

**LAKETRAN**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

June 5, 2013

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**LAKETRAN  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Note to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Schedule of Prior Audit Findings and Recommendations	9

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Laketran, Lake County, Ohio, (the Transit Authority), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Laketran, Ohio's basic financial statements and have issued our report thereon dated April 3, 2013, wherein we noted that Laketran, Ohio adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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

April 3, 2013

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
Laketran  
Grand River, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited Laketran, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Laketran, Ohio's major federal program for the year ended December 31, 2012. Laketran, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Laketran, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for its major federal program. However, our audit does not provide a legal determination of Laketran, Ohio's compliance.

## ***Opinion on Major Federal Program***

In our opinion, Laketran, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of Laketran, Ohio is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Laketran, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Laketran, Ohio's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities of Laketrans, Ohio as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Laketrans, Ohio's basic financial statements. We issued our report thereon dated April 3, 2013, which contained unmodified opinions on those financial statements. Our opinion also explained that Laketrans, Ohio, adopted Governmental Accounting Standards No. 63 and No. 65 during the year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

April 3, 2013

**LAKETRAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Direct Awards:</i>			
Federal Transit Formula Grants	20.507	OH-90-X529	\$ 124,045
		OH-90-X591	233,948
		OH-90-X019	228,038
		OH-90-X629	13,359
		OH-90-X673	340,135
		OH-90-X039	1,218
		OH-90-X700	119,492
		OH-90-X746	<u>1,534,635</u>
			<u>2,594,870</u>
ARRA Federal Transit Formula Grants	20.507	OH-96-X026	<u>163,836</u>
Total Federal Transit Formula Grants			<u>2,758,706</u>
New Freedom Program	20.521	OH-57-X021	<u>96,200</u>
Total Direct Awards			<u>2,854,906</u>
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant	20.205	OH-90-X462	<u>198,314</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 3,053,220</u></b>

See accompanying notes to the Supplemental Schedule of Federal Awards.

**LAKETRAN**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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NOTE 1: **BASIS OF ACCOUNTING**

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

- As described in Note 2 of the financial statements, Laketrans 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, 2012**

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

2012(i)	Type of Financial Statement Opinion	Unmodified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material significant deficiency conditions reported for major federal programs?	No
2012(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2012(v)	Type of Major Programs' Compliance Opinion	Unmodified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list):  Federal Transit Cluster: Federal Transit Administration Capital and Operating Assistance Formula Grants - CFDA# 20.507 ARRA Federal Transit Administration Capital and Operating Assistance Formula Grants - CFDA# 20.507	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: > All Others
2012 (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 AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

Management comments have been corrected in the current audit report.

**Comprehensive  
Annual Financial Report  
For The Years Ended December 31, 2012 and 2011**

# **LAKETRAN**

**LAKE COUNTY, OHIO**

*Kevin Malecek  
President  
Board of Trustees*

*Raymond Jurkowski  
General Manager/  
Secretary-Treasurer*



# **Introductory Section**

**2012**

Comprehensive  
Annual Financial Report  
For The Years Ended December 31, 2012 and 2011

# LAKE METRA

LAKE COUNTY, OHIO



Kevin Malecek  
President  
Board of Trustees

Raymond Jurkowski  
General Manager/  
Secretary-Treasurer

**LAKETRAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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TABLE OF CONTENTS

	<u>PAGE</u>
<b><u>I. Introductory Section</u></b>	
Table of Contents	2
Certificate of Achievement for Excellence in Financial Reporting	3-4
Letter of Transmittal	5-9
List of Principal Officials	10
Municipalities in Lake County	11
Organization Chart	12
<b><u>II Financial Section</u></b>	
Independent Accountant's Report	13-14
Management's Discussion and Analysis	15-21
Basic Financial Statements:	
Comparative Statement of Net Position	22
Comparative Statement of Revenues, Expenses and Changes in Net Position	23
Comparative Statement of Cash Flows	24
Notes to Basic Financial Statements	25-40
<b><u>III. Statistical Section</u></b>	
Net Position by Component - Last Ten Years	42
Revenues and Expenses by Type and Changes in Net Position - Last Ten Years	43-44
Fare Box Recovery Percentage - Last Ten Years	45
Fare Structure - December 31, 2012	45
Revenues and Operating Assistance - Comparison To Industry Trend Data - Last Ten Years	46
Operating Expenses - Comparison To Industry Trend Data - Last Ten Years	47
Sales Tax Revenues - Last Ten Years	48
Operating Statistics - Last Ten Years	49-51
Full Time Equivalent Employees - Last Ten Years	52-53
Lake County Demographics	54-55

# 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, 2011

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.



*Christopher P. Morill*

President

*Jeffrey R. Emer*

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, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.*

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



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www.laketrان.com • e-mail: laketrان@laketrان.com

April 3, 2013

Mr. Kevin Malecek, President  
Members, Board of Trustees of Laketrان  
and Residents of Lake County

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Laketrان for the year ended December 31, 2012. This is the twelfth such report issued by Laketrان. It has become the standard format used in presenting the results of Laketrان's operations, financial position, cash flows, and related statistical information.

Laketrان takes great pride in the fact that its eleven 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.

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

This report contains the basic financial statements, management's discussion and analysis (MD&A), and statistical data that provides full disclosure of all the material financial operations of Laketrان. The basic financial statements, MD&A, and statistical information are the representation of Laketrان'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 Laketrان as a single enterprise fund. The CAFR is indicative of Laketrان's commitment to provide accurate, concise, and high quality financial information to the residents of Lake County and other interested parties.

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

### **REPORTING ENTITY**

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

A nine member Board of Trustees (Board) establishes policy and sets direction for the management of Laketran. All Board members are appointed by the County Commissioners and serve overlapping three year terms. Under the provisions of GASB Statement No. 14, 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:

CFO

Human Resources Manager

Public Relations/Marketing Director

Maintenance:

Maintenance Supervisor

Operations:

Deputy General Manager

Operations Manager

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

In 2012, Laketran had 136.5 employees. The system delivered 760,577 revenue miles of motor bus service and 1,583,745 revenue miles of directly operated paratransit service. The service fleet was composed of 38 motor bus coaches and 79 paratransit buses.

## CURRENT YEAR REVIEW

During the year 2012, Laketrans received the following national awards for financial reporting:

- The Distinguished Budget Presentation Award for the 2012 operating and capital budget from the GFOA.
- Certificate of Achievement for Excellence in Financial Reporting for the 2011 CAFR from the GFOA.

Ridership changes from 2011 to 2012 for all modes of services were up 5.3 percent. The reason for the increase in ridership is due to decreasing unemployment and maintaining service levels. Laketrans did increase evening service from 7:00 p.m. to 8:00 p.m. on a permanent basis. Holiday service was also offered from November 16, 2011 to January 16, 2012.

## MISSION STATEMENT

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

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

## FUTURE PLANS

Laketrans currently has a capital improvement plan in place through the year 2016. This plan was developed to provide for the future transportation needs of all Lake County residents and includes:

- **Passenger Shelters and Benches:** The Federal Transit Administration has directed more attention to passenger amenities. As a result, more bus shelters have been constructed and additional benches have been placed at various bus stops throughout the County. This program is done annually.
- **Vehicles:** Laketrans has a regular vehicle replacement program for Dial-a-Ride buses. These are very high mileage vehicles that need to be replaced regularly. An approximately equal number of buses are replaced each year in a number sufficient enough to replace all buses every eight years.

