial statements).

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

### **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 members are appointed by the County Commissioners. Board members serve overlapping three year terms. Under the provisions of GASB Statement No. 14, Laketran is considered to be a jointly governed organization.

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

Administration:

- Controller
- Director of Development
- Human Resources Manager
- Public Relations/Marketing Director

Maintenance:

- Maintenance Supervisor

Operations:

- Operations Manager

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

In 2006, Laketran had 170 full-time equivalent employees. The system delivered 829,455 revenue miles of motor bus service and 2,298,482 revenue miles of directly operated paratransit service. The service fleet was composed of 46 motor bus coaches and 76 paratransit buses.

### **LAKETRAN'S SERVICE AREA**

Laketran's service area is contiguous with the boundaries of Lake County, Ohio. The County includes eighteen municipalities (cities and villages) and five townships. The seat of the County government is in the City of Painesville. Lake County measures 228.2 square miles, making it, geographically, the smallest county in Ohio. The 2000 population was 227,511, which ranked 11<sup>th</sup> out of 88 counties.

### **CURRENT YEAR REVIEW**

During the year 2006, Laketran received the following national awards:

#### **Financial Reporting**

- The Distinguished Budget Presentation Award for the 2006 operating and capital budget from the GFOA..
- Certificate of Achievement for Excellence in Financial Reporting for the 2005 CAFR from the GFOA.

During 2006, directly operated Dial-a-Ride ridership decreased 1.5 percent, local fixed route service decreased 2.1 percent, and commuter express service increased 5.0 percent. Purchased transportation and jitney combined, increased 31.3 percent. Ridership figures and percentage increases/(decreases) over the prior year, for the past ten years, are as follows:

1997: 730,818	8.3%	2002: 957,120	(0.4%)
1998: 785,491	7.5%	2003: 947,609	(1.0%)
1999: 845,279	7.6%	2004:1,018,742	7.5%
2000: 905,084	7.1%	2005:1,070,754	5.1%
2001: 961,331	6.2%	2006:1,058,926	(1.1%)

As part of an ongoing commitment to provide the best and safest overall service to the residents of Lake County, Laketran has **1)** a regular vehicle maintenance program and **2)** a regular and systematic program for removing old buses from service and replacing them with new buses, in accordance with Federal Transit Administration (FTA) guidelines. During 2006, eighteen high mileage demand response vehicles were taken out of service. Twenty one new vehicles were purchased to replace them. The total cost of these eighteen vehicles was \$1,389,424. Laketran operates one of the largest directly operated Dial-A-Ride services in the United States. The fleet consists of seventy-six buses.

In late 2004, Laketran began a program to completely refurbish its fleet of twelve New Flyer 35' CNG powered buses. This involved a complete top to bottom inspection, and work is done as needed to return the buses to "like new" condition. During 2005, six of the twelve buses were completed and returned to service. The remaining six buses were completed in 2006. Total cost to refurbish all twelve buses was \$1,798,974.

Design work began on facility improvements to the Laketrans headquarters during 2004. A building addition will contain a larger driver's room and dispatch center. It will be located adjacent to the garage entrance and exit. Another building addition will expand the parts room in the maintenance department. Additionally, improvements will be made to the maintenance department, farebox room, and administrative offices. This project was nearly complete at the end of 2006. At December 31, 2006, the total amount spent was \$3,356,250, with only a small amount of finishing work still to be done.

The passenger information program began in 2004 and is expected to continue until 2008. This involves installing ride guides at many bus stops along Laketrans local fixed route system. Ride guides will be affixed to bus stop sign poles and contain such valuable passenger information as bus schedules, maps of the various routes, fares, how to contact Laketrans, etc. Remaining costs from 2007-2008 are expected to be \$150,000.

Commuter express service from Classic Ballpark (Route 14), started in April 2004. During 2006, service cost about \$125,000. 80 percent of these operating costs were reimbursed with Federal CMAQ funds.

### **FUTURE PLANS**

Laketrans currently has a capital improvement plan in place through the year 2011. This plan was developed to provide for the future transportation needs of all Lake County residents and includes:

- **Paratransit Buses:** Up to 90 small (seating capacity 11 to 13) and large (seating capacity 15 to 17) vehicles will be purchased over the next five years. Most are expected to replace older, high mileage vehicles scheduled to be taken out of service. Some may serve as fleet additions if fewer vehicles are disposed of than are purchased. This decision will be made annually based on demand for additional service and budget constraints. Total cost is expected to be \$6,307,000.
- **Engine Rebuild/Replacement of 14 40' Motor Coach Industries Motor Buses:** These buses are approaching the halfway point in their useful lives and need major work in order to remain in service until 2010. This work, scheduled to begin 2007, is expected to cost \$267,000.
- **Replace 12 35' Low Floor Motor Buses:** The entire fleet of New Flyer CNG powered buses is scheduled for replacement in 2009 and 2011. Total cost is expected to be \$4,467,000.
- **Replace 14 40' Commuter Buses:** All 14 1998 MCI 40' commuter buses are scheduled to be replaced during 2010. Total cost is expected to be \$6,426,000.
- **Replace 4 30' Optima Local Fixed Route Motor Buses:** All four of these buses are scheduled to be replaced in 2010. Total cost is expected to be \$1,489,000.
- **Facility Repair:** Miscellaneous facility repairs are expected to cost \$80,000 from 2007-2011.

- **Roof Replacement:** With the exception of the two small areas of the building just constructed, the entire roof needs to be replaced in 2007. The total cost is estimated to be \$1,500,000 to \$2,000,000.
- **Expand Market Street Park-n-Ride lot:** The final phase of the parking lot is scheduled for construction in for 2009. Total cost of this project is expected to be \$534,000.
- **Transit Centers:** These are structures providing shelter for passengers at strategic points such as the start/end of one or more routes. Passengers can wait for and transfer between buses with minimal exposure to harsh weather conditions. Comfortable seating is also provided. Construction of one center is planned for 2009. Total cost of this project is expected to be \$525,000.
- **Bus Shelters and Benches:** Additional bus shelters are to be constructed over the next five years at selected bus stops. They will provide seating and protection from harsh weather conditions while people wait for buses. At other stops, new benches are to be installed for rider comfort. Purchase and installation costs from 2007-2011 are expected to be \$168,000.
- **Ride Guides:** These are four sided information holders attached to bus stops. They provide such information as bus schedules, route maps, phone numbers for Laketrans, and assorted other information customers may find useful. Additional ride guides are scheduled to be installed from 2007-2008. Total cost for these years is expected to be \$150,000.
- **Office/Computer Equipment:** It is necessary to continue to upgrade computer equipment so Laketrans employees can continue to provide the kind of service customers are accustomed to. Total cost from 2007-2011 is expected to be \$25,000.
- **Information Systems Development:** As requirements change, systems must be updated. Programming costs from 2007-2011 are expected to cost \$15,000.
- **Professional Services:** Costs of engineering and design on miscellaneous projects is expected to cost up to \$95,000 from 2007-2011.
- **Miscellaneous Shop Equipment:** This category includes maintenance equipment necessary to maintain all buses in the fleet, as well proper maintenance of the Laketrans facility. Total cost is expected to be \$125,000 from 2007-2011.
- **Development of a new Strategic Plan:** Laketrans has not revised its strategic plan in nearly ten years. This is defined as a capital project because it will derive multi-year benefits. Total cost is expected to be \$5,000 in 2007.
- **Non-Revenue Vehicles:** Assorted cars and pick-up trucks, some of which are more than ten years old. Total cost is expected to be \$186,000 from 2007-2011.

## **FINANCIAL INFORMATION**

### **Internal Control**

Laketran's internal controls are reviewed annually as a part of the independent audit. In developing and revising Laketran's 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. Laketran's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Basis of Accounting**

Laketran's 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 receives a report of their expenses vs budget each month. The accounting department exercises budgetary control over administrative costs such as hospitalization and property and casualty coverage. Bank reconciliations are conducted on a monthly basis and petty cash funds are reconciled on a quarterly basis.

### **Retirement Plan**

Employees of Laketran are covered under the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer pension plan (including disability and health care benefits).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees covered by OPERS contribute 9.00% of wages subject to OPERS and Laketran contributes 13.70 percent (actuarially established for OPERS) of the same base. Beginning January 1, 2007, employees will contribute 9.50 percent and Laketran will contribute 13.85 percent and beginning January 1, 2008, employees will contribute 10.00 percent and Laketran will contribute 14.00 percent.

Note: Very limited compensation is not subject to OPERS. Examples are 1) the lump sum distribution of any accrued vacation, sick, and holiday pay due an employee upon termination or retirement, 2) annual shoe allowances paid to eligible employees and, 3) annual attendance and safety awards paid to eligible employees.

OPERS also provides post-retirement healthcare coverage to those employees who retire with ten or more years of qualifying Ohio service credit as well as healthcare coverage disability recipients and primary survivor recipients. A portion of each employer's contribution to OPERS is set aside to fund these benefits.

**Debt**

Laketran has never had any debt.

