

LAKETRAN

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

Board of Trustees
Laketran
555 Lakeshore Blvd.
Grand River, Ohio 44077

We have reviewed the *Independent Auditor's Report* of Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 11, 2006

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**LAKETRAN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

Member American Institute of Certified Public Accountants

(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, 2005, which comprise Laketran, Ohio's basic financial statements and have issued our report thereon dated April 29, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters that we reported to the management of Laketran, Ohio in a separate letter dated April 29, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laketran, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and 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 29, 2006

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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, 2005. 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 program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Laketran, 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 Laketran, 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 Laketran, Ohio as of and for the year ended December 31, 2005, and have issued our report thereon dated April 29, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Laketran, 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 29, 2006

LAKETRAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE	Federal CFDA Number	Grant Number	Grand Total
<u>U.S. Department of Transportation</u>			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-90-0302	\$ 253,586
		OH-90-0371	223,924
		OH-90-0427	154,564
		OH-90-0461	464,332
		OH-90-0462	1,075,255
		OH-90-0505	<u>1,147,048</u>
Subtotal CFDA #20.507			<u>3,318,709</u>
Grand Total			<u>\$ 3,318,709</u>

LAKETRAN
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005

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): 20.507 - Federal Transit Administration Capital and Operating Assistance Formula Grants	
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, 2005

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, 2005**

LAKETRAN

LAKE COUNTY, OHIO



**Introductory
Section
2005**

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**Comprehensive
Annual Financial Report
For The Year Ended December 31, 2005**

LAKETRAN

LAKE COUNTY, OHIO



Dale Chample
President
Board of Trustees

Raymond Jurkowski
General Manager/
Secretary-Treasurer

LAKETRAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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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, 2004

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.



Carla E. Perry

President

Jeffrey R. Egan

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, 2004. 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.



Mailing Address: P.O. Box 158 • Grand River, Ohio 44045-0168
Street Address: 555 Lake Shore Boulevard • Painesville, Ohio 44077
Phone: (440) 350-1000 • 942-6332 • Fax: (440) 354-4202
www.laketrans.com • e-mail: laketrans@laketrans.com

June 26, 2006

Mr. Dale A. Chample, 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, 2005. This is the fifth 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 four 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. This award evidences the fact that those previous CAFRs complied with stringent GFOA standards for professional financial reporting.

Laketrans also submits its annual operating and capital budgets to the GFOA and has been doing so since 1998. All eight 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 provide full disclosure of all of the material financial operations of Laketrans. The basic financial statements, MD&A, and statistical information are the representations 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. This 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 Management's Discussion and Analysis (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 Auditors' 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.

PROFILE OF THE GOVERNMENT

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 2005, Laketran had 156 full-time equivalent employees. The system delivered 886,826 revenue miles of motor bus service and 2,378,128 revenue miles of directly operated paratransit service. The service fleet was composed of 46 motor bus coaches and 74 paratransit buses.

ECONOMIC CONDITION AND OUTLOOK

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 11th out of 88 counties.

About 76 percent of Lake County’s work force has been consistently employed in either the areas of manufacturing or trade/services. The trend is gradually shifting away from manufacturing and toward trade/services. The following data shows the percent of total Lake County employment in each segment over a five year period.

	1999	2000	2001	2002	2003
Manufacturing	23.4	23.5	21.6	19.8	18.6
Construction	5.6	3.9	5.4	5.8	6.1
Wholesale/Retail	16.2	16.6	16.8	17.1	17.4
Services	23.7	24.2	24.5	24.9	25.4
Healthcare	8.8	9.0	8.5	9.0	9.4
Government	11.1	11.8	12.2	11.6	11.1
Other	11.2	11.0	11.0	11.8	12.0
	100.0	100.0	100.0	100.0	100.0

The County’s employment has remained fairly steady from 1998-2003, experiencing marginal growth of 1.1 percent during that period:

1998	120,298
1999	121,840
2000	123,773
2001	121,699
2002	118,850
2003	119,931

Note: All statistics in this section were obtained from the Ohio Department of Development and are the latest available at the time this document was published.

CURRENT YEAR REVIEW

During the year 2005, Laketran received the following national awards:

Outstanding Achievement

- Laketran was awarded the American Public Transportation Association’s Outstanding Achievement Award for being named the best transit system in America.

Financial Reporting

- The Distinguished Budget Presentation Award for the 2005 operating and capital budget from the GFOA.
- Certificate of Achievement for Excellence in Financial Reporting for the 2004 CAFR from the GFOA.

Advertising

- First place radio/public service announcement - Summer Dime Days 2004.
- First place promotional material - Swimming/Library
- First place Public Awareness Campaign - Maintaining Mobility

All advertising awards sponsored by the American Public Transportation Association (APTA).

During 2005, directly operated Dial-a-Ride ridership increased 6.0 percent and motor bus service increased 7.7 percent. Purchased transportation and jitney combined, decreased 18.0%. Ridership figures and percentage increases/(decreases) over the prior year, for the past ten years, are as follows:

1996: 674,768	2001: 961,331	6.2%
1997: 730,848 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%

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 2005, eighteen high mileage demand response vehicles were taken out of service. Eighteen new vehicles were purchased to replace them. The total cost of these eighteen vehicles was \$1,146,600. Laketran operates one of the largest directly operated Dial-A-Ride services in the United States. The fleet consists of seventy-four buses.

In late 2004, Laketran began a program to completely refurbish its fleet of twelve New Flyer 35' CNG powered buses. This involves 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 will be completed in 2006. Total cost to refurbish all twelve buses is expected to be \$2,080,000.

Design work began on facility improvements to the Laketran 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. Total cost of the project is expected to be \$3,875,000. At the end of 2005, this project was well underway. Construction of the two major additions are complete on the exterior. Work continues indoors with completion scheduled for June, 2006.

The passenger information program began in 2004 and is expected to continue until 2008. This involves installing ride guides at many bus stops along Laketran's local fixed route system. Ride guide 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 Laketran, etc. Remaining costs from 2006-2008 are expected to be \$225,000.

Eastlake Ballpark Service (Route 14), started in April 2004. During 2005 service cost about \$125,000. 80% of these operating costs were reimbursed with Federal CMAQ funds.

FUTURE PLANS

Laketran currently has a capital improvement plan in place through the year 2010. 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 \$6,398,040.
- **Fleet Rebuild 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 2006, is expected to cost \$267,240.
- **Replace 12 35' Low Floor Motor Buses:** The entire fleet of New Flyer CNG powered buses is scheduled for replacement in 2009 and 2010. Total cost is expected to be \$4,188,375.
- **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 \$7,745,753.
- **Facility Repair:** Miscellaneous facility repairs are expected to cost \$131,250 from 2006-2010.
- **Expand Market Street Park-n-Ride lot:** This parking lot, nearly filled to capacity every day, is scheduled for multiple expansions from 2006 thru 2008. Total cost of this project is expected to be \$609,105.
- **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 2007. Total cost of this project is expected to be \$420,000.
- **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 2006-2010 are expected to be \$210,000.
- **Ride Guides:** These are four sided information holders attached to bus stops. They provide such information as bus schedules, route maps, phone numbers for Laketran, and assorted other information customers may find useful. Additional ride guides are scheduled to be installed from 2006-2008. Total cost for these years is expected to be \$225,000.
- **Bus Arrival Signs:** These are electronic signs to be installed in various bus stops and at the new transit center will tell riders when the next bus is expected to arrive. Total cost of this project is expected to be \$112,500.