Eight Dial-a-Ride buses were purchased during 2012. All of these buses were used as replacement buses, with the oldest buses being taken out of service. Keeping the fleet current is one of many ways Laketrans demonstrates that Dial-a-Ride is a priority.

Motor buses have an approximate 12-14 year service life depending on the vehicle length. A 35-40' bus has a 12-14 year life while a 30' bus has a 7-10 year life. The total Motor bus fleet is approximately 38 buses. Motor bus includes the Commuter Express and Fixed Route buses. Commuter Express travels longer distance and Fixed Route is within the County.

- **Passenger Information Program**: This is a major passenger amenity in the form of a “ride guide” (a four sided sign that will be attached to bus stop signs). Each ride guide will contain a copy of the schedule and a detailed map of the appropriate route. Also included is fare information, bike rack instructions, Laketran phone numbers and web site information. The first ride guide was installed in September 2004 and the project will be ongoing.

### **INTERNAL CONTROL**

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

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

The concept of reasonable assurance recognizes that:

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

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

### **BASIS OF ACCOUNTING**

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

### **BUDGETARY CONTROL**

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

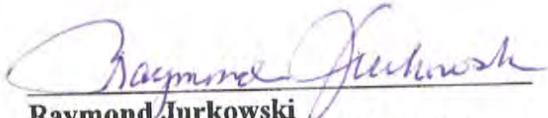
### **OTHER INFORMATION**

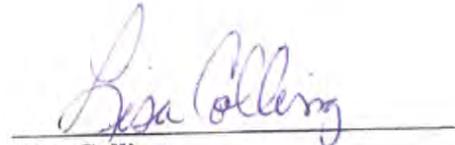
The Laketran independent audit was conducted by the Ohio State Auditor’s Office, who has issued an unqualified opinion on the financial statements.

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

**ACKNOWLEDGMENT**

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

  
**Raymond Jurkowski**  
General Manager/Secretary-Treasurer

  
**Lisa Colling**  
Controller

**LAKETRAN**  
**BOARD OF TRUSTEES AND MANAGEMENT**  
**AS OF DECEMBER 31, 2012**

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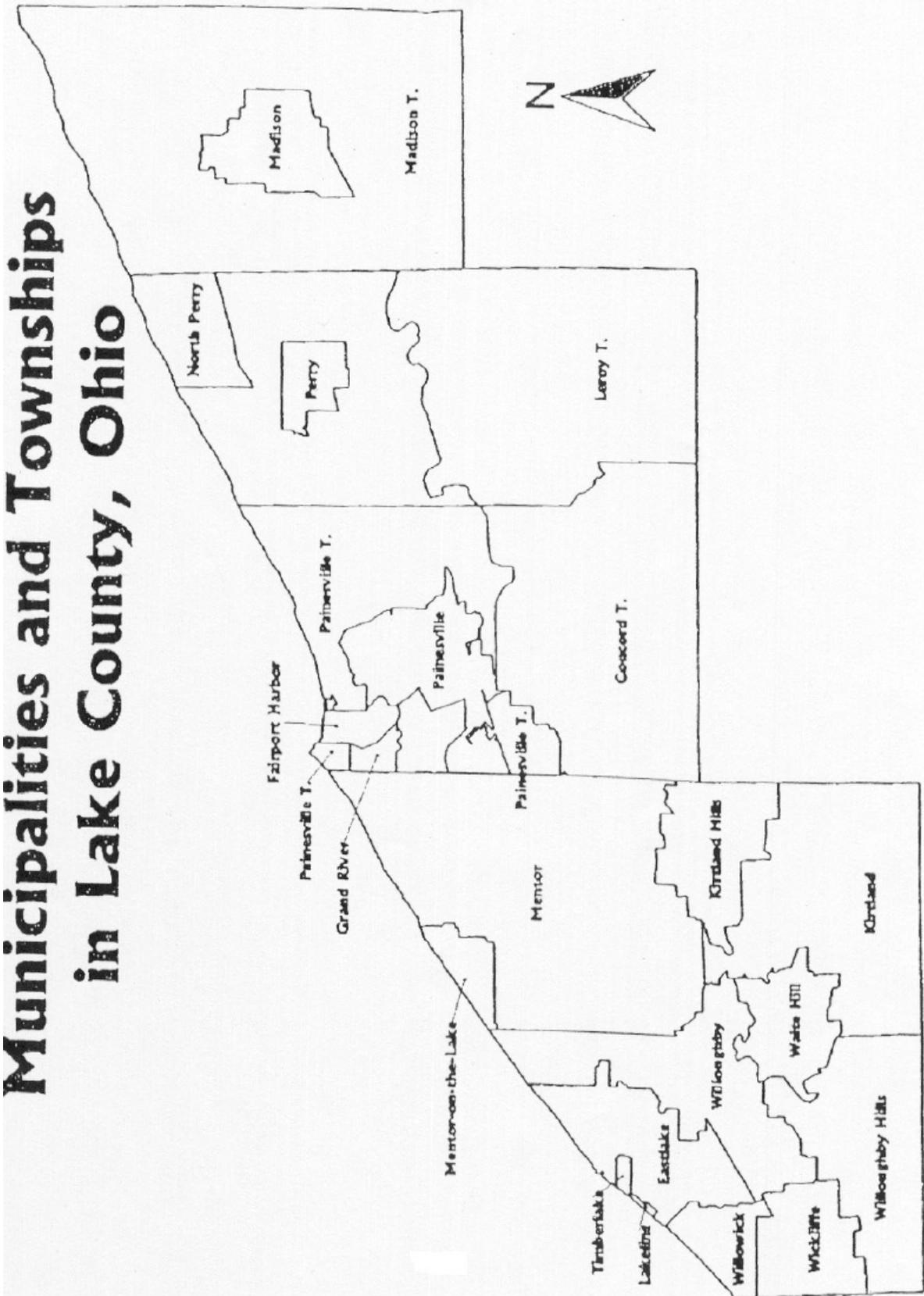
**Board of Trustees**

Chairman	Kevin D. Malecek
Vice-Chairman	Matthew C. Armand
Trustees	Jean Argo Jeanette Crislip Brian Falkowski Donna P. McNamee Paul Miller Edward J. Podojil Robert C. Roberti