**Cash Management**

Laketran pursues an aggressive cash management and investment program in order to achieve a reasonable financial return on all available funds. Cash balances are invested at the best interest rates available in the money markets within the constraints imposed by Laketran's Investment Policy and the Ohio Revised Code. In accordance with these provisions, only commercial and savings banks located in Ohio are eligible to hold public deposits.

The provisions also permit Laketran to invest in the following eight types of investments; treasuries, certificates of deposit, savings accounts, the State Treasurer's Asset Reserve (STAROhio), agency and instrumentality securities, repurchase agreements, banker's acceptances, and commercial paper.

**OTHER INFORMATION**

**Independent Audit**

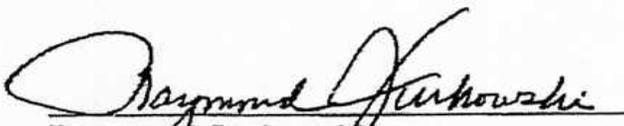
The Laketran independent audit was conducted by James G. Zupka, CPA, Inc., who has issued an unqualified audit report on the financial statements.

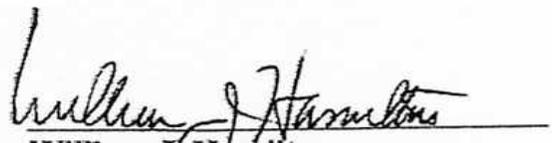
Laketran also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by Laketran. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including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

**ACKNOWLEDGMENT**

This report is prepared in collaboration with James G. Zupka, CPA, Inc. Special thanks to their staff for their valuable contributions to this document.

Special thanks to Jason Boyd, Laketran Board Member and employee of the Lake County Planning Commission for his assistance with the new statistical reporting requirements.

  
Raymond Jurkowski  
General Manager/Secretary-Treasurer

  
William J. Hamilton  
Controller and  
Certified Public Finance Officer

**LAKETRAN**  
**BOARD OF TRUSTEES AND MANAGEMENT**  
**AS OF DECEMBER 31, 2006**

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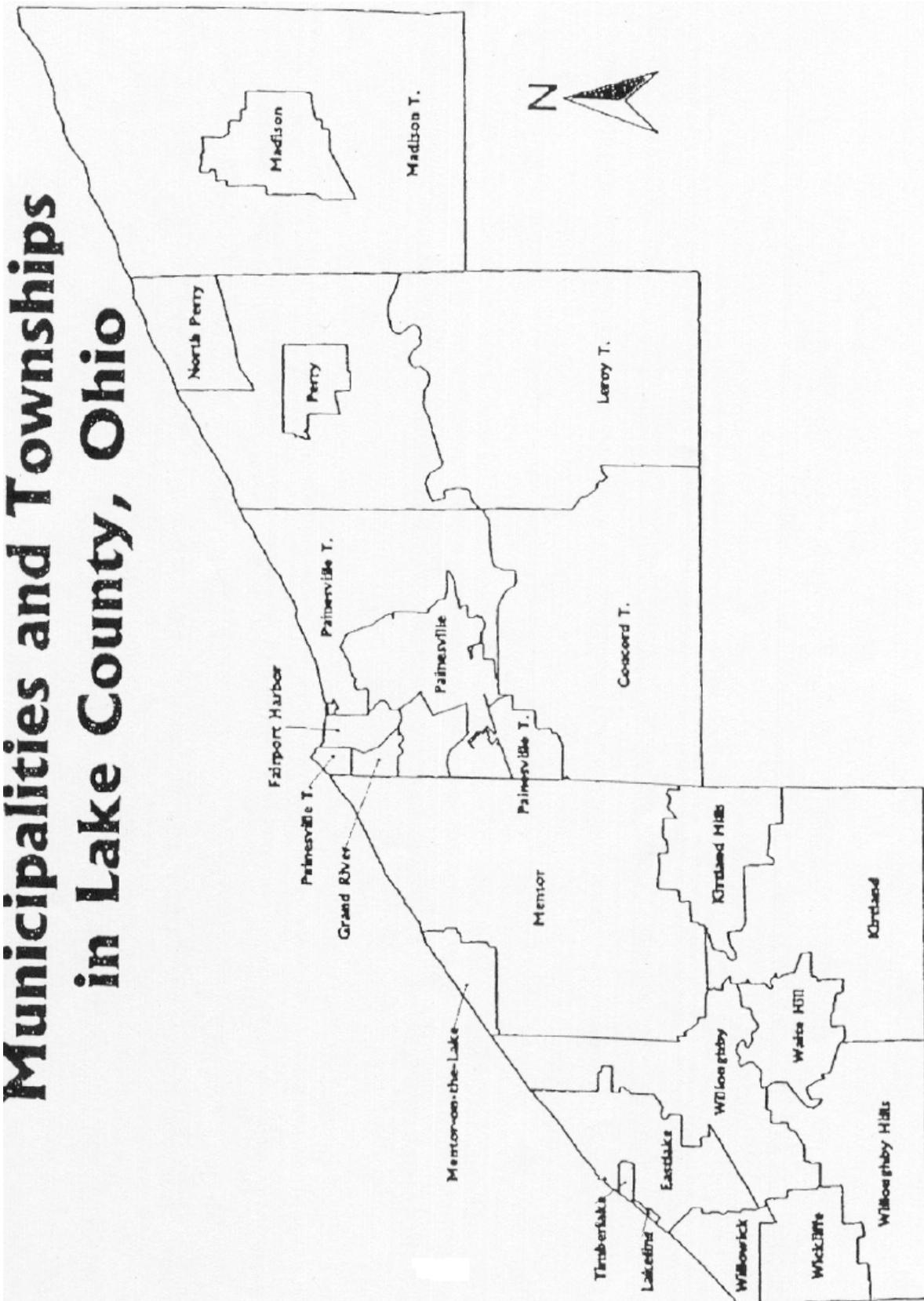
**Board of Trustees**

Chairman	J. Terrell Dillard
Vice-Chairman	Kevin D. Malecek
Trustees	Jason Boyd Dale A. Chample Judy L. Colgrove Jeanette Crislip Donna P. McNamee Edward J. Podojil John C. Redmond

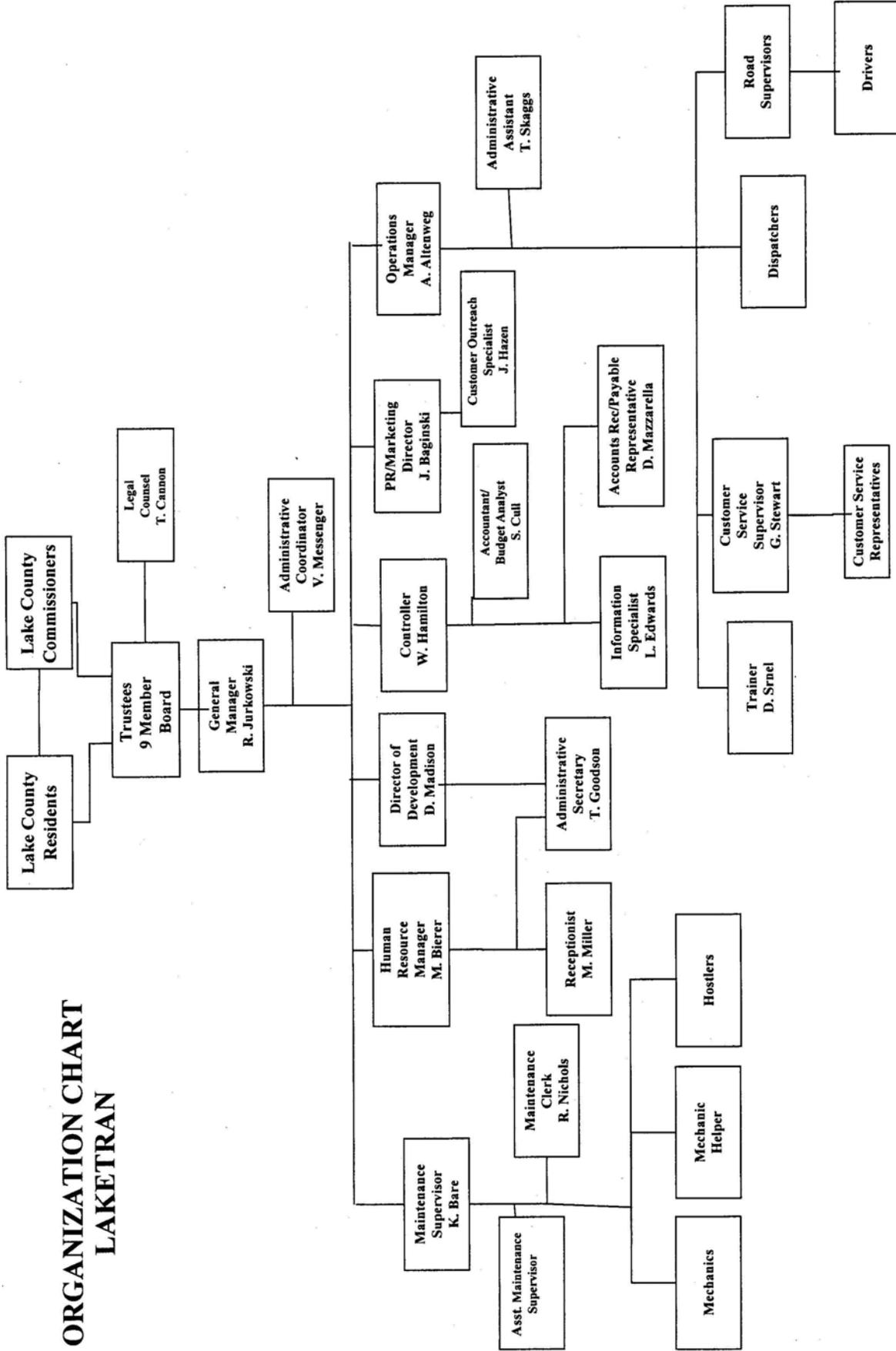
**Management**

General Manager and Secretary-Treasurer	Raymond Jurkowski
Operations Manager	Andrew A. Altenweg
Controller	William J. Hamilton
Director of Development	Dale Madison
Human Resources Manager	Maureen D. Bierer
P/R and Marketing Director	Jessie M. Baginski
Maintenance Supervisor	Keith M. Bare