- **Office/Computer Equipment:** It is necessary to continue to upgrade computer equipment so Laketran employees can continue to provide the kind of service customers are accustomed to. Total cost from 2006-2010 is expected to be \$55,000.
- **Information Systems Development:** As requirements change, systems must be updated. Programming costs from 2006-2010 are expected to cost \$15,000.
- **Professional Services:** Costs of engineering and design on miscellaneous projects is expected to cost up to \$85,000 from 2006-2010.
- **Miscellaneous Shop Equipment:** This category includes maintenance equipment necessary to maintain all buses in the fleet, as well proper maintenance of the Laketran facility. Total cost is expected to be \$125,000 from 2006-2010.
- **Development of a new Strategic Plan:** Laketran 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 \$10,000 in 2006 and 2007.

OTHER INFORMATION

Independent Audit

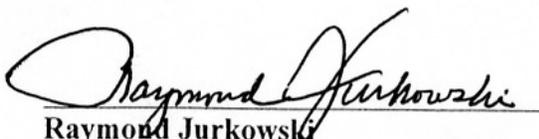
The Laketran independent audit was conducted by James G. Zupka, CPA, Inc., who has issued an unqualified audit report on the financial statements.

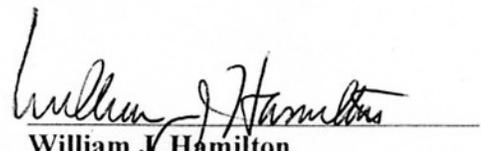
Laketran also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by Laketran. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including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

AWARDS AND ACKNOWLEDGMENT

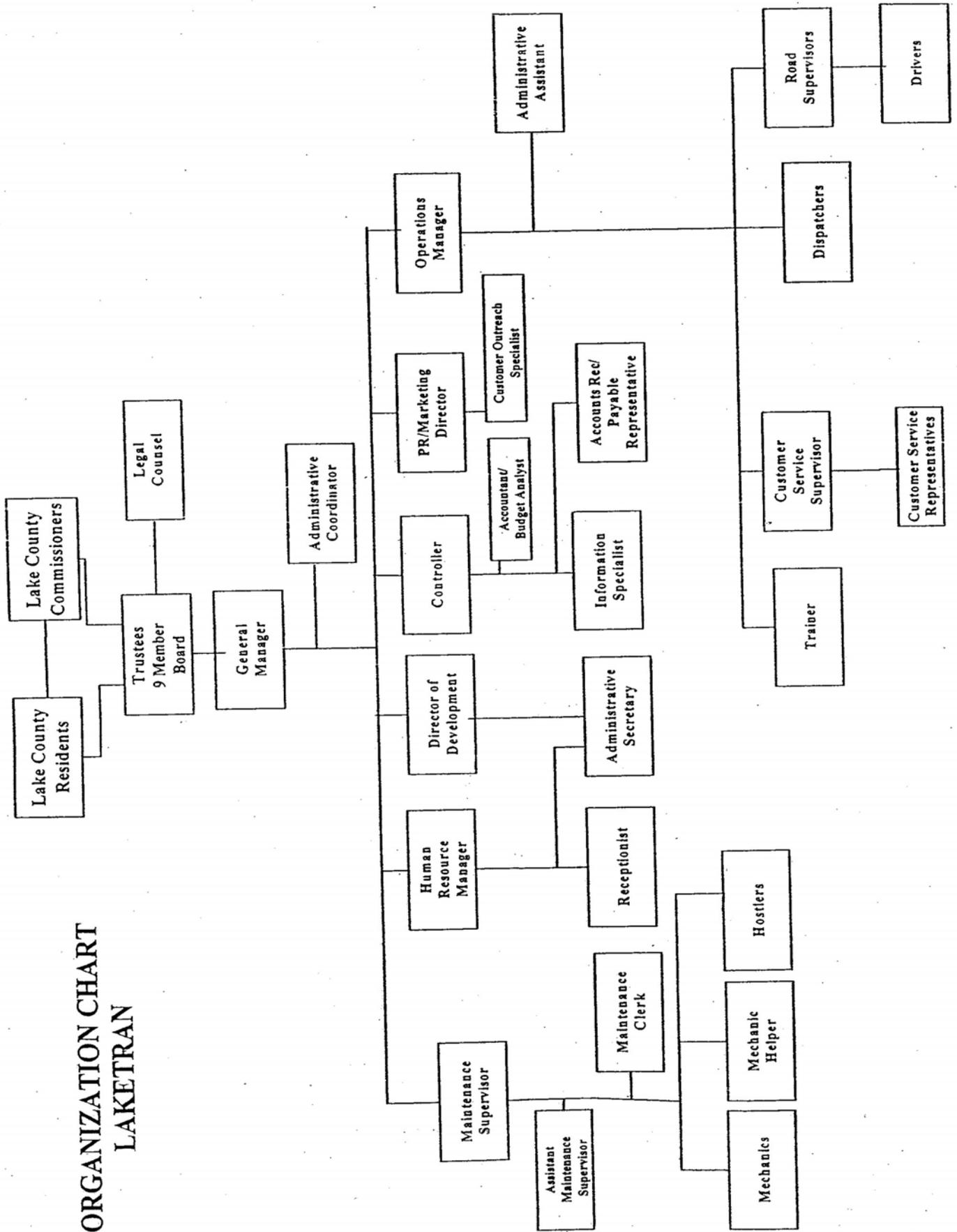
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Laketran for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the 4th year Laketran has achieved this prestigious award.