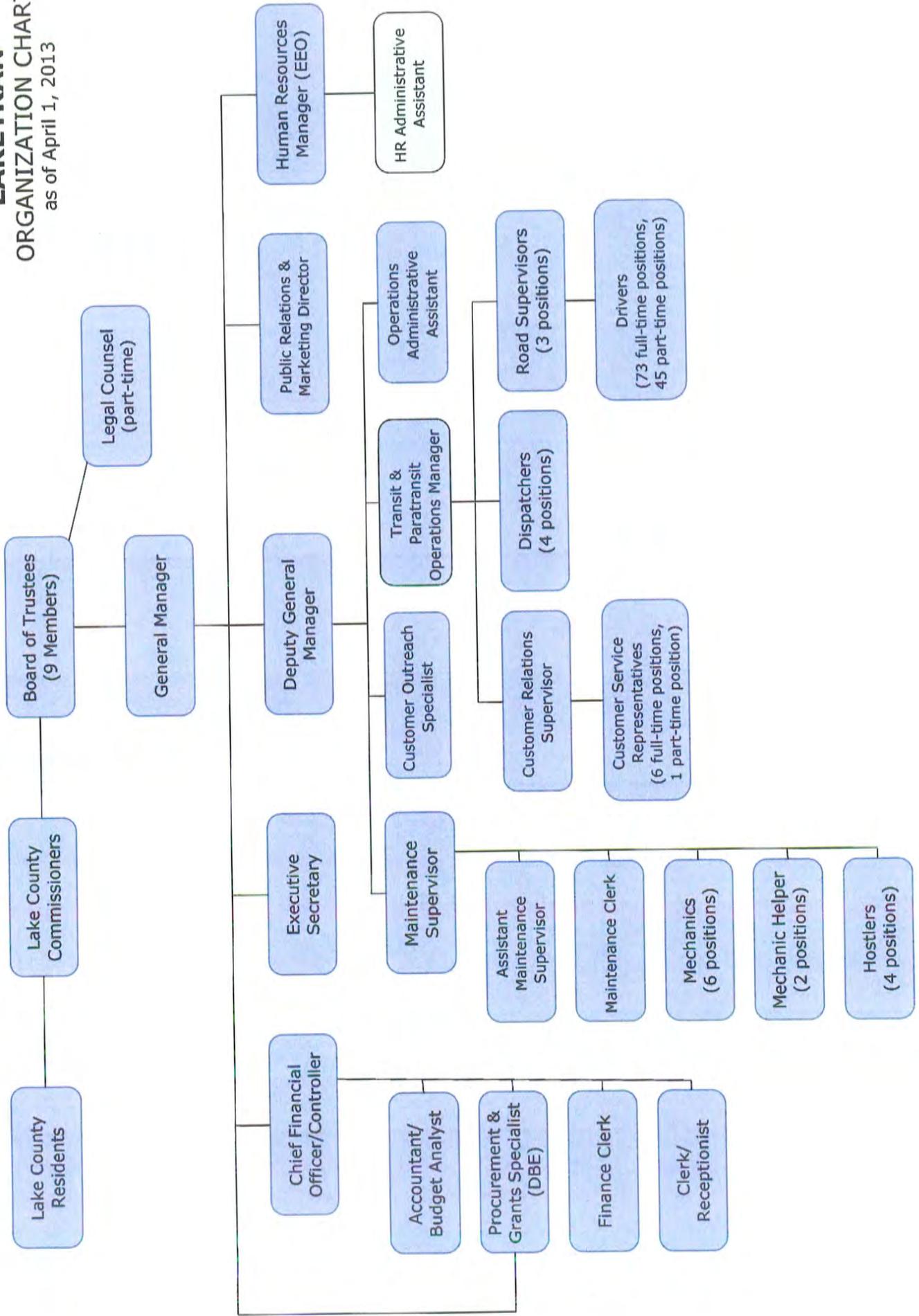
**Management**

General Manager and Secretary-Treasurer	Raymond Jurkowski
CFO	Lisa M. Colling
Human Resources Manager	Maureen D. Bierer
P/R and Marketing Director	Julia Schick
Deputy General Manager	Andrew A. Altenweg
Operations Manager	Ben Capelle
Maintenance Supervisor	Keith M. Bare

# Municipalities and Townships in Lake County, Ohio



**LAKETRAN**  
**ORGANIZATION CHART**  
 as of April 1, 2013



# **Financial Section**

**2012**

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Laketran  
Grand River, Ohio

The Honorable David Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Laketran, Lake County, Ohio (the Transit Authority), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Laketran, Ohio, as of December 31, 2012, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 13 to the financial statements, during 2012 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Other Matters***

#### ***Required Supplementary Information***

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

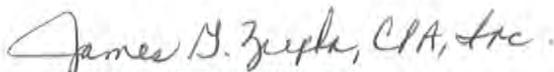
#### ***Other Information***

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 section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2013, on our consideration of Laketran, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laketran, Ohio's internal control over reporting and compliance.



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

April 3, 2013

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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As management of Laketran, we offer readers of Laketran's financial statements this narrative overview and analysis of the financial activities of Laketran for the fiscal years ended December 31, 2012, 2011, and 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5 through 9 of this report.

**FINANCIAL HIGHLIGHTS**

- Laketran's 2012 net position decreased as a result of current year operations by \$1,170,176 or 3.0 percent over 2011. Net position for 2011 decreased \$898,583, or 2.2 percent from 2010.
- Operating expenses, exclusive of depreciation, were \$11,546,192 at December 31, 2012, \$11,006,690 in 2011, and \$10,629,549 in 2010. This represents an increase of 4.9 percent and an increase of 3.5 percent, respectively.
- Net capital assets were \$23,158,642 at December 31, 2012, \$25,702,032 at December 31, 2011, and \$28,499,809 at December 31, 2010. This represents a decrease of 9.9 percent and a decrease of 9.8 percent, respectively.
- Cash and cash equivalents were \$5,350,005 at December 31, 2012, \$3,382,676 at December 31, 2011, and \$4,631,520 at December 31, 2010. This represents an increase of 58.2 percent and a decrease of 27.0 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$8,947,120 at December 31, 2012, \$8,859,300 at December 31, 2011, and \$5,233,721 at December 31, 2010. This represents an increase of 1.0 percent and an increase of 69.3 percent, respectively.

NOTE: Cash and cash equivalents, and investments at fair value combined were \$14,297,125 at December 31, 2012, \$12,241,976 at December 31, 2011, and \$9,865,241 at December 31, 2010. This represents an increase of 16.8 percent and an increase of 24.1 percent, respectively. These cash reserves were used to pay Laketran's local share of capital improvements.

Laketran had current Federal and State operating grants receivable of \$615,106 at December 31, 2012, \$1,157,849 at December 31, 2011, and \$1,833,391 at December 31, 2010. This represents a decrease of 46.9 percent and a decrease of 36.8 percent, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Laketran's basic financial statements. Laketran's basic financial statements are comprised of four components: **1)** Statements of Net Position, **2)** Statements of Revenues, Expenses, and Changes in Net Position, **3)** Statements of Cash Flows, and **4)** Notes to the Basic Financial Statements. The Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position (pages 22 and 23) provide information about the activities of Laketran and present a longer-term view of its finances.

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

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

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

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

**Table 1 - Net Position**

	2012	2011	2010
<b><u>Assets</u></b>			
Current Assets	\$ 17,179,785	\$ 15,601,978	\$ 13,717,338
Other Assets	5,250,987	5,084,922	4,373,102
Capital Assets	23,158,642	25,702,032	28,499,809
<b>Total Assets</b>	<b>45,589,414</b>	<b>46,388,932</b>	<b>46,590,249</b>
<b><u>Liabilities</u></b>			
Current Liabilities	1,255,516	1,415,699	1,422,486
Other Liabilities	343,569	5,421,512	4,717,459
<b>Total Liabilities</b>	<b>1,599,085</b>	<b>6,837,211</b>	<b>6,139,945</b>
<b><u>Deferred Inflows of Resources</u></b>			
Federal and State Grants	5,608,784	0	0
<b>Total Deferred Inflows of Resources</b>	<b>5,608,784</b>	<b>0</b>	<b>0</b>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	23,154,984	25,694,276	28,484,693
Unrestricted	15,226,561	13,857,445	11,965,611
<b>Total Net Position</b>	<b>\$ 38,381,545</b>	<b>\$ 39,551,721</b>	<b>\$ 40,450,304</b>

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(Continued)**

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Laketrans net position was \$38,381,545 at December 31, 2012, \$39,551,721 at December 31, 2011, and \$40,450,304 at December 31, 2010. These represent a decrease of 3.0 percent and a decrease of 2.2 percent, respectively. Unrestricted net position was \$15,226,561 at December 31, 2012, \$13,857,445 at December 31, 2011, and \$11,965,611 at December 31, 2010. This represents an increase of 9.9 percent and an increase of 15.8 percent, respectively.