# Municipalities and Townships in Lake County, Ohio



# ORGANIZATION CHART LAKETRAN



# **Financial Section**

**2006**

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Laketran  
Grand River, Ohio

We have audited the accompanying basic financial statements of Laketran, Ohio, as of and for the years ended December 31, 2006 and 2005, which collectively comprise Laketran's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Laketran, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

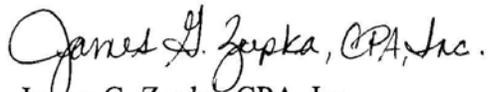
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Laketran, Ohio, as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2007, on our consideration of Laketran, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laketran, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Laketran, Ohio. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

April 25, 2007

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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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, 2006, 2005, and 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5 through 11 of this report.

**FINANCIAL HIGHLIGHTS**

- Laketran's net assets increased as a result of current year operations by \$487,792, or 1.2 percent over 2005. Net assets for 2005 decreased \$1,593,947, or 3.8 percent from 2004.
- Operating expenses, exclusive of depreciation, were \$11,427,946 in 2006, \$11,181,649 in 2005, and \$10,452,691 in 2004. These represent increases of 2.2 percent and 7.0 percent, respectively.
- Net capital assets were \$28,544,750 at December 31, 2006, \$25,879,519 at December 31, 2005, and \$25,793,484 at December 31, 2004. These represent increases of 10.3 percent and 0.3 percent, respectively.
- Cash and cash equivalents were \$3,233,423 at December 31, 2006, \$3,320,159 at December 31, 2005, and \$5,098,482 at December 31, 2004. These represent decreases of 2.6 percent and 34.9 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$8,474,009 at December 31, 2006, \$10,004,796 at December 31, 2005, and \$9,551,658 at December 31, 2004. These represent a decrease of 15.3 percent and an increase of 4.7 percent, respectively.

NOTE: Cash and cash equivalents and investments at fair value combined were \$11,707,432 at December 31, 2006, \$12,324,955 at December 31, 2005, and \$14,650,140 at December 31, 2004. These represent decreases of 5.0 percent and 15.9 percent respectively. These cash reserves were used to pay Laketran's local share of capital improvements.

**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)** Statements of Net Assets, **2)** Statements of Revenues, Expenses, and Changes in Net Assets, **3)** Statements of Cash Flows, and **4)** Notes to the Basic Financial Statements. The Statements of Net Assets and Statements of Revenue, Expenses, and Changes in Net Assets (pages 24 and 25) provide information about the activities of Laketran and present a longer-term view of its finances.

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(Continued)**

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 Assets, the Statement of Revenues, Expenses and Changes in Net Assets, 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.

The basic financial statements report Laketran's net assets and changes in them. Laketran's net assets are the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure Laketran's financial health or financial position. Over time, increases or decreases in Laketran's net assets 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 Laketran's capital assets (property, equipment, vehicles, etc.).

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

**Table 1 - Net Assets**

	2006	2005 Restated	2004
<b><u>Assets</u></b>			
Current Assets	\$ 14,145,602	\$ 16,083,040	\$ 17,622,023
Restricted Assets	129,015	76,370	9,277
Other Assets	4,197,998	1,986,365	2,343,312
Capital Assets	<u>28,544,750</u>	<u>25,879,519</u>	<u>25,793,484</u>
<b>Total Assets</b>	<u>47,017,365</u>	<u>44,025,294</u>	<u>45,768,096</u>
<b><u>Liabilities</u></b>			
Current Liabilities	1,652,508	1,628,977	1,090,626
Other Liabilities	<u>4,467,113</u>	<u>1,986,365</u>	<u>2,343,312</u>
<b>Total Liabilities</b>	<u>6,119,621</u>	<u>3,615,342</u>	<u>3,433,938</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Debt	28,515,959	25,872,012	25,793,484
Unrestricted - Designated for Capital Improvements	5,747,311	0	0
Unrestricted	<u>6,634,474</u>	<u>14,537,940</u>	<u>16,540,674</u>
<b>Total Net Assets</b>	<u>\$ 40,897,744</u>	<u>\$ 40,409,952</u>	<u>\$ 42,334,158</u>

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

Laketran's net assets were \$40,897,744 at December 31, 2006, \$40,409,952 at December 31, 2005, and \$42,334,158 at December 31, 2004. These represent an increase of 1.2 percent and a decrease of 4.5 percent, respectively. Unrestricted net assets were \$12,381,785 at December 31, 2006, \$14,530,433 at December 31, 2005, and \$16,540,674 at December 31, 2004. These represent decreases of 14.8 percent and 12.2 percent, respectively. During 2006, \$5,747,311 of the unrestricted account was reclassified as Unrestricted - Designated for Capital Improvements. These funds are still unrestricted but management wanted to emphasize its commitment to Laketran's capital improvement plan. The intention is to invest these funds in the capital assets necessary to enable Laketran to continue to provide the same high quality of service the residents of Lake County have come to expect.

The following financial ratios should be used to assess the financial stability of Laketran 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 exceeds current liabilities:

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$12,622,109	\$14,530,434	\$16,531,397	\$16,462,886	\$17,276,981

The Current Ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
8.64	9.92	16.16	14.16	12.56

Days Cash and Investments in Reserve represents the number of days normal operations could continue with no revenue collection.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
374	435	512	569	644

Liabilities to Net Assets indicates the extent of borrowing.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
15.0%	8.9%	8.1%	5.4%	8.0%

Note: Laketran 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 vendors, 2) accrued payroll liabilities, and 3) deferred revenue. Deferred revenue consists of capital grant funding approved but not yet eligible to be received.

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(Continued)**

**Table 2 - Changes in Net Assets**

	2006	2005	2004
<b>Revenues</b>			
Passenger Fares	\$ 1,079,002	\$ 907,448	\$ 822,817
Auxiliary Transportation Revenue	76,270	66,241	59,125
Sales Tax Revenue	7,728,332	7,552,508	7,637,134
Federal Grant Reimbursements	5,243,711	3,318,709	2,742,653
State Grants, Reimbursements, and Special Fare Assistance	897,016	860,330	568,148
Interest Income	381,885	345,810	295,111
Net Increase (Decrease) in Fair Value of Investments	136,913	(29,862)	(128,814)
Non-Transportation Revenues	38,768	9,807	61,909
Gain (Loss) on Disposal of Assets	3,000	81,170	28,425
<b>Total Revenues</b>	<b>15,584,897</b>	<b>13,112,161</b>	<b>12,086,508</b>
<b>Expenses</b>			
Administration	1,999,318	1,951,556	1,991,651
Maintenance	1,338,659	1,418,424	1,335,482
Operations	8,089,968	7,811,669	7,125,558
<b>Total Expenses, excluding Depreciation</b>	<b>11,427,945</b>	<b>11,181,649</b>	<b>10,452,691</b>
Depreciation	3,669,160	3,524,459	3,551,989
<b>Total Expenses</b>	<b>15,097,105</b>	<b>14,706,108</b>	<b>14,004,680</b>
Increase (Decrease) in Net Assets	<b>\$ 487,792</b>	<b>\$ (1,593,947)</b>	<b>\$ (1,918,172)</b>

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

- Federal grant reimbursements increased from 2005 to 2006 by 58.0 percent and from 2004 to 2005 by 125.9 percent, respectively. Deferred revenue is the big contributor to this increase. This represents federal grant funds approved but not yet eligible to be received, which increased 2005 to 2006 by 111.3 percent, and decreased from 2004 to 2005 by 15.2 percent.
- Sales tax revenues, Laketrans largest source of revenue, increased from 2005 to 2006 by 2.3 percent, and from 2004 to 2005 decreased by 1.1 percent. Though not an extraordinary increase in 2006, it was a pleasant surprise because, with rapidly increasing energy costs, people are spending significantly more for gasoline and home heating fuel. This easily could have had a negative effect on the amount of spending on consumer goods.
- Investment income increased 10.4 percent from 2005 to 2006 and 17.2 percent from 2004 to 2005, while Laketrans investment portfolio decreased 12.1 percent from 2005 to 2006 and 9.0 percent from 2004 to 2005. The portfolio decreased because cash was needed to cover the local share of capital purchases. Rising interest rates and good investment practices contributed to the increase in interest income.
- Operating expenses, excluding depreciation, increased 2.2 percent from 2005 to 2006 and 7.0 percent from 2004 to 2005.