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


 Raymond Jurkowski
 General Manager/Secretary-Treasurer


 William J. Hamilton
 Controller and
 Certified Public Finance Officer

ORGANIZATION CHART LAKETRAN



LAKETRAN

BOARD OF TRUSTEES AND MANAGEMENT

As of December 31, 2005

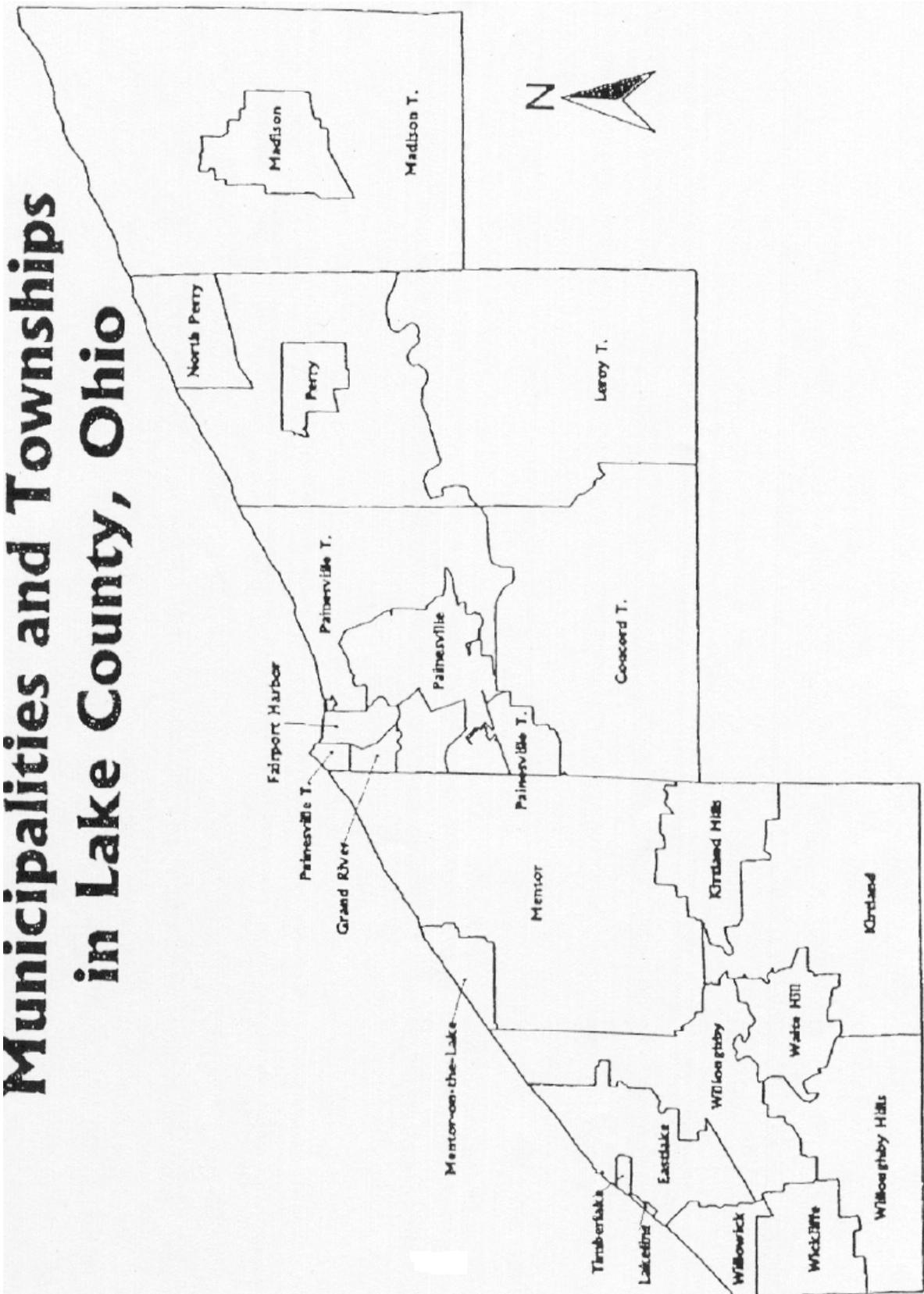
Board of Trustees

Chairman	Dale A. Chample
Vice-Chairman	Judy L. Colgrove
Trustees	Jason Boyd Jeanette Crislip J. Terrill Dillard Kevin D. Malecek 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
Maintenance Supervisor	Gary L. May
Human Resources Manager	Maureen D. Bierer
P/R and Marketing Director	Jessie M. Baginski

Municipalities and Townships in Lake County, Ohio



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Financial Section

2005

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(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 December 31, 2005 and 2004, and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the management of Laketran, Ohio's. Our responsibility is to express opinions on these basic 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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of Laketran, Ohio, as of December 31, 2005 and 2004, 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 29, 2006 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 grants. 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 considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. 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 and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. We did not subject the introductory section and statistical tables 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 29, 2006

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005 and 2004.

FINANCIAL HIGHLIGHTS

- Laketran's net assets decreased as a result of current year operations by \$1,593,947 or 3.8 percent.
- Operating expenses, exclusive of depreciation, were \$14,706,108 in 2005 compared to \$14,004,680 in 2004. This is an increase of 5.1 percent.
- Net capital assets were \$26,209,778 at December 31, 2005 compared to \$25,793,484 at December 31, 2004. This is an increase of 1.6 percent.
- Cash and cash equivalents were \$3,396,529 at December 31, 2005 compared to \$5,107,759 at December 31, 2004. This is a decrease of 33.5 percent. Though investments at fair value are up 4.7 percent as illustrated immediately below, there is an overall decrease in total cash of \$1,258,092. This cash was needed to pay Laketran's local share of capital funding.
- Investments at fair value, other than those included in cash and cash equivalents, were \$10,004,796 at December 31, 2005 compared to \$9,551,658 at December 31, 2004. This is an increase of 4.7 percent.

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 10 and 11) provide information about the activities of Laketran and present a longer-term view of its finances. Our analysis of Laketran as a whole begins on page 10.

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.

**LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

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

	2005	2004
<u>Assets</u>		
Current Assets	\$ 16,083,040	\$ 17,622,023
Restricted Assets	76,370	9,277
Other Assets	1,986,365	2,343,312
Capital Assets	<u>26,209,778</u>	<u>25,793,484</u>
Total Assets	<u>44,355,553</u>	<u>45,768,096</u>
<u>Liabilities</u>		
Current Liabilities	1,628,977	1,090,626
Other Liabilities	<u>1,986,365</u>	<u>2,343,312</u>
Total Liabilities	<u>3,615,342</u>	<u>3,433,938</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	26,209,778	25,793,484
Unrestricted	<u>14,530,433</u>	<u>16,540,674</u>
Total Net Assets	<u>\$ 40,740,211</u>	<u>\$ 42,334,158</u>

Laketran's net assets were \$40,740,211 at December 31, 2005 compared to \$42,334,158 at December 31, 2004. This is a 3.8 percent decrease. Unrestricted net assets were \$14,530,433 at December 31, 2005 compared to \$16,540,674 at December 31, 2004. This is a 12.2 percent decrease. The investment in capital assets, net of related debt, was \$26,209,778 at December 31, 2005 compared to \$25,793,484 at December 31, 2004. This is a 1.6 percent increase. These changes are analyzed beneath the Schedule of Changes in Net Assets below.