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

**FINANCIAL RATIOS**

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

2012	2011	2010	2009	2008
\$15,924,269	\$14,186,279	\$12,294,852	\$10,559,193	\$10,473,993

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

2012	2011	2010	2009	2008
13.7	11.0	9.6	2.9	5.0

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

2012	2011	2010	2009	2008
385	351	320	289	270

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

2012	2011	2010	2009	2008
18.8%	17.3%	15.2%	40.5%	19.3%

In addition, Laketrans has never incurred debt by borrowing (issuing bonds, obtaining a bank loan, etc.). The "borrowing" in the ratio above is solely a result of unpaid liabilities at year end. These consist of 1) payments due vendors, 2) accrued payroll liabilities, and 3) deferred inflows of resources. Deferred inflows of resources consist of capital grant funding approved but not yet eligible to be recognized as revenue or did not meet eligibility requirements.

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(Continued)**

**Table 2 - Changes in Net Position**

	2012	2011	2010
<b>REVENUES</b>			
<b>Operating Revenues</b>			
Passenger Fares	\$ 1,997,777	\$ 2,122,234	\$ 2,041,948
Auxiliary Transportation Revenue	67,911	74,311	71,970
<b>Total Operating Revenue</b>	<u>2,065,688</u>	<u>2,196,545</u>	<u>2,113,918</u>
<b>Non-Operating Revenues</b>			
Sales Tax Revenue	7,869,357	7,759,654	7,294,636
Federal Grant Reimbursements	1,715,565	1,862,159	2,716,460
State Grants, Reimbursements, and Special Fare Assistance	1,030,575	1,072,110	960,893
Gain on Disposal of Assets	23,887	0	0
Other	97,486	154,972	170,258
<b>Total Non-Operating Revenues</b>	<u>10,736,870</u>	<u>10,848,895</u>	<u>11,142,247</u>
<b>Capital Funding</b>			
Federal Grants and Reimbursements	1,337,655	832,135	5,290,845
<b>Total Capital Funding</b>	<u>1,337,655</u>	<u>832,135</u>	<u>5,290,845</u>
<b>TOTAL REVENUES</b>	<u>14,140,213</u>	<u>13,877,575</u>	<u>18,547,010</u>
<b>Operating Expenses Other Than Depreciation</b>			
Labor	4,682,349	4,620,888	4,531,669
Fringe Benefits	3,277,370	3,108,797	2,952,196
Services	705,399	561,160	684,110
Fuel and Lubricants	958,003	952,784	908,789
Materials and Supplies	432,403	332,494	224,232
Utilities	133,408	149,479	126,948
Claims and Insurance	467,232	492,649	520,668
Purchased Transportation	703,294	658,741	549,875
Miscellaneous	186,734	129,698	131,062
<b>Total Operating Expenses Other     Than Depreciation</b>	<u>11,546,192</u>	<u>11,006,690</u>	<u>10,629,549</u>
Depreciation	3,764,197	3,350,100	3,703,483
<b>Total Operating Expenses</b>	<u>15,310,389</u>	<u>14,356,790</u>	<u>14,333,032</u>
<b>Non-Operating Expenses</b>			
Loss on Disposal of Assets	0	419,368	622,534
<b>Total Non-Operating Expenses</b>	<u>0</u>	<u>419,368</u>	<u>622,534</u>
<b>Total Expenses</b>	<u>15,310,389</u>	<u>14,776,158</u>	<u>14,955,566</u>
Increase (Decrease) in Net Position	(1,170,176)	(898,583)	3,591,444
Total Net Position Beginning of Year	<u>39,551,721</u>	<u>40,450,304</u>	<u>36,858,860</u>
<b>Total Net Position End of Year</b>	<u>\$ 38,381,545</u>	<u>\$ 39,551,721</u>	<u>\$ 40,450,304</u>

**LAKETRAN**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(Continued)**

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

- Federal grants and reimbursements increased from 2011 to 2012 by 13.3 percent and decreased from 2010 to 2011 by 66.4 percent. Deferred inflows of resources (formerly deferred revenues) fluctuate greatly from year to year. This represents federal grant funds approved but not yet eligible to be recognized as revenue or did not meet eligibility requirements, which increased from 2011 to 2012 by 3.3 percent and increased from 2010 to 2011 by 16.3 percent.
- Sales tax revenues, Laketran's largest source of revenue, increased from 2011 to 2012 by 1.4 percent and increased from 2010 to 2011 by 6.4 percent. Laketran receives a 1/4 percent sales tax.
- Investment income decreased 43.5 percent from 2011 to 2012 and decreased 0.4 percent from 2010 to 2011 due to a drop in interest rates .
- Operating expenses, excluding depreciation, increased 4.9 percent from 2011 to 2012 and increased 3.5 percent from 2010 to 2011, respectively.
- Significant changes in operating expenses are:

Fuel and oil costs increased .5 percent from 2011 to 2012 and increased 4.8 percent from 2010 to 2011. Laketran hedged its fuel costs for three years starting in 2009. Because of this hedge Laketran will save over a million dollars in fuel costs over this three year hedge period (2009-2012).

Labor costs increased 1.3 percent from 2011 to 2012 and increased 2.0 percent from 2010 to 2011. The increase in labor costs is attributed to hiring of additional part-time drivers and an assistant Operations Manager.

**Table 3 - Changes in Cash Flows**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Cash Used for Operating Activities	\$ (9,294,280)	\$ (8,730,781)	\$ (8,814,170)
Net Cash Provided by Noncapital Financing Activities	11,027,126	11,084,502	10,942,403
Net Cash Provided (Used) by Capital and Related Financing Activities	234,476	(92,298)	(1,938,054)
Net Cash Provided (Used) by Investment Activities	<u>7</u>	<u>(3,510,267)</u>	<u>33,729</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ 1,967,329</u>	<u>\$ (1,248,844)</u>	<u>\$ 223,908</u>

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

Net cash used for operating activities increased 6.5 percent from 2011 to 2012 and decreased 1.0 percent from 2010 to 2011 due to a one-time ten year study being conducted in 2012/2013. Funds for this study are approved to be paid 80 percent from federal grants and 20 percent local share. In addition, more money has been spent in the marketing of our services to increase ridership.

Net cash provided by noncapital financing activities decreased 0.5 percent from 2011 to 2012 and increased 1.3 percent from 2010 to 2011 due to fluctuations in sales tax and grant revenue.

Net cash provided/(used) by capital and related financing activities increased 354.0 percent from 2011 to 2012 and decreased from 2010 to 2011 due to significant capital asset deletions in those years.

Net cash provided/(used) by investment activities increased 100.0 percent from 2011 to 2012. The increase was primarily caused by the redemption of investments in 2012 originally purchased in 2011.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

For years ended December 31, 2012, 2011 and 2010, Laketrans had invested in a broad range of capital assets, including land, buildings, equipment, office furniture/fixtures/equipment, parking lots, communication equipment, and vehicles for \$23,158,642, \$25,702,032 and \$28,499,809 (net), respectively. This represents a net decrease of \$2,543,390 or 9.9 percent from 2011 or 2012 which is attributable to the purchase of additional buses and higher depreciation expense, and a net decrease of \$2,797,777 or 9.8 percent from 2010 to 2011 which is attributable to the sale of the CNG fueling station and buses.