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

- Significant changes in operating expenses are:

Fuel and oil costs increased 21.8 percent from 2005 to 2006 and 23.1 percent from 2004 to 2005..

Note: Fuel makes up 8.8 percent of the entire operating budget. In spite of this very sharp increase in costs, the entire operating budget only increased 2.2 percent.

**Table 3 - Changes in Cash Flows**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Cash Used for Operating Activities	\$(10,254,068)	\$ (9,698,195)	\$ (9,775,531)
Net Cash Provided by Noncapital Financing Activities	9,938,252	9,743,622	8,985,346
Cash Flows Provided (Used) by Capital and Relating Financing	(1,726,771)	(1,627,167)	(229,739)
Net Cash Provided (Used) by Investment Activities	<u>2,008,496</u>	<u>(129,490)</u>	<u>750,728</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ (34,091)</u>	<u>\$ (1,711,230)</u>	<u>\$ (269,196)</u>

Net cash used for operating activities increased 5.7 percent from 2006 to 2005 and decreased 0.8 percent from 2004 to 2005. One third of the additional cash was used to pay for fuel and oil in 2006.

Net cash provided by noncapital financing activities increased 2.0 percent from 2005 to 2006 and 8.4 percent from 2005 to 2004.

Net cash provided/(used) by capital and related financing activities increased 6.1 percent from 2005 to 2006 and 608.3 percent from 2004 to 2005. The large increase represents cash from an investment that matured and was not renewed. It was used to pay the local share of capital purchases. Large projects in process were the facility modification and the MDT/AVL project.

Net cash provided/(used) by investment activities substantially increased during 2006. This was primarily caused by the fact that two large capital projects (referenced in the paragraph immediately preceding) required a large amount of local funding. Cash reserves had to be used to pay for this.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of 2006, Laketrans had \$28,544,750 (net) invested in a broad range of capital assets including land, buildings, equipment, office furniture/fixtures/equipment, parking lots, communication equipment, and vehicles. This amount represents a net increase of \$2,665,231 or 10.3 from 2005.

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

\$1,390,715 of this increase is due to the fact 18 new Dial-a-Ride buses were purchased yet none were sold during 2006. An auction is scheduled for January 2007. Three large capital projects had substantial expenses during 2006. The facility modification which incurred \$1,955,000 in capital costs and the bus rebuild project which incurred \$1,113,000 in capital costs were both completed during 2006. Additionally, the MDT/AVL project, though not complete, incurred \$1,224,000 in capital expense during 2006.

**Table 4 - Capital Assets at Year End**

	2006	2005	2004
Land	\$ 2,442,643	\$ 2,442,643	\$ 2,442,643
Buildings	14,484,030	11,394,545	11,378,675
Transportation Vehicles and Equipment	33,058,374	29,185,566	28,962,599
Furniture and Equipment	789,318	723,612	742,814
Construction in Progress	1,622,711	2,322,145	102,373
	52,397,076	46,068,511	43,629,104
Less: Accumulated Depreciation	23,852,326	20,188,992	17,835,620
<b>Total Capital Assets, Net</b>	<b>\$ 28,544,750</b>	<b>\$ 25,879,519</b>	<b>\$ 25,793,484</b>

For more detailed information on capital asset activity, see note 12 of the financial statements.

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. Laketrans owns one building which is being depreciated over a period of thirty years.

**DISCUSSION OF CURRENTLY KNOWN FACTS**

Exclusive of capital grant reimbursements, Laketrans has experienced relatively flat revenues since 2000. 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.

During 2006, while revenues have been relatively flat, fuel and oil costs have increased 21.8 percent. Everything possible is being done to control costs and remain within the budget without reducing service.

Laketrans began commuter express service from the Classic Ballpark in April 2004. 2006 was the last full year CMAQ funding will be available to subsidize operation of this route. During November 2003, Lake County voters overwhelmingly approved the 1/4 percent sales tax which provides Laketrans with a majority of its funding. This levy was approved by a margin of 67 percent for and 33 percent against. The old levy expired July 31, 2004, and the new levy took effect on August 1, 2004. The current levy expires July 31, 2014.

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(Continued)**

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Sales tax revenue has been relatively flat for several years. During 2006, sales tax revenue increased 2.3 percent over 2005. The average increase over the past five years is only 1.50 percent, so the 2006 increase was viewed as encouraging. Sales tax represents 68.1 percent of Laketran's income for operations (excluding capital grant reimbursements). Sales tax is being monitored very closely as the high price of energy seems to be shifting spending away from consumer goods. Energy prices pose a long term threat to sales tax revenues as consumers will have less discretionary income to spend.

**LAKETRAN**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u> <u>Restated</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,233,423	\$ 3,320,159
Investments	8,474,009	10,004,796
Receivables:		
Federal Grants	369,117	717,620
State Grants	1,438	51,916
Trade	64,887	53,330
Sales Tax	1,175,491	1,159,924
Fuel Tax Refund	0	0
Accrued Interest	93,025	51,936
Materials and Supplies	717,569	689,913
Prepaid Expenses	16,643	33,446
Restricted Cash	<u>129,015</u>	<u>76,370</u>
Total Current Assets	<u>14,274,617</u>	<u>16,159,410</u>
Non-Current Assets:		
Federal Grants Receivable	4,197,998	1,986,365
Non-Depreciable Capital Assets	4,065,354	4,764,789
Depreciable Capital Assets, net	<u>24,479,396</u>	<u>21,114,730</u>
Total Non-Current Assets	<u>32,742,748</u>	<u>27,865,884</u>
<b>TOTAL ASSETS</b>	<u>\$ 47,017,365</u>	<u>\$ 44,025,294</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts Payable	\$ 399,971	\$ 445,601
Capital Leases Payable	28,791	7,507
Accrued Payroll and Benefits	1,044,905	1,007,966
Accrued OTRP Special Assessments	45,767	91,533
Payable from Restricted Assets:		
Retainage Payable	<u>133,074</u>	<u>76,370</u>
Total Current Liabilities	<u>1,652,508</u>	<u>1,628,977</u>
Other Liabilities:		
Deferred Revenue	<u>4,467,113</u>	<u>1,986,365</u>
Total Other Liabilities	<u>4,467,113</u>	<u>1,986,365</u>
<b>Total Liabilities</b>	<u>6,119,621</u>	<u>3,615,342</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	28,515,959	25,872,012
Designated for Capital Improvements	5,747,311	0
Unrestricted	<u>6,634,474</u>	<u>14,537,940</u>
<b>Total Net Assets</b>	<u>40,897,744</u>	<u>40,409,952</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 47,017,365</u>	<u>\$ 44,025,294</u>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**DECEMBER 31, 2006 AND 2005**