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.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

FINANCIAL RATIOS

Working capital is the amount by which current assets exceeds current liabilities:

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$14,454,063	\$16,531,397	\$16,462,886	\$17,276,981	\$17,011,930

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
9.87	16.16	14.16	12.56	15.96

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
437	512	569	644	658

Liabilities to Net Assets indicates the extent of borrowing.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
8.9%	8.1%	5.4%	8.0%	2.6%

Note: Laketrans has never incurred debt by borrowing (issuing bonds, obtaining a bank loan, etc.). The "borrowing" in the ratio above is solely a result of unpaid liabilities at year end. These consist of 1) payments due vendors, 2) accrued payroll liabilities, and 3) deferred revenue (2003-2005). Deferred revenue consists of capital grant funding not yet eligible to be received.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Table 2 - Changes in Net Assets

	<u>2005</u>	<u>2004</u>
<u>Operating Revenues</u>		
Passenger Fares for Transit Service	\$ 890,376	\$ 812,657
Special Transit Fares	17,072	10,160
Auxiliary Transportation Revenue	66,241	59,125
Total Operating Revenues	<u>973,689</u>	<u>881,942</u>
<u>Operating Expenses Other Than Depreciation</u>		
Labor	5,911,409	4,846,414
Fringe Benefits	2,155,689	2,517,417
Services	528,066	609,115
Fuel and Lubricants	823,304	668,839
Materials and Supplies	504,858	474,348
Utilities	179,927	155,817
Claims and Insurance	567,312	518,412
Purchased Transportation	233,256	208,593
Miscellaneous	277,828	453,736
Total Operating Expenses Other Than Depreciation	<u>11,181,649</u>	<u>10,452,691</u>
Depreciation	<u>3,524,459</u>	<u>3,551,989</u>
Total Operating Expenses	<u>14,706,108</u>	<u>14,004,680</u>
Operating Loss	<u>(13,732,419)</u>	<u>(13,122,738)</u>
<u>Non-Operating Revenues and Expenses</u>		
Sales Tax Revenue	7,552,508	7,637,134
Federal Grants and Reimbursements	1,247,047	1,468,880
State Grants, Reimbursements, and Special Fare Assistance	717,666	568,148
Interest Income	345,810	295,111
Net Increase in Fair Value of Investments	(29,862)	(128,814)
Gain/(Loss) on Disposal of Fixed Assets	81,170	61,909
Non-Transportation Revenues	9,807	28,425
Total Non-Operating Revenues and Expenses	<u>9,924,146</u>	<u>9,930,793</u>
Loss before Capital Contributions	<u>(3,808,273)</u>	<u>(3,191,945)</u>
<u>Capital Funding</u>		
Federal Grants and Reimbursements	2,071,662	1,103,312
State Grants and Reimbursements	142,664	170,461
Total Capital Funding	<u>2,214,326</u>	<u>1,273,773</u>
Increase (Decrease) in Net Assets	<u>\$ (1,593,947)</u>	<u>\$ (1,918,172)</u>

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

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

- Federal and state grant reimbursements increased by 26.2 percent. Capitalized maintenance decreased by 18.6 percent while capital grant reimbursements increased 65.9 percent. Grant funds are all received on a reimbursement basis. Fluctuations of available funds from one year to the next can cause significant variances in grant revenue. Capital purchases were low during 2004 compared to other years. Therefore 2004 capital reimbursements were low.
- Sales tax revenues, Laketran's largest source of revenue, decreased 1.1 percent. This decrease is, at least partly, the result of the high cost of energy. People are spending significantly more for gasoline and home heating fuel. This reduces the amount of spending on consumer goods thus reducing sales tax revenues.
- Investment income increased 17.2 percent while Laketran's investment portfolio decreased by 9.4 percent during the year. 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 a net 7.0 percent.
- Significant changes in operating expenses are:
 1. Workers' compensation premiums increased 55.1 percent.
 2. Property and casualty insurance increased 9.4 percent.
 3. Fuel and oil costs increased 23.1 percent.

Note: The above three items comprise 14.8 percent of total operating expenses but also represents 41.0 percent of the total increase in operating expenses, excluding depreciation from 2004 to 2005.

Table 3 - Changes in Cash Flows

	2005	2004
Net Cash used for Operating Activities	\$(9,708,002)	\$(9,775,531)
Net Cash Provided by Noncapital Financing Activities	9,753,429	8,985,346
Net Cash Used by Capital and Related Financing Activities	(1,627,167)	(229,739)
Net Cash Used by Investment Activities	(129,490)	750,728
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ (1,711,230)</u>	<u>\$ (269,196)</u>

Net cash used for operating activities decreased 0.7 percent. This small decrease is mainly attributed to cutting expenses everywhere possible although certain "uncontrollable" expenses such as fuel, healthcare insurance, property and casualty insurance and worker's comp continued to increase substantially.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Net cash provided by noncapital financing activities increased 8.5 percent. This increase is attributed to substantially higher capitalized maintenance received during 2005 as compared to 2004. This increase amounted to \$578,781.

Net cash used by capital and related financing activities increased 608.3 percent. This was caused by two large capital projects beginning during 2005; the facility modification and the bus rebuild. Both are to be completed during 2006.

Net cash used by investment activities decreased during 2005. This was primarily caused by the fact that two large capital projects were started during 2005 (referenced in the paragraph immediately preceding). A portion of those costs must be paid for with local funds.

BUDGETARY HIGHLIGHTS

Table 4 - Analysis of Significant Budget Variations

	Original Budget 2005	Revised Budget 2005	Actual 2005	Variance Positive (Negative)
<u>Operating Revenues</u>				
Passenger Fares	\$ 878,452	\$ 878,452	\$ 907,448	\$ 28,996
Auxiliary Transportation Revenues	55,000	55,000	66,241	11,241
Total Operating Revenues	<u>933,452</u>	<u>933,452</u>	<u>973,689</u>	<u>40,237</u>
<u>Operating Expenses Other Than Depreciation</u>				
Labor	5,705,385	5,705,385	5,911,409	(206,024)
Fringe Benefits	2,044,838	2,044,838	2,155,689	(110,851)
Services	624,089	624,089	528,066	96,023
Supplies	1,351,915	1,351,915	1,328,162	23,753
Utilities	169,750	169,750	179,927	(10,177)
Claims and Insurance	527,500	527,500	567,312	(39,812)
Purchased Transportation	223,112	223,112	233,256	(10,144)
Miscellaneous	313,311	313,311	277,828	35,483
Total Operating Expenses Other Than Depreciation	10,959,900	10,959,900	11,181,649	(221,749)
Depreciation	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,524,459</u>	<u>(124,459)</u>
Total Operating Expenses	<u>14,359,900</u>	<u>14,359,900</u>	<u>14,706,108</u>	<u>(346,208)</u>
Net Operating Loss	<u>(13,426,448)</u>	<u>(13,426,448)</u>	<u>(13,732,419)</u>	<u>(305,971)</u>
<u>Non-Operating Revenues/(Expenses)</u>				
Sales Tax Revenue	8,091,598	8,091,598	7,552,508	(539,090)
Federal Grants and Reimbursements	1,100,000	1,100,000	1,247,047	147,047
State Grants, Reimbursements, and Special Fare Assistance	560,407	560,407	717,666	157,259
Interest Income	274,443	274,443	345,810	71,367
Net Increase/(Decrease) in Fair Value of Investments	0	0	(29,862)	(29,862)
Gain/(Loss) on Disposal of Capital Assets	0	0	81,170	81,170
Non-Transportation Revenues	<u>0</u>	<u>0</u>	<u>9,807</u>	<u>9,807</u>
Total Non-Operating Revenues/(Expenses)	<u>\$ 10,026,448</u>	<u>\$ 10,026,448</u>	<u>\$ 9,924,146</u>	<u>\$ (102,302)</u>

**LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Laketrans is very dependent upon two sources of revenue as follows:

1. Sales tax comprised 57.6 percent of total revenue, inclusive of capital grant reimbursements. Sales tax proceeds decreased 1.1 percent from 2004.
2. Federal and state grant reimbursements comprised 31.9 percent of total revenue. It should be noted that actual amounts vary greatly from budgeted amounts. One year's actual proceeds do not relate at all to the prior years. Additionally, neither the federal or state government give any indication as to how much should be budgeted. The budget ends up being a "best estimate".