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

	2012	2011	2010
Land	\$ 2,442,643	\$ 2,442,643	\$ 2,442,643
Buildings	15,175,887	15,175,887	16,283,642
Transportation Vehicles and Equipment	35,911,453	35,039,141	40,032,747
Furniture and Equipment	677,311	688,063	691,939
Construction in Progress	634,252	421,591	147,032
	<u>54,841,546</u>	<u>53,767,325</u>	<u>59,598,003</u>
Less: Accumulated Depreciation	31,682,904	28,065,293	31,098,194
<b>Total Capital Assets, Net</b>	<u>\$ 23,158,642</u>	<u>\$ 25,702,032</u>	<u>\$ 28,499,809</u>

For more detailed information on capital asset activity, see Note 10 of the financial statements.

**LAKETRAN  
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

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All capital assets are depreciated using the straight line method of depreciation. Vehicles useful lives are either four, seven, or twelve years as specified in Federal Transit Administration regulations. All other useful lives range from five to thirty years, depending on the nature of the asset. Laketrans owns one building which is being depreciated over a period of thirty years.

**Long-Term Debt**

For years ended December 31, 2012, 2011 and 2010, Laketrans had capital leases payable of \$3,658 \$7,756 and \$15,116, respectively. See Note 11 of the financial statements for more detail.

**DISCUSSION OF CURRENTLY KNOWN FACTS**

During 2012, operating and non-operating revenues increased 1.4 percent while operating expenses (other than depreciation) increased 4.9 percent. Wages and benefits are 68.9 percent of operating expenses but these only increased 3.0 percent. Included in this modest 3.0 percent increase in wages and benefits was a 4.1 percent increase in health insurance in 2012. Employees pay 10 percent of their health insurance costs in addition to a spousal surcharge of \$75.00 per month if applicable.

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.

Fuel and oil which comprises 8.3 percent of the operating budget increased 0.5 percent. This increase is due to fuel prices being higher in 2012 than in 2011.

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.

During 2012, sales tax revenue increased 1.4 percent over 2011. Sales tax provided Laketrans with 68.2 percent of its operating costs in 2012.

**Requests for Information**

This financial report is designed to provide a general overview of Laketrans for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lisa Colling, CFO, Laketrans, 555 Lakeshore Boulevard, P.O. Box 158, Grand River, Ohio 44045.

**LAKETRAN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012 AND 2011**

	2012	2011
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,350,005	\$ 3,382,676
Investments	8,947,120	8,859,300
Receivables:		
Federal Grants	615,106	1,157,849
Trade	234,281	201,534
Sales Tax	1,311,758	1,285,948
Accrued Interest	29,126	29,343
Materials and Supplies	692,389	685,328
Total Current Assets	17,179,785	15,601,978
Non-Current Assets:		
Federal Grants Receivable	5,250,987	5,084,922
Non-Depreciable Capital Assets	3,076,895	2,864,234
Depreciable Capital Assets, net	20,081,747	22,837,798
Total Non-Current Assets	28,409,629	30,786,954
<b>TOTAL ASSETS</b>	<b>\$ 45,589,414</b>	<b>\$ 46,388,932</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
Current Liabilities:		
Accounts Payable	\$ 302,263	\$ 420,376
Deferred Revenue - State Grants	0	369,360
Capital Leases Payable	3,658	7,756
Accrued Payroll and Benefits	641,370	325,179
Compensated Absences	308,225	293,028
Total Current Liabilities	1,255,516	1,415,699
Other Liabilities:		
Deferred Revenue - Federal Grants	0	5,084,922
Compensated Absences	343,569	336,590
Total Other Liabilities	343,569	5,421,512
<b>Total Liabilities</b>	<b>1,599,085</b>	<b>6,837,211</b>
 <b>Deferred Inflows of Resources</b>		
Federal and State Grants	5,608,784	0
<b>Total Deferred Inflows of Resources</b>	<b>5,608,784</b>	<b>0</b>
 <b>Net Position</b>		
Net Investment in Capital Assets	23,154,984	25,694,276
Unrestricted	15,226,561	13,857,445
<b>Total Net Position</b>	<b>38,381,545</b>	<b>39,551,721</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 45,589,414</b>	<b>\$ 46,388,932</b>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues</b>		
Passenger Fares for Transit Service	\$ 1,326,502	\$ 1,454,940
Special Transit Fares	671,275	667,294
Auxiliary Transportation Revenue	67,911	74,311
<b>Total Operating Revenues</b>	<u>2,065,688</u>	<u>2,196,545</u>
<b>Operating Expenses Other Than Depreciation</b>		
Labor	4,682,349	4,620,888
Fringe Benefits	3,277,370	3,108,797
Services	705,399	561,160
Fuel and Lubricants	958,003	952,784
Materials and Supplies	432,403	332,494
Utilities	133,408	149,479
Claims and Insurance	467,232	492,649
Purchased Transportation	703,294	658,741
Miscellaneous	186,734	129,698
<b>Total Operating Expenses Other Than Depreciation</b>	<u>11,546,192</u>	<u>11,006,690</u>
Depreciation	<u>3,764,197</u>	<u>3,350,100</u>
<b>Total Operating Expenses</b>	<u>15,310,389</u>	<u>14,356,790</u>
Operating Loss	<u>(13,244,701)</u>	<u>(12,160,245)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Sales Tax Revenue	7,869,357	7,759,654
Federal Grants and Reimbursements	1,715,565	1,862,159
State Grants, Reimbursements, and Special Fare Assistance	1,030,575	1,072,110
Interest Income	87,610	125,753
Gain (Loss) on Disposal of Capital Assets	23,887	(419,368)
Non-Transportation Revenues	9,876	29,219
<b>Total Non-Operating Revenues</b>	<u>10,736,870</u>	<u>10,429,527</u>
Gain (Loss) before Capital Contributions	<u>(2,507,831)</u>	<u>(1,730,718)</u>
<b>Capital Funding</b>		
Federal Grants and Reimbursements	<u>1,337,655</u>	<u>832,135</u>
<b>Total Capital Funding</b>	<u>1,337,655</u>	<u>832,135</u>
Increase (Decrease) in Net Assets	<u>(1,170,176)</u>	<u>(898,583)</u>
Total Net Position, Beginning of Year	<u>39,551,721</u>	<u>40,450,304</u>
<b>Total Net Position, End of Year</b>	<u>\$ 38,381,545</u>	<u>\$ 39,551,721</u>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 2,032,941	\$ 2,153,592
Cash Payments for Goods and Services	(3,715,745)	(3,216,599)
Cash Payments for Employees' Services	(7,621,352)	(7,696,993)
Non-Transportation Revenue	9,876	29,219
<b>Net Cash Used for Operating Activities</b>	<u>(9,294,280)</u>	<u>(8,730,781)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Sales Tax Received	7,843,547	7,665,538
Operating Grants Received	3,183,579	3,418,964
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>11,027,126</u>	<u>11,084,502</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Proceeds from Asset Sale	30,465	223,572
Capital Grants Received	1,431,396	879,393
Acquisition and Construction of Capital Assets	<u>(1,227,385)</u>	<u>(1,195,263)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>234,476</u>	<u>(92,298)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Received	87,827	115,312
Purchase of Investment Securities	(10,021,397)	(8,866,065)
Proceeds from Maturities of Investments	9,933,577	5,240,486
<b>Net Cash Provided (Used) by Investment Activities</b>	<u>7</u>	<u>(3,510,267)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,967,329	(1,248,844)
Cash and Cash Equivalents at Beginning of Year	3,382,676	4,631,520
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 5,350,005</u>	<u>\$ 3,382,676</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Operating Loss	\$(13,244,701)	\$(12,160,245)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	3,764,197	3,350,100
Non-Transportation Revenue	9,876	29,219
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	(32,747)	(42,953)
Materials and Supplies	(7,061)	(35,937)
Increase (Decrease) in:		
Accounts Payable (includes Capital Lease payable)	(122,211)	96,343
Accrued Payroll and Benefits	338,367	32,692
Total Adjustments	<u>3,950,421</u>	<u>3,429,464</u>
<b>Net Cash Used for Operating Activities</b>	<u>\$ (9,294,280)</u>	<u>\$ (8,730,781)</u>

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 \$(40,101) and \$27,734 as of December 31, 2012 and 2011, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**

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NOTE 1: **ORGANIZATION**

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

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

**Summary of Significant Accounting Policies**

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

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 2012 or 2011.