	2006	2005
<b><u>Operating Revenues</u></b>		
Passenger Fares for Transit Service	\$ 1,071,268	\$ 890,376
Special Transit Fares	7,734	17,072
Auxiliary Transportation Revenue	76,270	66,241
<b>Total Operating Revenues</b>	<b>1,155,272</b>	<b>973,689</b>
<b><u>Operating Expenses Other Than Depreciation</u></b>		
Labor	5,311,698	5,228,225
Fringe Benefits	2,826,144	2,838,873
Services	511,675	528,066
Fuel and Lubricants	1,002,631	823,304
Materials and Supplies	445,966	504,858
Utilities	205,505	179,927
Claims and Insurance	551,421	567,312
Purchased Transportation	236,015	233,256
Miscellaneous	336,890	277,828
<b>Total Operating Expenses Other Than Depreciation</b>	<b>11,427,945</b>	<b>11,181,649</b>
Depreciation	3,669,160	3,524,459
<b>Total Operating Expenses</b>	<b>15,097,105</b>	<b>14,706,108</b>
Operating Loss	<b>(13,941,833)</b>	<b>(13,732,419)</b>
<b><u>Non-Operating Revenues and Expenses</u></b>		
Sales Tax Revenue	7,728,332	7,552,508
Federal Grants and Reimbursements	1,171,239	1,247,047
State Grants, Reimbursements, and Special Fare Assistance	785,133	717,666
Interest Income	381,885	345,810
Net Increase in Fair Value of Investments	136,913	(29,862)
Gain/(Loss) on Disposal of Fixed Assets	3,000	81,170
Non-Transportation Revenues	38,768	9,807
<b>Total Non-Operating Revenues and Expenses</b>	<b>10,245,270</b>	<b>9,924,146</b>
Loss before Capital Contributions	<b>(3,696,563)</b>	<b>(3,808,273)</b>
<b><u>Capital Funding</u></b>		
Federal Grants and Reimbursements	4,072,472	2,071,662
State Grants and Reimbursements	111,883	142,664
<b>Total Capital Funding</b>	<b>4,184,355</b>	<b>2,214,326</b>
Increase (Decrease) in Net Assets	487,792	(1,593,947)
Total Net Assets, Beginning of Year	40,409,952	42,003,899
<b>Total Net Assets, End of Year</b>	<b>\$ 40,897,744</b>	<b>\$ 40,409,952</b>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 1,143,716	\$ 978,124
Cash Payments for Goods and Services	(3,392,353)	(2,872,439)
Cash Payments for Employees' Services	(8,044,199)	(7,813,687)
Non-Transportation Revenue	38,768	9,807
<b>Net Cash Used for Operating Activities</b>	<b>(10,254,068)</b>	<b>(9,698,195)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Sales Tax Received	7,712,765	7,620,580
Operating Grants Received	2,225,487	2,123,042
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>9,938,252</b>	<b>9,743,622</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Proceeds from Capital Leases	21,284	0
Capital Grants Received	4,583,336	2,232,416
Acquisition and Construction of Capital Assets	(6,334,391)	(3,953,481)
Net Proceeds from Sale of Assets	3,000	93,898
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,726,771)</b>	<b>(1,627,167)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Received	340,796	353,510
Purchase of Investment Securities	(4,532,300)	(1,483,000)
Proceeds from Maturities of Investments	6,200,000	1,000,000
<b>Net Cash Provided (Used) by Investment Activities</b>	<b>2,008,496</b>	<b>(129,490)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(34,091)	(1,711,230)
Cash and Cash Equivalents at Beginning of Year	3,396,529	5,107,759
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,362,438</b>	<b>\$ 3,396,529</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Operating Loss	\$(13,941,833)	\$(13,732,419)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	3,669,160	3,524,459
Non-Transportation Revenue	38,768	9,807
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	(11,557)	4,435
Materials and Supplies	(27,656)	(9,382)
Fuel Tax Refund	0	0
Prepaid Expenses	16,803	(33,446)
Increase (Decrease) in:		
Accounts Payable	(45,630)	284,940
Accrued Payroll and Benefits	36,939	186,318
Accrued Pension and Other Payables	10,938	67,093
Total Adjustments	3,687,765	4,034,224
<b>Net Cash Used for Operating Activities</b>	<b>\$(10,254,068)</b>	<b>\$ (9,698,195)</b>

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 \$136,913 and \$(29,862) as of December 31, 2006 and 2005, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

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**NOTE 1: ORGANIZATION**

Laketran was formed as the public agency responsible for public transportation in Lake County. Laketran 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, Laketran 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 Laketran 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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, Laketran has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. Laketran will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The more significant of Laketran's accounting policies are described below.

**Financial Reporting Entity**

For financial reporting purposes, all departments and operations for which Laketran 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 Laketran itself are included in the reporting entity. There are no component units based on the consideration above.

Under the guidelines of GASB Statement No. 14, Laketran 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 Laketran during 2006 or 2005.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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

**Basis of Presentation**

Laketran's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Laketran 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 assets, 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.

**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 all liabilities associated with the operation of Laketran are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how Laketran 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 Laketran'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.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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

**Cash, Cash Equivalents, and Investments**

For the purposes of the statement of cash flows, Laketran 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 Statements of Revenues, Expenses, and Changes in Net Assets, and includes the unrealized and realized gains and losses on investments.

**Inventory**

Inventory of replacement vehicle parts are stated at the lower of cost or market using the average cost method.

**Capital Assets and Depreciation**

Property, facilities, and equipment are stated at cost. Donated property is capitalized at estimated fair value at the date donated.

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	30
Building Improvements	10
Equipment	5-10
Furniture and Fixtures	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.

**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 to be probable that the conditions of compensation will be met in the future.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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

**Compensated Absences** (Continued)

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.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. For 2006 and 2005, there was no debt related to capital assets. Net assets are reported as restricted 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. At December 31, 2006 and 2005, there were no restricted net assets.

**Recognition of Revenue, Receivables, and Deferred Revenues**

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. Subsidies from various local governments/agencies are recognized when received.

**Investment Policy**

State statutes and Board resolutions authorize Laketrans's investments. Laketrans 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, and the State Treasurer's Asset Reserve (STAROhio) investment pool.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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

**Change in Accounting Principles**

For fiscal year 2005, Laketran has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

GASB Statement 40 establishes and modified risk disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. The statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. This statement also clarifies and establishes accounting revenues for insurance recoveries.

The establishment of GASB Statement No. 40 did not have an effect on the financial statements of Laketran; however, additional note disclosure can be found in Note 3. The implementation of GASB Statement No. 42 did not have an effect on the financial statements of Laketran.

NOTE 3: **DEPOSITS AND INVESTMENTS**

**Cash On Hand**

At December 31, 2006 and 2005, Laketran had undeposited cash on hand, including petty cash, of \$1,456 and \$1,356, respectively.

At December 31, 2006 and 2005, the carrying value amount of Laketran's cash deposits were \$3,359,985 and 3,394,223, respectively. Based on criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosures*, as of December 31, 2006 and 2005, deposits totaling \$200,000 and \$300,000, respectively, were covered by Federal Depository Insurance and deposits totaling \$3,134,485 and \$3,238,009, respectively, were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in Laketran's name.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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

**Cash On Hand** (Continued)

Custodial credit is the risk, that in the event of a bank failure, Laketran's deposits may not be returned. Laketran's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or specific collateral held at a Federal Reserve bank in the name of Laketran.

**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, 2006 and 2005, fair value was \$136,913 above Laketran's net cost for investments and \$29,862 below 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. 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(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. Laketrans investment in U.S. Government Securities represents 99.9 percent of Laketrans total investments.

Cash and investments at year-end were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years)</u>	
			<u>&lt; 1</u>	<u>1-2</u>
STAROhio	\$ 998	AAA	\$ 998	\$ 0
U.S. Government and Agency Securities	8,474,009	AAA	4,971,560	3,502,449
Carrying Amount of Deposits	3,359,985		3,359,985	0
Petty Cash	<u>1,456</u>		<u>1,456</u>	<u>0</u>
Totals	<u>\$11,836,448</u>		<u>\$ 8,333,999</u>	<u>\$ 3,502,449</u>

NOTE 4: **RESTRICTED ASSETS**

Restricted asset deposits consist of the following:

**Escrow Retainage**

Laketrans maintains funds in escrow for retainages payable on construction contracts. The balances in escrow at December 31, 2006 and 2005 were \$129,015 and \$76,370, respectively.

NOTE 5: **GRANT ASSISTANCE**

**Federal Grant**

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, 2006 and 2005, Laketrans recognized \$1,171,239 and \$1,247,047, respectively. In addition, Laketrans recognized capital grants reimbursements as revenue in 2006 and 2005 of \$ 4,072,472, and \$2,071,662, respectively. Laketrans received federal CMAQ funding to help fund new service. The amount received in 2006 was \$100,002.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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NOTE 5: **GRANT ASSISTANCE** (Continued)

**State Grant**

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, 2006 and 2005, Laketran recognized revenue of \$140,067 and \$119,500, respectively. In addition, Laketran recognized capital grant reimbursements as revenue in 2006 and 2005 of \$111,883 and \$142,664, respectively.

**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, 2006 and 2005, Laketran received \$645,066 and \$598,166, respectively.

NOTE 6: **OTHER REVENUE**

In November 2003, the Lake County electorate voted to continue a levy of one-quarter of one percent sales tax, which shall be in effect for ten years beginning July 1, 2004, to provide local funding for all transit purposes for the years 2004 through 2014.

For the years ended December 31, 2006 and 2005, sales tax revenues totaled \$7,728,332 and \$7,552,508, 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.

NOTE 7: **PENSION PLAN**

**Ohio Public Employees Retirement System**

Laketran participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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NOTE 7: **PENSION PLAN** (Continued)

**Ohio Public Employees Retirement System** (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional 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 may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. Laketrans contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Laketrans required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$802,393, \$712,103, and \$679,663, respectively; 92.14 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member directed plan for 2006 were \$13,850 made by Laketrans and \$9,099 made by the plan members.

NOTE 8: **POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employers contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local employer contribution rate was 13.70 percent of covered payroll, 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

**Ohio Public Employees Retirement System** (Continued)

of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$234,048. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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**NOTE 9: COMPENSATED ABSENCES**

Employees of Laketran earn vacation and sick leave at various rates under Laketran policy. In case of death, termination, or retirement, an employee or their estate is paid for portions of these benefits. Laketran records a liability for vacation, holiday, and sick hours earned but not used at year-end at the employees' current wage rate. Laketran's obligations for these amounts at December 31, 2006 and 2005 amounted to approximately \$600,526 and \$506,834, respectively.

**NOTE 10: VOLUNTARY RETIREMENT INCENTIVE PLAN**

On March 25, 2002, Laketran's Board of Trustees adopted a resolution establishing a voluntary retirement incentive plan for eligible employees of Laketran, per Ohio Revised Code Section 145.297. The plan was approved by the Ohio Public Employees Retirement System (OPERS). Under the plan, Laketran will purchase up to two years of additional service credit for eligible employees. The plan was offered to the top 10 percent of Laketran's OPERS-covered employees based on total service credit with OPERS on July 1, 2002. The effective date of the plan is July 1, 2002 and terminated on June 30, 2004.