Line items with a more than 5 percent variance are discussed below:

Fringe Benefits were 5.4 percent over budget primarily due to a 55.1 percent increase in workers' compensation expenses.

Utilities were 6.0 percent over budget (unfavorable) due to rates that increased greater than expected; especially natural gas. Also, additional phone lines were added, that were not anticipated, in order to improve customer service to Madison.

Property and casualty expense were 7.5 percent over budget (unfavorable) due to deductible payments exceeding amounts expected.

Federal grant reimbursements were 13.4 percent over budget (favorable) mainly due to the ahead of schedule facility modification project. A very mild fall and winter enabled exterior work to be completed well ahead of schedule. Payments for construction services and subsequent grant reimbursements were also moved ahead of schedule. This is a very favorable event and caused no financial problems.

State grant reimbursements were 28.1 percent over budget (favorable) mainly due to a one time advance payment of Elderly & Disabled funding by the State of Ohio. Although the state is on a July-June fiscal year, they have always treated the disbursement of funds as a calendar year event. During 2005, they changed this by paying what they called January-December early in the year and July-December later in the year. Disbursement of these funds will be a July-June event in the future.

Interest income was 26.0 percent over budget (favorable) due to higher than expected interest rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2005, Laketrans had \$26,209,778 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 \$416,294 or 0.4 percent from 2004.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Table 5 - Capital Assets at Year End

	2005	2004
Land	\$ 2,442,643	\$ 2,442,643
Buildings	11,394,545	11,378,675
Transportation Vehicles and Equipment	29,185,565	28,962,599
Furniture, Vehicles, and Equipment	723,612	742,814
Construction In Progress	<u>2,652,405</u>	<u>102,373</u>
	46,398,770	43,629,104
Less: Accumulated Depreciation	<u>20,188,992</u>	<u>17,835,620</u>
Total Capital Assets, Net	<u>\$26,209,778</u>	<u>\$25,793,484</u>

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.

More detailed information regarding capital asset activity can be found in the notes to the financial statements.

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 2005, while revenues have been relatively flat, property and casualty insurance costs have greatly moderated but still increased 9.4 percent, fuel costs have increased 23.1 percent, and workers' compensation costs have increased 55.1 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 is 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.

Sales tax revenue has been relatively flat for several years and, for the first time in Laketrans' history, it went down from 2004 to 2005. Sales tax represents 69.3 percent of Laketrans' 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
BALANCE SHEET
DECEMBER 31, 2005 AND 2004**

	2005	2004
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,320,159	\$ 5,098,482
Investments	10,004,796	9,551,658
Receivables:		
Federal Grants	717,620	742,520
State Grants	51,916	203,435
Trade	53,330	57,765
Sales Tax	1,159,924	1,227,996
Accrued Interest	51,936	59,636
Materials and Supplies	689,913	680,531
Prepaid Expenses	33,446	0
Restricted Cash	76,370	9,277
Total Current Assets	16,159,410	17,631,300
Non-Current Assets:		
Federal Grants Receivable	1,986,365	2,343,312
Non-depreciable Capital Assets	5,095,048	2,545,016
Depreciable Capital Assets, Net	21,114,730	23,248,468
Total Non-Current Assets	28,196,143	28,136,796
TOTAL ASSETS	\$ 44,355,553	\$ 45,768,096
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 445,601	\$ 157,592
Capital Leases Payable	7,507	10,576
Accrued Payroll and Benefits	1,007,966	821,648
Accrued OTRP Special Assessments	91,533	91,533
Payable from Restricted Assets:		
Retainage Payable	76,370	9,277
Total Current Liabilities	1,628,977	1,090,626
Other Liabilities:		
Deferred Revenue	1,986,365	2,343,312
Total Liabilities	3,615,342	3,433,938
<u>Net Assets</u>		
Invested in Capital Assets	26,209,778	25,793,484
Unrestricted	14,530,433	16,540,674
Total Net Assets	40,740,211	42,334,158
TOTAL LIABILITIES AND NET ASSETS	\$ 44,355,553	\$ 45,768,096

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
<u>Operating Revenues</u>		
Passenger Fares for Transit Service	\$ 890,376	\$ 812,657
Special Transit Fares	17,072	10,160
Auxiliary Transportation Revenue	66,241	59,125
Total Operating Revenues	973,689	881,942
<u>Operating Expenses Other Than Depreciation</u>		
Labor	5,911,409	4,846,414
Fringe Benefits	2,155,689	2,517,417
Services	528,066	609,115
Fuel and Lubricants	823,304	668,839
Materials and Supplies	504,858	474,348
Utilities	179,927	155,817
Claims and Insurance	567,312	518,412
Purchased Transportation	233,256	208,593
Miscellaneous	277,828	453,736
Total Operating Expenses Other Than Depreciation	11,181,649	10,452,691
Depreciation	3,524,459	3,551,989
Total Operating Expenses	14,706,108	14,004,680
Operating Loss	(13,732,419)	(13,122,738)
<u>Non-Operating Revenues and Expenses</u>		
Sales Tax Revenue	7,552,508	7,637,134
Federal Grants and Reimbursements	1,247,047	1,468,880
State Grants, Reimbursements, and Special Fare Assistance	717,666	568,148
Interest Income	345,810	295,111
Net Increase in Fair Value of Investments	(29,862)	(128,814)
Gain/(Loss) on Disposal of Fixed Assets	81,170	61,909
Non-Transportation Revenues	9,807	28,425
Total Non-Operating Revenues and Expenses	9,924,146	9,930,793
Loss before Capital Contributions	(3,808,273)	(3,191,945)
<u>Capital Funding</u>		
Federal Grants and Reimbursements	2,071,662	1,103,312
State Grants and Reimbursements	142,664	170,461
Total Capital Funding	2,214,326	1,273,773
Increase (Decrease) in Net Assets	(1,593,947)	(1,918,172)
Total Net Assets, Beginning of Year	42,334,158	44,252,330
Total Net Assets, End of Year	\$ 40,740,211	\$ 42,334,158