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**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Basis of Presentation**

Laketran's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, 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 position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus and Basis of Accounting**

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

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

**Use of Estimates**

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

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Cash, Cash Equivalents, and Investments**

For the purposes of the statement of cash flows, Laketran considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents. The carrying amount of cash equivalents and investments is fair value. The net change in fair value of investments is recorded on the Statements of Revenues, Expenses, and Changes in Net Position 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. Laketran maintains a capitalization threshold of \$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
Equipment	5-10
Furniture and Office Equipment	5-10
Parking Lots and Bus Shelters	10
Communication System	15
Vehicles	4-12

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

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

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Compensated Absences** (Continued)

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

**Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2012 and 2011, there was no restricted component of net position.

**Recognition of Revenue and Receivables**

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. Laketrans does not have any deferred outflows for 2012.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For Laketrans, deferred inflows of resources include federal and state grants for 2012.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Investment Policy**

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

**Cash On Hand**

At December 31, 2012 and 2011, Laketran had undeposited cash on hand, including petty cash, of \$500 and \$400, respectively.

At December 31, 2012 and 2011, the carrying value amount of Laketran's cash deposits were \$5,348,424 and \$3,381,195, respectively. Based on criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosures*, as of December 31, 2012 and 2011, deposits totaling \$5,403,231 and \$500,000, respectively, were covered by Federal Depository Insurance and deposits totaling \$0 and \$2,791,301, respectively, were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in Laketran's name.

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

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**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Investments**

Laketran has a formal investment policy. Laketran follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2012 and 2011 fair value was \$40,101 below Laketran's net cost for investments and \$27,734 above Laketran's net cost for investments, respectively. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

**Interest Rate Risk**

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

**Credit Risk**

The credit risk of Laketran's investments are in the table below. Laketran has no investment policy that would further limit its investment choices.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Laketran will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Laketran has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such balances to the controller or qualified trustee.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**Concentration of Credit Risk**

Laketran places no limit on the amount it may invest in any one issuer. Laketran's investment in negotiable certificates of deposits and municipal bonds represent 16.76 and 11.18 percent, respectively, Laketran's total investments.

Cash and investments at 2012 year-end were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years)</u>		
			<u>&lt; 1</u>	<u>1-2</u>	<u>&gt; 2-5</u>
STAR Ohio	\$ 1,081	AAAm	\$ 1,081	\$ 0	\$ 0
Federated Government Obligations	841,013	AAA	841,013	0	0
Negotiable Certificates of Deposit	1,499,283	N/A	0	250,203	1,249,080
Municipal Bonds	1,000,550	AAA	1,000,550	0	0
U.S. Government and Agency Securities	<u>5,606,274</u>	AA+	<u>1,005,550</u>	<u>0</u>	<u>4,600,724</u>
Total Investments	8,948,201		2,848,194	250,203	5,849,804
Carrying Amount of Deposits	5,348,424		5,348,424	0	0
Petty Cash	500		500	0	0
Totals	<u>\$14,297,125</u>		<u>\$ 8,197,118</u>	<u>\$ 250,203</u>	<u>\$ 5,849,804</u>

\* Standard & Poor's rating.

N/A - Not Applicable

**NOTE 4: 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, 2012 and 2011, Laketran recognized \$1,715,565 and \$1,862,159, respectively. In addition, Laketran recognized capital grants reimbursements as revenue in 2012 and 2011 of \$1,337,655 and \$832,135, 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, 2012 and 2011, Laketran recognized revenue of \$303,417 and \$189,802, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

**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, 2012 and 2011, Laketrans received \$727,158 and \$882,308, respectively.

NOTE 5: **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, 2012 and 2011, sales tax revenues totaled \$7,869,357 and \$7,759,654, 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.

NOTE 6: **PENSION PLANS**

**Ohio Public Employees Retirement System**

Laketrans participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member Directed Plan is a defined contribution plan 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, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report that may be obtained by visiting [www.opers.org/investments/cafr](http://www.opers.org/investments/cafr), writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, by calling 1-614-222-5601 or 1-800-222-7377.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2012, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. Laketran's contribution rate of 14.00 percent was allocated to fund pension benefits for members of the Traditional Plan and the Combined Plan. The pension allocation for the Traditional Plan was 10.00 percent during calendar year 2012. The pension allocation for the Combined Plan was 7.95 percent during calendar year 2012. Laketran's required pension contributions for the Traditional Pension, Combined and Member Directed Plans for the years ended December 31, 2012, 2011, and 2010 were \$780,008, \$737,334 and \$725,848, respectively; 88.0 percent has been contributed for 2012. 100 percent has been contributed for 2011 and 2010. The required contributions above for 2012 include Member Directed and Combined Plans in the amounts of \$49,095 contributed by Laketran and \$35,068 contributed by plan members.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting [www.opers.org/investments/cafr](http://www.opers.org/investments/cafr) by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

*Funding Policy* - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. The 2012 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.00 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Laketrans' actual employer contributions for December 31, 2012, 2011 and 2010 which were used to fund post-employment benefits were \$222,848, \$210,656 and \$304,597, respectively. 88.0 percent has been contributed for 2012 and 100 percent has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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**NOTE 8: 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, 2012 and 2011 amounted to approximately \$631,966 and \$629,618, respectively.

Changes in compensated absences liabilities are as follows:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
2012	\$ 629,618	\$ 295,376	\$ 293,028	\$ 631,966
2011	\$ 609,330	\$ 313,318	\$ 293,030	\$ 629,618

**NOTE 9: RISK MANAGEMENT**

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

During the loss year of December 1, 2011 - November 30, 2012, OTRP provided to Laketran, commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage, the pool provided \$50,000,000 in coverage and retained \$250,000. The following coverages were also provided: auto/transit liability, general liability, E&O, and EBL \$20,000,000. Crime coverage limits are \$4,000,000. All limits are per occurrence no aggregate limits apply. For each of these lines the pool retained \$1,000,000.

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

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

As of December 31, 2012, Laketran has met all obligations to OTRP. There are no special assessments being billed at this time and there are no known loss developments which would lead to a special assessment.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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

Laketran pays OTRP through an initial contribution for reinsurance and/or excess insurance and quarterly payments for their loss and administrative fee. Laketran's contribution percentage for 2012 was 12.471 percent.

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

Laketran provides medical and life insurance to its employees by participating in the group plan offered by the Lake County Commissioners to all County employees.