No expenses were recognized during 2004 as all expenses were accrued prior to that. At the plan's termination, about \$98,000 remained accrued. \$91,533 of this accrual was transferred to an accrual for two installments of an OTRP assessment discussed in Note 11.

**NOTE 11: RISK MANAGEMENT**

Laketran is a member of the Ohio Transit Risk Pool Association, Inc. (OTRP). OTRP is a joint self-insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for 10 member transit agencies. Laketran pays an annual premium to OTRP for its general insurance coverage and pays quarterly into a loss and administration fund pursuant to its bylaws. The Agreement of Formation provides that OTRP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and casualty losses in excess of \$250,000 for each insured occurrence. Laketran has a \$1,000 deductible for any claim or occurrence. The pool-shared losses are \$99,000 maximum combined per occurrence for property losses and \$249,000 maximum combined per occurrence for casualty losses. Laketran's share of the potential losses is 8.72 percent at December 31, 2006.

As of March 1, 2004, the deductible is \$5,000 per occurrence. Commercial property claims and liability claims remained at \$1,000 per occurrence.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

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NOTE 11: **RISK MANAGEMENT** (Continued)

An assessment for fiscal year 2002 in the amount of \$1,600,000 was made during 2004. Laketran's share of the assessment is 8.58 percent or \$137,300, to be paid in three equal installments. The first installment of \$45,767, due on January 31, 2005, was paid in December 2004. The second installment was due on January 31, 2006, was paid in January 2006 and is included in operating activities.

The final installment is due January 31, 2007 and has been reduced by OTRP to \$22,884.

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 group plan offered by the Lake County Commissioners to all County employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in either of the past two years.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**  
**(CONTINUED)**

**NOTE 12: CAPITAL ASSETS**

Capital assets consist of the following at December 31, 2006 and 2005:

2006	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	2,322,146	5,068,870	(5,768,305)	1,622,711
<b>Total Capital Assets Not Being Depreciated</b>	<b>4,764,789</b>	<b>5,068,870</b>	<b>(5,768,305)</b>	<b>4,065,354</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	11,394,545	3,089,485	0	14,484,030
Transportation Vehicles and Equipment	29,185,564	3,878,635	(5,825)	33,058,374
Furniture, Vehicles, and Equipment	723,612	65,706	0	789,318
<b>Total Capital Assets Being Depreciated</b>	<b>41,303,721</b>	<b>7,033,826</b>	<b>(5,825)</b>	<b>48,331,722</b>
Less: Accumulated Depreciation				
Buildings	(4,380,263)	(398,796)	0	(4,779,059)
Transportation Vehicles and Equipment	(15,337,722)	(3,210,564)	5,825	(18,542,461)
Furniture, Vehicles, and Equipment	(471,006)	(59,800)	0	(530,806)
Total Accumulated Depreciation	(20,188,991)	(3,669,160)	5,825	(23,852,326)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>21,114,730</b>	<b>3,364,666</b>	<b>0</b>	<b>24,479,396</b>
<b>Total Capital Assets, Net</b>	<b>\$ 25,879,519</b>	<b>\$ 8,433,536</b>	<b>\$ (5,768,305)</b>	<b>\$ 28,544,750</b>
2005				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	102,373	2,219,773	0	2,322,146
<b>Total Capital Assets Not Being Depreciated</b>	<b>2,545,016</b>	<b>2,219,773</b>	<b>0</b>	<b>4,764,789</b>
<b>Capital Assets, Being Depreciated</b>				
Buildings	11,378,675	15,870	0	11,394,545
Transportation Vehicles and Equipment	28,962,599	1,343,756	(1,120,791)	29,185,564
Furniture, Vehicles, and Equipment	742,814	43,823	(63,025)	723,612
<b>Total Capital Assets Being Depreciated</b>	<b>41,084,088</b>	<b>1,403,449</b>	<b>(1,183,816)</b>	<b>41,303,721</b>
Less: Accumulated Depreciation				
Buildings	(3,991,075)	(389,188)	0	(4,380,263)
Transportation Vehicles and Equipment	(13,374,037)	(3,071,748)	1,108,063	(15,337,722)
Furniture, Vehicles, and Equipment	(470,508)	(63,523)	63,025	(471,006)
Total Accumulated Depreciation	(17,835,620)	(3,524,459)	1,171,088	(20,188,991)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>23,248,468</b>	<b>(2,121,010)</b>	<b>(12,728)</b>	<b>21,114,730</b>
<b>Total Capital Assets, Net</b>	<b>\$ 25,793,484</b>	<b>\$ 98,763</b>	<b>\$ (12,728)</b>	<b>\$ 25,879,519</b>

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004**  
**(CONTINUED)**

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NOTE 13: **CONTINGENCIES**

A. **Litigation**

Laketran is party to legal proceedings. Laketran is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of Laketran.

B. **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, 2006 or 2005.

# **Statistical Section**

**2006**

**LAKETRAN**

**FARE BOX RECOVERY PERCENTAGE  
LAST TEN YEARS**

	<u>Percentage</u>
1997 .....	21.16
1998 .....	20.95
1999 .....	21.16
2000 .....	19.13
2001 .....	17.02
2002 .....	13.06
2003 .....	13.07
2004 .....	12.71
2005 .....	18.94
2006 .....	16.50

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

**Fare Structure - December 31, 2006**

	Dial-A-Ride	Local Fixed Route	Commuter Express
Regular Adult Fare	\$ 4.00	\$ 1.00	\$ 2.50
Citizens with Buckeye or Medicare Cards (Senior citizens and those with disabilities)	1.25	0.50	N/A
Children ages 2-12	1.25	0.50	N/A
Children under 2	FREE	FREE	N/A
Coupon Book (eleven rides)	12.50	N/A	N/A
Monthly Pass	N/A	N/A	90.00
Student Ticket	N/A	N/A	10.00
“Blue” Ticket (eleven rides)	N/A	N/A	25.00
“Red” Ticket (eleven rides)	N/A	10.00	N/A
“Yellow” Ticket (ten rides)	N/A	5.00	N/A
Tokens - Regular Fare	4.00	1.00	N/A
Tokens - with Buckeye or Medicare Card	N/A	0.50	N/A
Tokens - Children ages 2-12	N/A	0.50	N/A
Transfers	N/A	FREE	FREE

## LAKETRAN

### REVENUES BY TYPE LAST TEN YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Operating Revenue</u></b>										
Fares	\$ 556,237	\$ 637,223	\$ 722,634	\$ 783,561	\$ 786,591	\$ 725,450	\$ 761,657	\$ 822,817	\$ 907,448	\$ 1,079,002
Auxiliary Transportation Revenue	<u>35,722</u>	<u>45,357</u>	<u>50,947</u>	<u>69,723</u>	<u>52,763</u>	<u>62,033</u>	<u>55,235</u>	<u>59,125</u>	<u>66,241</u>	<u>76,270</u>
<b>Total Operating Revenues</b>	<u>591,959</u>	<u>682,580</u>	<u>773,581</u>	<u>853,284</u>	<u>839,354</u>	<u>787,483</u>	<u>816,892</u>	<u>881,942</u>	<u>973,689</u>	<u>1,155,272</u>
<b><u>Non Operating Revenues</u></b>										
Sales Tax	5,923,447	6,718,865	6,731,568	7,130,985	7,175,596	7,202,698	7,440,528	7,637,134	7,552,508	7,728,332
Federal Grants and Reimbursements	280,152	714,888	538,921	729,505	653,438	675,379	884,993	1,468,880	1,247,047	1,171,239
State Grants, Reimbursements, and Special Fare Assistance	607,565	776,494	458,530	443,754	931,846	787,998	740,021	568,148	717,666	785,133
Interest Income	637,990	740,433	804,563	942,995	671,678	455,738	323,731	295,111	345,810	381,885
Net (Increase)/Decrease in Fair Value of Investments	0	0	(134,694)	169,466	20,898	26,426	(86,703)	(128,814)	(29,862)	136,913
Gain/(Loss) on Disposal of Capital Assets	4,930	1,103	16,625	0	(124,464)	(71,289)	0	61,909	81,170	3,000
Non-Transportation Revenues	<u>140,235</u>	<u>296,213</u>	<u>825</u>	<u>40,570</u>	<u>84,364</u>	<u>53,846</u>	<u>6,322</u>	<u>28,425</u>	<u>9,807</u>	<u>38,768</u>
<b>Total Non-Operating Revenues</b>	<u>7,594,319</u>	<u>9,247,996</u>	<u>8,416,338</u>	<u>9,457,275</u>	<u>9,413,356</u>	<u>9,130,796</u>	<u>9,308,892</u>	<u>9,930,793</u>	<u>9,924,146</u>	<u>10,245,270</u>
<b><u>Capital Funding</u></b>										
Federal Grants and Reimbursements	6,259,187	4,836,608	762,616	952,945	996,767	1,558,396	4,621,004	1,103,312	2,071,662	4,072,472
State Grants and Reimbursements	<u>723,480</u>	<u>628,329</u>	<u>544,566</u>	<u>515,272</u>	<u>199,397</u>	<u>70,291</u>	<u>350,678</u>	<u>170,461</u>	<u>142,664</u>	<u>111,883</u>
<b>Total Capital Funding</b>	<u>6,982,667</u>	<u>5,464,937</u>	<u>1,307,182</u>	<u>1,468,217</u>	<u>1,196,164</u>	<u>1,628,687</u>	<u>4,971,682</u>	<u>1,273,773</u>	<u>2,214,326</u>	<u>4,184,355</u>
<b>Total Revenues</b>	<u>\$ 15,168,945</u>	<u>\$ 15,395,513</u>	<u>\$ 10,497,101</u>	<u>\$ 11,778,776</u>	<u>\$ 11,448,874</u>	<u>\$11,546,966</u>	<u>\$15,097,466</u>	<u>\$12,086,508</u>	<u>\$13,112,161</u>	<u>\$ 15,584,897</u>