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 978,124	\$ 910,530
Cash Payments for Goods and Services	(2,872,439)	(3,371,077)
Cash Payments for Employees' Services	(7,813,687)	(7,314,984)
Net Cash Used for Operating Activities	(9,708,002)	(9,775,531)
<u>Cash Flows from Noncapital Financing Activities</u>		
Sales Tax Received	7,620,580	7,654,810
Operating Grants Received	2,123,042	1,302,111
Non-Transportation Revenue	9,807	28,425
Net Cash Provided by Noncapital Financing Activities	9,753,429	8,985,346
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital Grants Received	2,232,416	1,273,773
Acquisition and Construction of Capital Assets	(3,953,481)	(1,584,366)
Net Proceeds from Sale of Assets	93,898	80,854
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,627,167)	(229,739)
<u>Cash Flows from Investing Activities</u>		
Interest Received	353,510	285,631
Purchase of Investment Securities	(1,483,000)	0
Proceeds from Maturities of Investments	1,000,000	465,097
Net Cash Provided (Used) by Investment Activities	(129,490)	750,728
Net Increase (Decrease) in Cash and Cash Equivalents	(1,711,230)	(269,196)
Cash and Cash Equivalents at Beginning of Year	5,107,759	5,376,955
Cash and Cash Equivalents at End of Year	\$ 3,396,529	\$ 5,107,759
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>		
Operating Loss	\$(13,732,419)	\$(13,122,738)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	3,524,459	3,551,989
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	4,435	28,588
Materials and Supplies	(9,382)	(84,926)
Prepaid Expenses	(33,446)	12,181
Increase (Decrease) in:		
Accounts Payable	284,940	(311,466)
Accrued Payroll and Benefits	186,318	195,777
Accrued Pension and Other Payables	67,093	(44,936)
Total Adjustments	4,024,417	3,347,207
Net Cash Used for Operating Activities	\$ (9,708,002)	\$ (9,775,531)

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 \$(29,862) and \$(128,814) as of December 31, 2005 and 2004, respectively.

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

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 2005 or 2004.

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

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

Basis of Presentation (Continued)

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.

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.

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

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

Cash, Cash Equivalents, and Investments (Continued)

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. The capitalization threshold for Laketran is \$300.

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.

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.

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

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

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 2005 and 2004, 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, 2005 and 2004, 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, and the State Treasurer's Asset Reserve (STAROhio) investment pool.

Change in Accounting Principles

For fiscal year 2005, Laketrans 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 No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

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

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

Change in Accounting Principles (Continued)

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 implementation of GASB Statement No. 40 did not have an effect on the financial statements of Laketrans; 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 Laketrans.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2005 and 2004, Laketrans had undeposited cash on hand, including petty cash, of \$1,356 and \$1,256, respectively.

At December 31, 2005 and 2004, the carrying amount of Laketrans' cash deposits were \$3,394,223 and \$5,105,581, respectively. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2005 and 2004, deposits totaling \$300,000 and \$200,000, respectively, were covered by Federal Depository Insurance and deposits totaling \$3,238,009 and \$5,198,325, respectively, were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in Laketrans' name.

Custodial credit is the risk that, in the event of a bank failure, Laketrans' deposits may not be returned. Laketrans' 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 110 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 110 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 as specific collateral held at a Federal Reserve bank in the name of Laketrans.

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

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

Investments

Laketrans has a formal investment policy. Laketrans 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, 2005 and 2004, fair value was \$29,862 and \$128,814 below Laketrans'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, Laketrans'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 Laketrans's investments are in the table below. Laketrans 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, Laketrans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Laketrans has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk

Laketrans placed no limit on the amount it may invest in any one insurer. Laketrans's investment in U.S. Government and Agency Securities represents 99.9 percent of Laketrans's total investments.

Cash and investments at year-end were as follows:

Investment Type	Fair Value	Credit Rating (*)	Investment Maturities (in Years)	
			< 1	1-2
STAROhio	\$ 950	AAA	\$ 950	\$ 0
U.S. Government and Agency Securities	10,004,796	AAA	6,108,236	3,896,560
Carrying Amount of Deposits	3,394,223		3,394,223	0
Petty Cash	1,356		1,356	0
Totals	<u>\$13,401,325</u>		<u>\$ 9,504,765</u>	<u>\$ 3,896,560</u>

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

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, 2005 and 2004 were \$76,370 and \$9,277, 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, 2005 and 2004, Laketrans recognized \$1,247,047 and \$1,468,880, respectively. In addition, Laketrans recognized capital grants reimbursements as revenue in 2005 and 2004 of \$2,071,662 and \$1,103,312, respectively. Laketrans received federal CMAQ funding to help fund new service. The amounts received in 2005 and 2004 were \$99,999 and \$75,000, respectively.

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, 2005 and 2004, Laketrans recognized revenue of \$137,588 and \$161,275, respectively. In addition, Laketrans recognized capital grant reimbursements as revenue in 2005 and 2004 of \$142,664 and \$170,461, 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, 2005 and 2004, Laketrans received \$580,078 and \$406,873, 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, 2005 and 2004, sales tax revenues totaled \$7,552,508 and \$7,637,134, respectively. Laketrans records sales tax revenues and receivables as the sales taxes are earned, which is the year in which the related exchange transaction is incurred.

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

NOTE 7: **PENSION PLAN**

Ohio Public Employees Retirement System

Laketrans 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.

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, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. Laketrans' contribution rate for pension benefits for 2005 was 13.55 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, 2005, 2004, and 2003 were \$780,533, \$712,103, and \$679,663, respectively; 95.61 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member directed plan for 2005 were \$13,677 made by Laketrans and \$8,580 made by the plan members.

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

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 employer's 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 2005 local employer contribution rate was 13.55 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 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 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$305,488. 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.

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

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

Ohio Public Employees Retirement System (Continued)

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.

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, 2005 and 2004 amounted to approximately \$525,896 and \$491,471, 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.

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

NOTE 11: RISK MANAGEMENT

Laketrans 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. Laketrans 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. Laketrans 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. Laketrans's share of the potential losses is 8.72 percent at December 31, 2005.

Settled claims have not exceeded commercial insurance coverage in any of the past 3 years.

As of December 31, 2005, the deductible is \$5,000 per occurrence. Commercial property claims and liability claims remained at \$1,000 per occurrence.

An assessment for fiscal year 2002 in the amount of \$1,600,000 was made during 2004. Laketrans'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 and is included in operating activities.

Subsequent installments are due on January 31, 2006 and January 31, 2007, respectively.