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

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**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

**NOTE 10: CAPITAL ASSETS**

Capital assets consist of the following at December 31, 2012 and 2011:

2012	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	421,591	212,661	0	634,252
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,864,234</u>	<u>212,661</u>	<u>0</u>	<u>3,076,895</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	15,175,887	0	0	15,175,887
Transportation Vehicles and Equipment	35,039,141	996,923	(94,611)	35,911,453
Furniture and Office Equipment	688,063	47,801	(58,553)	677,311
<b>Total Capital Assets Being Depreciated</b>	<u>50,903,091</u>	<u>1,014,724</u>	<u>(153,164)</u>	<u>51,764,651</u>
Less: Accumulated Depreciation				
Buildings	(6,676,078)	(469,479)	0	(7,145,557)
Transportation Vehicles and Equipment	(20,790,274)	(3,249,465)	94,611	(23,945,128)
Furniture and Office Equipment	(598,941)	(45,253)	51,975	(592,219)
Total Accumulated Depreciation	<u>(28,065,293)</u>	<u>(3,764,197)</u>	<u>146,586</u>	<u>(31,682,904)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>22,837,798</u>	<u>(2,749,473)</u>	<u>(6,578)</u>	<u>20,081,747</u>
<b>Total Capital Assets, Net</b>	<u>\$ 25,702,032</u>	<u>\$ (2,536,812)</u>	<u>\$ (6,578)</u>	<u>\$ 23,158,642</u>
2011				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	147,032	421,591	(147,032)	421,591
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,589,675</u>	<u>421,591</u>	<u>(147,032)</u>	<u>2,864,234</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	16,283,642	0	(1,107,755)	15,175,887
Transportation Vehicles and Equipment	40,032,747	881,100	(5,874,706)	35,039,141
Furniture and Office Equipment	691,939	39,604	(43,480)	688,063
<b>Total Capital Assets Being Depreciated</b>	<u>57,008,328</u>	<u>920,704</u>	<u>(7,025,941)</u>	<u>50,903,091</u>
Less: Accumulated Depreciation				
Buildings	(6,813,043)	(469,479)	606,444	(6,676,078)
Transportation Vehicles and Equipment	(23,701,918)	(2,823,053)	5,734,697	(20,790,274)
Furniture and Office Equipment	(583,233)	(57,568)	41,860	(598,941)
Total Accumulated Depreciation	<u>(31,098,194)</u>	<u>(3,350,100)</u>	<u>6,383,001</u>	<u>(28,065,293)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>25,910,134</u>	<u>(2,429,396)</u>	<u>(642,940)</u>	<u>22,837,798</u>
<b>Total Capital Assets, Net</b>	<u>\$ 28,499,809</u>	<u>\$ (2,007,805)</u>	<u>\$ (789,972)</u>	<u>\$ 25,702,032</u>

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

**NOTE 11: CAPITAL LEASES**

During 2008, Laketran entered into a new lease for the acquisition of telephone/radio recorders. Laketran's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13, *Accounting for Leases*.

Capital asset acquired by lease has been capitalized and depreciated as follows as of December 31, 2012:

<b><i>Capital Assets being Depreciated:</i></b>	
Furniture and Office Equipment	\$ 21,786
Less Accumulated Depreciation:	
Furniture, Fixtures, and Equipment	(18,128)
<b><i>Total Capital Assets Being Depreciated</i></b>	<b><u>\$ 3,658</u></b>

The following is an analysis of capital leases payable for 2012:

<u>Balance</u> 12/31/11	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/12	Amount Due Within One Year
<u>\$ 7,756</u>	<u>\$ 0</u>	<u>\$ (4,098)</u>	<u>\$ 3,658</u>	<u>\$ 3,658</u>

Future minimum lease payments required under the capital leases and present value of minimum lease payments are as follows:

Year Ending <u>December 31</u> 2013	\$ 3,658
Total Minimum Lease Payments	<u>3,658</u>
Present Value of Minimum Lease Payments	<u>\$ 3,658</u>

**NOTE 12: 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.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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NOTE 12: **CONTINGENCIES** (Continued)

**B. Grants**

Laketrans 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 Laketrans at December 31, 2012 or 2011.

NOTE 13: **CHANGES IN ACCOUNTING PRINCIPLES**

For year ended December 31, 2012, Laketrans implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of this Statement did not have an effect on Laketrans's financial statements.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. The implementation of this Statement did not have an effect on Laketrans's financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The implementation of this Statement did not have an effect on Laketrans's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This change was incorporated into the Laketrans's financial statements; however, there was no effect on beginning net position/fund balance.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**  
**(CONTINUED)**

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NOTE 13: **CHANGES IN ACCOUNTING PRINCIPLES** (Continued)

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not have an effect on Laketrans' financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. These changes were incorporated in Laketrans' financial statements; however, there was no effect on beginning net position/fund balance.

# **Statistical Section**

**2012**

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
 <i><b>Financial Trends</b></i>	
These schedules contain trend information to help the reader understand how Laketran’s financial performance and well being have changed over time.	42-44
 <i><b>Revenue Capacity</b></i>	
These schedules contain information to help the reader assess Laketran’s operating revenues and comparisons to the transportation industry.	45-46
 <i><b>Operating Information</b></i>	
These schedules contain service data to help the reader understand how the information in Laketran’s financial report relates to the services Laketran provides and the activities it performs.	47-51
 <i><b>Demographic and Economic Information</b></i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which Laketran’s financial activities take place.	52-55

**LAKETRAN**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net Investment in Capital										
Assets	\$27,780,052	\$25,793,484	\$26,209,778	\$28,515,959	\$27,741,282	\$25,336,813	\$26,595,830	\$28,484,693	\$25,694,276	\$23,154,984
Unrestricted	<u>16,472,278</u>	<u>16,540,674</u>	<u>14,530,433</u>	<u>12,381,785</u>	<u>11,218,227</u>	<u>10,253,373</u>	<u>10,263,030</u>	<u>11,965,611</u>	<u>13,857,445</u>	<u>15,226,561</u>
<b>Total Net Position</b>	<u>\$ 44,252,330</u>	<u>\$ 42,334,158</u>	<u>\$ 40,740,211</u>	<u>\$ 40,897,744</u>	<u>\$ 38,959,509</u>	<u>\$ 35,590,186</u>	<u>\$ 36,858,860</u>	<u>\$ 40,450,304</u>	<u>\$ 39,551,721</u>	<u>\$38,381,545</u>