## LAKETRAN

### EXPENSES BY TYPE LAST TEN YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Operating Expenses</u></b>										
Labor	\$ 2,664,961	\$ 2,991,018	\$ 3,344,056	\$ 3,750,767	\$ 4,228,215	\$ 4,307,897	\$ 4,443,650	\$ 4,846,414	\$ 5,228,225	\$ 5,311,698
Fringe Benefits	1,140,284	1,285,588	1,473,962	1,730,369	1,939,807	1,983,644	2,449,787	2,517,417	2,838,873	2,826,144
Retirement Incentive Plan	0	0	0	0	0	355,565	0	0	0	0
Services	363,137	525,581	419,057	566,270	489,268	630,108	654,579	609,115	528,066	511,675
Fuel and Lubricants	235,530	241,505	300,496	454,963	485,857	465,342	531,737	668,839	823,304	1,002,631
Materials and Supplies	383,131	353,195	422,932	277,880	508,511	479,660	556,373	474,348	504,858	445,966
Utilities	123,367	120,087	126,062	127,819	133,201	153,070	152,147	155,817	179,927	205,505
Claims and Insurance	133,706	168,526	176,143	162,528	158,569	324,826	372,329	518,412	567,312	551,421
Purchased Transportation	341,636	313,114	236,368	259,492	247,401	266,025	253,288	208,593	233,256	236,015
Miscellaneous	<u>248,633</u>	<u>295,576</u>	<u>405,314</u>	<u>418,682</u>	<u>359,286</u>	<u>509,953</u>	<u>540,813</u>	<u>453,736</u>	<u>277,828</u>	<u>336,890</u>
Total Operating Expenses Excluding Depreciation	5,634,385	6,294,190	6,904,390	7,748,770	8,550,115	9,476,090	9,954,703	10,452,691	11,181,649	11,427,945
Depreciation	<u>1,564,648</u>	<u>2,020,213</u>	<u>1,957,379</u>	<u>2,244,237</u>	<u>2,509,339</u>	<u>3,035,648</u>	<u>3,295,466</u>	<u>3,551,989</u>	<u>3,524,459</u>	<u>3,669,160</u>
<b>Total Operating Expenses</b>	<b><u>\$ 7,199,033</u></b>	<b><u>\$ 8,314,403</u></b>	<b><u>\$ 8,861,769</u></b>	<b><u>\$ 9,993,007</u></b>	<b><u>\$ 11,059,454</u></b>	<b><u>\$ 12,511,738</u></b>	<b><u>\$ 13,250,169</u></b>	<b><u>\$ 14,004,680</u></b>	<b><u>\$14,706,108</u></b>	<b><u>\$ 15,097,105</u></b>

## LAKETRAN

### REVENUES AND OPERATING ASSISTANCE COMPARISON TO INDUSTRY TREND DATA - LAST TEN YEARS (expressed in percent)

Transportation Industry (1):

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Federal</u>	<u>Operating Assistance State &amp; Local</u>		<u>Total Revenues</u>
	<u>Fares</u>	<u>Other</u>	<u>Total</u>		<u>Local</u>	<u>Total</u>	
1997	38.7	17.0	55.7	3.3	41.0	44.3	100.0
1998	37.8	17.5	55.3	3.6	41.1	44.7	100.0
1999	37.3	16.4	53.7	3.9	42.4	46.3	100.0
2000	36.1	17.4	53.5	4.1	42.4	46.5	100.0
2001	35.2	14.2	49.4	4.5	46.1	50.6	100.0
2002	32.5	17.3	49.8	5.0	45.2	50.2	100.0
2003	32.6	18.1	50.7	5.8	43.5	49.3	100.0
2004	32.9	16.7	49.6	7.0	43.4	50.4	100.0
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Laketran:

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Federal</u>	<u>Operating Assistance State &amp; Local(3)</u>		<u>Total Revenues</u>
	<u>Fares</u>	<u>Other(2)</u>	<u>Total</u>		<u>Local(3)</u>	<u>Total</u>	
1997	6.8	10.1	16.9	3.4	79.7	83.1	100.0
1998	6.4	10.9	17.3	7.2	75.5	82.7	100.0
1999	7.9	8.0	15.9	5.9	78.2	84.1	100.0
2000	7.6	11.9	19.5	7.1	73.4	80.5	100.0
2001	7.6	8.0	15.6	6.3	78.1	84.4	100.0
2002	7.3	5.3	12.6	6.8	80.6	87.4	100.0
2003	7.5	2.9	10.4	8.7	80.9	89.6	100.0
2004	7.6	2.9	10.5	13.6	75.9	89.5	100.0
2005	8.3	4.4	12.7	11.4	75.9	87.3	100.0
2006	8.6	4.0	12.6	12.7	74.7	87.4	100.0

(1) Source: American Public Transit Association, APTA 2006 Transit Fact Book, table 50

(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

### OPERATING EXPENSES COMPARISON TO INDUSTRY TREND DATA - LAST TEN YEARS (expressed in percent)

Transportation Industry (1):

<u>Year</u>	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services</u>	<u>Materials and Supplies</u>	<u>Utilities</u>	<u>Casualty and Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Expenses</u>
1997	46.3	23.8	5.6	9.2	3.6	2.7	11.6	(2.8)	100.0
1998	46.7	24.5	5.9	9.4	3.3	2.4	10.8	(3.0)	100.0
1999	46.3	24.6	5.9	9.2	3.3	2.2	11.5	(3.0)	100.0
2000	45.9	23.9	5.7	10.0	3.2	2.2	12.2	(3.1)	100.0
2001	45.2	24.3	5.9	10.0	3.3	2.1	12.7	(3.5)	100.0
2002	45.1	25.1	6.2	9.2	3.1	2.5	12.0	(3.2)	100.0
2003	43.3	25.7	6.0	9.0	3.0	2.6	13.4	(3.0)	100.0
2004	42.0	26.7	5.8	9.1	3.0	2.6	13.4	(2.6)	100.0
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Laketran:

<u>Year</u>	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services</u>	<u>Materials and Supplies</u>	<u>Utilities</u>	<u>Casualty and Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Operating Expenses</u>
1997	47.3	20.2	6.4	11.0	2.2	2.4	6.1	4.4	100.0
1998	47.5	20.4	8.4	9.4	1.9	2.7	5.0	4.7	100.0
1999	48.4	21.3	6.1	10.5	1.8	2.6	3.4	5.9	100.0
2000	48.4	22.3	7.3	9.5	1.6	2.1	3.4	5.4	100.0
2001	49.5	22.7	5.7	11.6	1.6	1.9	2.9	4.1	100.0
2002	45.3	21.2	6.6	9.8	1.7	3.4	2.8	9.2	100.0
2003	44.6	24.6	6.6	10.9	1.5	3.7	2.5	5.6	100.0
2004	46.4	24.1	5.8	10.9	1.5	5.0	2.0	4.3	100.0
2005	46.8	25.4	4.7	11.9	1.6	5.1	2.1	2.4	100.0
2006	46.5	24.7	4.5	12.7	1.8	4.8	2.1	2.9	100.0

(1) Source: American Public Transit Association, APTA 2006 Transit Fact Book, table 47