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

Laketrans 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, 2005 and 2004
(CONTINUED)

NOTE 12: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2005 and 2004:

2005	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	102,373	2,550,032	0	2,652,405
Total Capital Assets Not Being Depreciated	2,545,016	2,550,032	0	5,095,048
Capital Assets, Being Depreciated:				
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
Total Capital Assets Being Depreciated	41,084,088	1,403,449	(1,183,816)	41,303,721
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 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)
Total Capital Assets, Being Depreciated, Net	23,248,468	(2,121,010)	(12,728)	21,114,730
Total Capital Assets, Net	\$ 25,793,484	\$ 429,022	\$ (12,728)	\$ 26,209,778
2004				
Capital Assets Not Being Depreciated:				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	202,470	337,186	(437,283)	102,373
Total Capital Assets Not Being Depreciated	2,645,113	337,186	(437,283)	2,545,016
Capital Assets, Being Depreciated:				
Buildings	11,378,675	0	0	11,378,675
Transportation Vehicles and Equipment	29,382,971	1,420,138	(1,840,510)	28,962,599
Furniture, Vehicles, and Equipment	522,325	264,325	(43,836)	742,814
Total Capital Assets Being Depreciated	41,283,971	1,684,463	(1,884,346)	41,084,088
Less Accumulated Depreciation				
Buildings	(3,602,475)	(388,600)	0	(3,991,075)
Transportation Vehicles and Equipment	(12,095,909)	(3,099,693)	1,821,565	(13,374,037)
Furniture and Equipment	(450,648)	(63,696)	43,836	(470,508)
Total Accumulated Depreciation	(16,149,032)	(3,551,989)	1,865,401	(17,835,620)
Total Capital Assets, Being Depreciated, Net	25,134,939	(1,867,526)	(18,945)	23,248,468
Total Capital Assets, Net	\$ 27,780,052	\$ (1,530,340)	\$ (456,228)	\$ 25,793,484

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

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, 2005 or 2004.

Statistical Section

2005

LAKETRAN

**FARE BOX RECOVERY PERCENTAGE
LAST TEN YEARS**

	<u>Percentage</u>
1996	22.27
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

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

Fare Structure - December 31, 2005

	Dial-A-Ride	Local Fixed Route	Commuter Express
Regular Adult Fare	\$ 3.00	\$ 0.75	\$ 2.00
Citizens with Buckeye or Medicare Cards (Senior citizens and those with disabilities)	1.00	0.35	N/A
Children ages 2-12	1.00	0.35	N/A
Children under 2	FREE	FREE	N/A
Coupon Book (eleven rides)	10.00	N/A	N/A
Monthly Pass	N/A	N/A	75.00
Student Ticket	N/A	N/A	10.00
“Blue” Ticket (eleven rides)	N/A	N/A	20.00
Tokens - Regular Fare	3.00	0.75	N/A
Tokens - with Buckeye or Medicare Card	N/A	0.35	N/A
Tokens - Children ages 2-12	N/A	0.35	N/A
Transfers	N/A	FREE	FREE
Sports Service (round trip) - Browns and Indians *	N/A	N/A	5.00
Sports Service (round trip) - Captains	N/A	N/A	2.00

* Indians games, \$5.00 per person, \$10.00 two through six persons. Browns games, \$5.00 per person.

LAKETRAN

**REVENUES BY SOURCE
LAST TEN YEARS**

	<u>1996</u>	<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>
Fares	\$ 539,139	\$ 556,237	\$ 637,223	\$ 722,634	\$ 783,561	\$ 786,591	\$ 725,450	\$ 761,657	\$ 822,817	\$ 907,448
Sales Tax	5,648,412	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
Federal:										
Operating Grants	315,135	280,152	51,991	0	0	0	0	0	74,999	99,999
Capitalized Maintenance	0	0	662,897	538,921	729,505	653,438	675,379	884,993	1,393,881	1,147,048
Capital Grant Reimbursement	0	0	0	0	0	2,168,471	1,558,396	4,621,004	1,103,312	2,071,662
State:										
Operating Grants	513,341	420,569	513,779	0	0	0	0	0	0	0
Capitalized Maintenance	0	0	40,120	207,343	181,158	643,507	485,160	381,776	161,275	119,500
Special Fare Assistance	185,048	186,996	222,595	251,187	262,596	288,339	302,838	358,245	406,873	580,078
Capital Grant Reimbursement	0	0	0	0	0	728,923	70,291	350,678	170,461	160,753
Investment Income	505,584	637,990	740,433	804,563	942,995	671,678	455,738	323,731	295,111	345,810
Other	<u>170,403</u>	<u>180,887</u>	<u>353,748</u>	<u>68,397</u>	<u>279,759</u>	<u>71,475</u>	<u>71,016</u>	<u>(25,146)</u>	<u>20,645</u>	<u>127,355</u>
Total Revenues	<u>\$7,877,062</u>	<u>\$8,186,278</u>	<u>\$9,941,651</u>	<u>\$9,324,613</u>	<u>\$10,310,559</u>	<u>\$ 13,188,018</u>	<u>\$11,546,966</u>	<u>\$15,097,466</u>	<u>\$12,086,508</u>	<u>\$13,112,161</u>

LAKETRAN

**EXPENSES BY FUNCTION
LAST TEN YEARS**

	<u>1996</u>	<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>
Transportation	\$ 3,189,385	\$ 3,434,824	\$3,786,149	\$4,200,339	\$ 5,343,398	\$ 5,919,510	\$ 6,426,428	\$ 6,728,585	\$ 7,125,555	\$ 7,811,669
Maintenance	985,394	1,182,494	1,230,277	1,367,045	932,218	1,183,482	1,330,986	1,469,280	1,335,482	1,418,424
General and Administrative	944,063	1,017,067	1,277,764	1,337,006	1,473,154	1,447,123	1,718,676	1,756,838	1,991,654	1,951,556
Depreciation	<u>1,328,291</u>	<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>
Total Operating Expenses	<u>6,447,133</u>	<u>7,199,033</u>	<u>8,314,403</u>	<u>8,861,769</u>	<u>9,993,007</u>	<u>11,059,454</u>	<u>12,511,738</u>	<u>13,250,169</u>	<u>14,004,680</u>	<u>14,706,108</u>
Non-Operating Expenses	<u>0</u>	<u>0</u>	<u>11,075</u>	<u>134,694</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>\$ 6,447,133</u>	<u>\$ 7,199,033</u>	<u>\$8,325,478</u>	<u>\$ 8,996,463</u>	<u>\$ 9,993,007</u>	<u>\$11,059,454</u>	<u>\$12,511,738</u>	<u>\$13,250,169</u>	<u>\$14,004,680</u>	<u>\$14,706,108</u>

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>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other</u>	<u>Total</u>	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>	
1996	38.7	15.3	54.0	3.1	42.9	46.0	100.0
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	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	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>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other(2)</u>	<u>Total</u>	<u>Federal</u>	<u>State & Local(3)</u>	<u>Total</u>	
1996	6.8	8.6	15.4	4.0	80.6	84.6	100.0
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	4.3	12.6	11.4	76.0	87.4	100.0

(1) Source: American Public Transit Association, APTA 2004 Transit Fact Book, table 64