(2) Excludes depreciation expense

# LAKETRAN

## OPERATING STATISTICS LAST TEN YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b><u>System Ridership</u></b>										
Motor Bus (directly operated)	326,649	427,172	519,414	553,050	579,536	572,382	563,785	614,303	660,603	634,184
Motor Bus (contract service)	100,857	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	256,244	266,369	279,564	295,025	309,067	310,784	301,491	323,126	342,483	337,226
Dial-A-Ride (contract service)	46,958	48,728	44,245	43,858	44,496	43,596	41,516	43,815	40,840	39,040
Van Pool (contract service)	0	2,056	2,048	0	0	0	0	0	0	0
Jitney (contract service)	0	0	0	11,103	28,232	30,358	40,817	37,532	25,828	48,476
<b><u>Average Daily System Ridership</u></b>										
Motor Bus (directly operated)	1,064	1,391	1,692	1,801	1,888	1,865	1,836	2,001	2,152	2,066
Motor Bus (contract service)	396	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	834	868	911	961	1,007	1,012	982	1,053	1,119	1,098
Dial-A-Ride (contract service)	184	191	174	172	174	171	163	172	160	153
Van Pool (contract service)	0	8	8	0	0	0	0	0	0	0
Jitney (contract service)	0	0	0	131	141	152	204	187	129	242
<b><u>Average Daily Vehicle Miles Operated</u></b>										
Motor Bus (directly operated)	2,113	2,746	3,159	3,407	3,425	3,356	3,606	3,904	4,232	4,090
Motor Bus (contract service)	426	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	7,541	7,610	8,224	8,524	8,864	8,660	8,586	9,164	8,971	8,685
Dial-A-Ride (contract service)	631	769	783	775	748	750	655	496	468	440
Van Pool (contract service)	29	0	50	49	0	0	0	0	0	0
Jitney (contract service)	0	0	0	28	34	37	38	36	23	45
<b><u>Revenue Miles</u></b>										
Motor Bus (directly operated)	477,543	594,755	659,722	737,318	748,786	758,717	801,365	845,532	886,826	829,455
Motor Bus (contract service)	42,024	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	1,937,076	2,022,898	2,190,313	2,260,533	2,364,512	2,317,045	2,288,492	2,417,107	2,378,128	2,298,482
Dial-A-Ride (contract service)	142,398	173,609	170,506	175,273	171,727	168,406	143,949	113,336	107,789	98,568
Van Pool (contract service)	580	0	12,850	12,800	0	0	0	0	0	0
Jitney (contract service)	0	0	0	2,373	6,702	7,469	7,686	7,225	4,552	8,980

# LAKETRAN

## OPERATING STATISTICS LAST TEN YEARS

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	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Passenger Miles</u></b>										
Motor Bus (directly operated)	3,512,907	4,715,989	6,154,820	6,533,682	6,643,894	6,416,873	6,458,013	7,197,352	7,897,397	7,708,043
Motor Bus (contract service)	2,017,152	924,528	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	2,918,130	3,098,459	3,297,086	3,593,193	3,601,893	3,502,979	3,383,030	3,253,833	3,479,600	3,482,573
Dial-A-Ride (contract service)	308,984	321,893	297,441	319,212	318,333	296,365	269,472	251,504	239,060	240,604
Van Pool (contract service)	0	0	46,260	46,080	0	0	0	0	0	0
Jitney (contract service)	0	0	0	3,701	9,411	10,119	13,606	12,499	8,609	16,159

# LAKETRAN

## OPERATING STATISTICS LAST TEN YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b><u>Energy Consumption</u></b>										
Motor Bus										
Gallons of diesel	67,076	77,115	102,521	112,050	69,880	78,966	93,520	116,314	123,576	123,533
Gallons of natural gas	61,931	106,477	114,212	127,596	127,966	124,599	126,718	109,403	120,939	130,387
Gallons of purinox	0	0	0	0	42,180	42,622	18,033	3,204	0	0
Dial-A-Ride										
Gallons of diesel	171,672	179,404	194,211	201,290	214,472	161,074	231,673	259,088	295,095	274,827
Gallons of natural gas	214	267	0	0	0	0	0	0	0	0
Gallons of purinox	0	0	0	0	13,743	86,907	14,175	10,321	0	0
<b><u>Fleet Requirement</u></b>										
Motor Bus (directly operated)	17	24	24	30	30	30	30	38	38	38
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	51	51	54	54	60	60	65	63	71	76
Dial-A-Ride (contract service)	9	8	8	9	9	9	9	9	9	9
Van Pool (contract service)	0	0	1	1	0	0	0	0	0	0
<b><u>Total Active Vehicles</u></b>										
Motor Bus (directly operated)	30	29	29	36	36	36	36	46	46	46
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	55	55	60	60	66	65	71	74	74	77
Dial-A-Ride (contract service)	9	11	14	16	15	15	17	18	18	18
Van Pool (contract service)	0	0	1	1	1	0	0	0	0	0

# LAKETRAN

## LAKE COUNTY DEMOGRAPHICS

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### 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
2005 Projection	230,510	1.32
2010 Projection	233,890	1.47
2015 Projection	233,760	(0.06)
2020 Projection	233,520	(0.10)
2025 Projection	233,290	(0.10)
2030 Projection	232,340	(0.40)

Actual figures from Ohio Department of Development  
Projections from Lake County Planning Commission

### Age and Population Distribution - 2000 Census

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	<u>Age</u>	<u>Percentage</u>
Under 6	16,677	7.3
6-7	38,301	16.8
18-24	16,356	7.2
25-44	68,088	30.0
45-64	55,996	24.6
65 and Over	32,093	14.1
2000	227,511	100.0

Ohio Department of Development

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

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**Population By Race - 2000 Census**

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	217,162	95.45
African-American	3,914	1.72
Asian	2,234	0.98
Two or more races	2,428	1.07
Other	<u>1,773</u>	<u>0.78</u>
	<u>227,511</u>	<u>100.00</u>

Ohio Department of Development

**Largest Populations in the County  
2000 Census**

Mentor	50,278
Willoughby	20,621
Eastlake	20,255
Painesville	17,503
Madison Township	15,494
Concord Township	15,282
Painesville Township	15,037
Willowick	14,361
Wickliffe	13,484
Willoughby Hills	8,595

Ohio Department of Development

**LAKETRAN**

**LAKE COUNTY DEMOGRAPHICS**

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<b>Unemployment Rate</b>	<u>1997</u> 3.8	<u>1998</u> 3.5	<u>1999</u> 3.7	<u>2000</u> 3.4	<u>2001</u> 4.0	<u>2002</u> 5.1	<u>2003</u> 5.6	<u>2004</u> 5.4	<u>2005</u> 5.0	<u>2006</u> 4.8
<b>Per Capita Income</b>	<u>1996</u> \$ 25,200	<u>1997</u> \$ 26,895	<u>1998</u> \$ 28,281	<u>1999</u> \$ 29,168	<u>2000</u> \$ 30,493	<u>2001</u> \$ 30,500	<u>2002</u> \$ 30,513	<u>2003</u> \$ 31,515	<u>2004</u> \$ 32,153	<u>2005</u> \$ 33,298

**LAKERAN  
FULL TIME EQUIVALENT EMPLOYEES  
LAST TEN YEARS**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Administration</u></b>										
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Coordinator	1	1	1	1	1	1	1	1	1	1
Controller	1	1	1	1	1	1	1	1	1	1
Director of Development	1	1	1	1	1	1	1	1	1	1
Human Resources Manager	1	1	1	1	1	1	1	1	1	1
Public Relations/Marketing Director	0	0	0	0	1	1	1	1	1	1
Accountant/Budget Analyst	0	0	0	0	0	0	0	0	1	1
Administrative Secretary	1	1	1	1	1	1	1	1	1	1
Accounts Payable/Accounts Payable Representative	1	1	1	1	1	1	1	1	1	1
Information Specialist	1	1	1	1	1	1	1	1	1	1
Customer Outreach Specialist	0	0	0	0	0	0	0	0	1	1
Receptionist	<u>1</u>									
<b>Total Administrative</b>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>

**LAKERAN**  
**FULL TIME EQUIVALENT EMPLOYEES**  
**LAST TEN YEARS**  
**(CONTINUED)**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Maintenance</u></b>										
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Assistant Maintenance Supervisor	0	0	0	0	0	0	0	0	1	1
Maintenance Clerk	1	1	1	1	1	1	1	1	1	1
Mechanids	5	5	5	5	5	5	5	5	6	6
Mechanics Helper	0	0	0	0	0	1	1	1	1	1
Hostler	<u>4</u>	<u>4</u>	<u>5</u>							
<b>Total Maintenance</b>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>15</u>	<u>15</u>
<b><u>Operations</u></b>										
Operations Manager	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Dispatchers/Schedulers	5	5	5	5	5	5	5	5	5	6
Customer Service Supervisor	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	6	6	6	6	6	6	6	6	6	6
Road Supervisors	3	3	3	3	4	4	4	4	4	4
Trainer	0	0	0	0	1	1	1	1	1	1
Drivers	<u>81</u>	<u>84</u>	<u>94</u>	<u>94</u>	<u>109</u>	<u>114</u>	<u>123</u>	<u>124</u>	<u>126</u>	<u>125</u>
<b>Total Operations</b>	<u>98</u>	<u>101</u>	<u>111</u>	<u>111</u>	<u>128</u>	<u>133</u>	<u>142</u>	<u>143</u>	<u>145</u>	<u>145</u>
<b>Grand Total</b>	<u>118</u>	<u>121</u>	<u>132</u>	<u>132</u>	<u>150</u>	<u>156</u>	<u>165</u>	<u>166</u>	<u>171</u>	<u>170</u>

# LAKETRAN

## LAKE COUNTY, OHIO





**Mary Taylor, CPA**  
Auditor of State

LAKETRAN

LAKE COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 21, 2007