(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>
1996	46.0	24.0	5.0	9.1	3.6	2.7	11.8	(2.2)	100.0
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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	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>
1996	48.9	21.2	4.4	9.6	2.3	3.6	5.6	4.4	100.0
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	52.9	19.3	4.7	11.9	1.6	5.1	2.1	2.4	100.0

(1) Source: American Public Transit Association, APTA 2003 Transit Fact Book, table 62

(2) Excludes depreciation expense

LAKETRAN

OPERATING STATISTICS LAST TEN YEARS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<u>System Ridership</u>										
Motor Bus (directly operated)	277,220	326,649	427,172	519,414	553,050	579,536	572,382	563,785	614,303	661,603
Motor Bus (contract service)	0	100,857	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	250,563	256,244	266,369	279,564	295,025	309,067	310,784	301,491	323,126	342,483
Dial-A-Ride (contract service)	48,128	46,958	48,728	44,245	43,858	44,496	43,596	41,516	43,815	40,840
Van Pool (contract service)	0	140	0	2,056	2,048	0	0	0	0	0
Jitney (contract service)	0	0	0	0	11,103	28,232	30,358	40,817	37,498	25,828
<u>Average Daily System Ridership</u>										
Motor Bus (directly operated)	903	1,064	1,382	1,691	1,801	1,887	1,864	1,836	2,007	2,162
Motor Bus (contract service)	0	396	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	816	835	868	911	961	1,007	1,012	982	1,056	1,119
Dial-A-Ride (contract service)	189	184	191	174	172	174	171	163	172	160
Van Pool (contract service)	0	7	0	8	8	0	0	0	0	0
Jitney (contract service)	0	0	0	0	131	141	152	204	187	129
<u>Average Daily Vehicle Miles Operated</u>										
Motor Bus (directly operated)	1,638	2,113	2,746	3,159	3,407	3,425	3,356	3,606	3,917	4,246
Motor Bus (contract service)	0	426	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	7,526	7,541	7,610	8,224	8,524	8,864	8,660	8,586	9,195	9,001
Dial-A-Ride (contract service)	583	631	769	783	775	748	750	655	496	468
Van Pool (contract service)	0	29	0	50	49	0	0	0	0	0
Jitney (contract service)	0	0	0	0	28	34	37	38	36	23
<u>Revenue Miles</u>										
Motor Bus (directly operated)	360,777	477,543	594,755	659,722	737,318	748,786	758,717	801,365	845,532	886,826
Motor Bus (contract service)	0	42,024	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	2,004,585	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
Dial-A-Ride (contract service)	134,866	142,398	173,609	170,506	175,273	171,727	168,406	143,949	113,336	107,789
Van Pool (contract service)	0	580	0	12,850	12,800	0	0	0	0	0
Jitney (contract service)	0	0	0	0	2,373	6,702	7,469	7,686	7,225	4,552

LAKETRAN

OPERATING STATISTICS LAST TEN YEARS

	<u>1996</u>	<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>Passenger Miles</u>										
Motor Bus (directly operated)	3,224,630	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
Motor Bus (contract service)	2,017,152	2,017,152	924,528	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	3,072,304	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
Dial-A-Ride (contract service)	277,284	308,984	321,893	297,441	319,212	318,333	296,365	269,472	251,504	239,060
Van Pool (contract service)	0	0	0	46,260	46,080	0	0	0	0	0
Jitney (contract service)	0	0	0	0	3,701	9,411	10,119	13,606	12,499	8,609

LAKETRAN

OPERATING STATISTICS LAST TEN YEARS

	<u>1996</u>	<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>Energy Consumption</u>										
Motor Bus										
Gallons of diesel	73,975	67,076	77,115	102,521	112,050	69,880	78,966	93,520	116,314	123,576
Gallons of natural gas	0	61,931	106,477	114,212	127,596	127,966	124,599	126,718	109,403	120,939
Gallons of purinox	0	0	0	0	0	42,180	42,622	18,033	3,204	0
Dial-A-Ride										
Gallons of diesel	181,697	171,672	179,404	194,211	201,290	214,472	161,074	231,673	259,088	295,095
Gallons of natural gas	197	214	267	0	0	0	0	0	0	0
Gallons of purinox	0	0	0	0	0	13,743	86,907	14,175	10,321	0
<u>Fleet Requirement</u>										
Motor Bus (directly operated)	11	17	24	24	30	30	30	30	34	34
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	50	51	51	54	54	60	60	65	63	71
Dial-A-Ride (contract service)	7	9	8	8	9	9	9	9	9	9
Van Pool (contract service)	0	0	0	1	1	0	0	0	0	0
<u>Total Active Vehicles</u>										
Motor Bus (directly operated)	16	30	29	29	36	36	36	36	46	46
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	54	55	55	60	60	66	65	71	74	74
Dial-A-Ride (contract service)	8	9	11	14	16	15	15	17	18	18
Van Pool (contract service)	0	0	0	1	1	1	0	0	0	0
<u>Number of Employees</u>										
Full Time Equivalent	116	121	132	132	150	156	154	154	156	

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

County Population by Decade

<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

Age and Population Distribution - 2000

	<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

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

Population By Race - 2000

<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	2,623	1.15
Other	<u>1,578</u>	<u>0.70</u>
	<u>227,511</u>	<u>100.00</u>

Largest Populations in the County 2000 Census

Mentor	50,278
Willoughby	20,510
Eastlake	21,161
Painesville	15,699
Madison Township	15,477
Willowick	15,269
Wickliffe	14,558
Painesville Township	13,218
Concord Township	12,432
Willoughby Hills	8,427

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

Employment by Industry

<u>Industry</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2003</u>
Manufacturing	28,504	28,341	27,922	27,361	25,521	22,284
Wholesale/Retail		Category Changed				20,884
Government	10,903	10,976	11,272	11,958	12,158	13,257
Construction	4,577	4,804	4,927	4,872	4,694	7,357
Services		Category Changed				52,146
Transportation/Utilities	2,805	2,610	2,617	1,622	1,576	2,277
All Other	<u>2,243</u>	<u>1,931</u>	<u>2,137</u>	<u>2,214</u>	<u>2,181</u>	<u>1,726</u>
Total	<u><u>97,404</u></u>	<u><u>99,402</u></u>	<u><u>101,110</u></u>	<u><u>101,664</u></u>	<u><u>99,406</u></u>	<u><u>119,931</u></u>

Civilian Labor Force

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total Labor Force	124,700	126,600	124,600	126,200	125,100	129,700
Employment	120,200	121,600	120,100	120,900	117,500	119,931
Unemployment	4,500	5,000	4,500	5,300	7,600	7,004
Unemployment Percentage	3.6	4.0	3.6	4.2	6.1	5.4

Note: All statistics in this section were obtained from the Ohio Department of Development and are the latest available at the time this document was published.

The Ohio Department of Development only updates these figures every other year.

LAKETRAN

LAKE COUNTY, OHIO





**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
JULY 25, 2006**