**LAKETRAN**  
**REVENUES AND EXPENSES BY TYPE AND CHANGES IN NET POSITION**  
**LAST TEN YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Operating Revenue</u></b>										
Fares	\$ 761,657	\$ 822,817	\$ 907,448	\$ 1,079,002	\$ 1,190,339	\$ 1,575,204	\$ 1,911,353	\$ 2,041,948	\$ 2,122,234	\$ 1,997,777
Auxiliary Transportation Revenue	<u>55,235</u>	<u>59,125</u>	<u>66,241</u>	<u>76,270</u>	<u>82,411</u>	<u>82,224</u>	<u>78,851</u>	<u>71,970</u>	<u>74,311</u>	<u>67,911</u>
<b>Total Operating Revenues</b>	<u>816,892</u>	<u>881,942</u>	<u>973,689</u>	<u>1,155,272</u>	<u>1,272,750</u>	<u>1,657,428</u>	<u>1,990,204</u>	<u>2,113,918</u>	<u>2,196,545</u>	<u>2,065,688</u>
<b><u>Non Operating Revenues</u></b>										
Sales Tax	7,440,528	7,637,134	7,552,508	7,728,332	7,913,161	7,744,815	7,157,307	7,294,636	7,759,654	7,869,357
Federal Grants and Reimbursements	884,993	1,468,880	1,247,047	1,171,239	1,438,721	1,560,826	4,827,052	2,716,460	1,862,159	1,715,565
State Grants, Reimbursements, and Special Fare Assistance	740,021	568,148	717,666	785,133	698,419	664,448	1,117,214	960,893	1,072,110	1,030,575
Interest Income	237,028	166,297	315,948	518,798	503,792	252,887	144,507	126,201	125,753	87,610
Gain on Disposal of Capital Assets	0	61,909	81,170	3,000	75,339	239,327	0	0	0	23,887
Non-Transportation Revenues	<u>6,322</u>	<u>28,425</u>	<u>9,807</u>	<u>38,768</u>	<u>149,763</u>	<u>292,352</u>	<u>29,523</u>	<u>44,057</u>	<u>29,219</u>	<u>9,876</u>
<b>Total Non-Operating Revenues</b>	<u>9,308,892</u>	<u>9,930,793</u>	<u>9,924,146</u>	<u>10,245,270</u>	<u>10,779,195</u>	<u>10,754,655</u>	<u>13,275,603</u>	<u>11,142,247</u>	<u>10,848,895</u>	<u>10,736,870</u>
<b><u>Capital Funding</u></b>										
Federal Grants and Reimbursements	4,621,004	1,103,312	2,071,662	4,072,472	2,640,882	1,724,523	1,444,750	5,290,845	832,135	1,337,655
State Grants and Reimbursements	<u>350,678</u>	<u>170,461</u>	<u>142,664</u>	<u>111,883</u>	<u>37,643</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Capital Funding</b>	<u>4,971,682</u>	<u>1,273,773</u>	<u>2,214,326</u>	<u>4,184,355</u>	<u>2,678,525</u>	<u>1,724,523</u>	<u>1,444,750</u>	<u>5,290,845</u>	<u>832,135</u>	<u>1,337,655</u>
<b>Total Revenues</b>	<u>15,097,466</u>	<u>12,086,508</u>	<u>13,112,161</u>	<u>15,584,897</u>	<u>14,730,470</u>	<u>14,136,606</u>	<u>16,710,557</u>	<u>18,547,010</u>	<u>13,877,575</u>	<u>14,140,213</u>

(Continued)

**LAKETRAN**  
**REVENUES AND EXPENSES BY TYPE AND CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**(CONTINUED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Operating Expenses</u></b>										
Labor	\$ 4,443,650	\$ 4,846,414	\$ 5,228,225	\$ 5,311,698	\$ 5,384,569	\$ 5,490,577	\$ 5,018,385	\$ 4,531,669	\$ 4,620,888	\$ 4,682,349
Fringe Benefits	2,449,787	2,517,417	2,838,873	2,826,144	3,022,379	3,191,539	3,264,433	2,952,196	3,108,797	3,277,370
Retirement Incentive Plan	355,565	0	0	0	0	0	0	0	0	0
Services	654,579	609,115	528,066	511,675	572,486	670,322	614,061	684,110	561,160	705,399
Fuel and Lubricants	531,737	668,839	823,304	1,002,631	1,089,416	1,418,915	1,164,945	908,789	952,784	958,003
Materials and Supplies	556,373	474,348	504,858	445,966	547,379	525,052	585,388	224,232	332,494	432,403
Utilities	152,147	155,817	179,927	205,505	213,375	202,286	181,737	126,948	149,479	133,408
Claims and Insurance	372,329	518,412	567,312	551,421	579,289	584,193	570,354	520,668	492,649	467,232
Purchased Transportation	253,288	208,593	233,256	236,015	573,128	639,050	499,705	549,875	658,741	703,294
Miscellaneous	<u>540,813</u>	<u>453,736</u>	<u>277,828</u>	<u>336,890</u>	<u>289,267</u>	<u>215,130</u>	<u>143,562</u>	<u>131,062</u>	<u>129,698</u>	<u>186,734</u>
Total Operating Expenses Excluding Depreciation	9,954,703	10,452,691	11,181,649	11,427,945	12,271,288	12,937,064	12,042,570	10,629,549	11,006,690	11,546,192
Depreciation	<u>3,295,466</u>	<u>3,551,989</u>	<u>3,524,459</u>	<u>3,669,160</u>	<u>4,397,417</u>	<u>4,568,865</u>	<u>3,399,313</u>	<u>3,703,483</u>	<u>3,350,100</u>	<u>3,764,197</u>
<b>Total Operating Expenses</b>	<u>13,250,169</u>	<u>14,004,680</u>	<u>14,706,108</u>	<u>15,097,105</u>	<u>16,668,705</u>	<u>17,505,929</u>	<u>15,441,883</u>	<u>14,333,032</u>	<u>14,356,790</u>	<u>15,310,389</u>
<b><u>Non-Operating Expenses</u></b>										
Loss on Disposal of Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>622,534</u>	<u>419,368</u>	<u>0</u>
<b>Total Expenses</b>	<u>13,250,169</u>	<u>14,004,680</u>	<u>14,706,108</u>	<u>15,097,105</u>	<u>16,668,705</u>	<u>17,505,929</u>	<u>15,441,883</u>	<u>14,955,566</u>	<u>14,776,158</u>	<u>15,310,389</u>
Change in Net Assets	<u>\$ 1,847,297</u>	<u>\$ (1,918,172)</u>	<u>\$ (1,593,947)</u>	<u>\$ 487,792</u>	<u>\$ (1,938,235)</u>	<u>\$ (3,369,323)</u>	<u>\$ 1,268,674</u>	<u>\$ 3,591,444</u>	<u>\$ (898,583)</u>	<u>\$ (1,170,176)</u>

**LAKETRAN  
FARE BOX RECOVERY PERCENTAGE  
LAST TEN YEARS**

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	<u>Percentage</u>
2003 .....	13.07
2004 .....	12.71
2005 .....	18.94
2006 .....	16.50
2007 .....	17.85
2008.....	12.20
2009.....	6.38
2010.....	13.50
2011.....	13.20
2012.....	13.05

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

**Fare Structure - December 31, 2012**

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

**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 &amp; Local</u>	<u>Total</u>	
2003	32.6	18.1	50.7	5.8	43.5	49.3	100.0
2004	32.9	16.7	49.6	7.0	43.4	50.4	100.0
2005	32.4	15.7	48.1	7.3	44.6	51.9	100.0
2006	33.2	15.3	48.5	7.7	43.8	51.5	100.0
2007	31.4	14.1	45.5	7.5	47.0	54.5	100.0
2008	31.2	12.9	44.1	7.0	48.9	55.9	100.0
2009	31.5	12.4	43.9	8.2	47.9	56.1	100.0
2010	32.1	11.9	44.0	9.4	46.6	56.0	100.0
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	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 &amp; Local(3)</u>	<u>Total</u>	
2003	7.5	2.9	10.4	8.7	80.9	89.6	100.0
2004	7.6	2.9	10.5	13.6	75.9	89.5	100.0
2005	8.3	4.4	12.7	11.4	75.9	87.3	100.0
2006	8.6	4.0	12.6	12.7	74.7	87.4	100.0
2007	9.9	6.7	16.6	11.9	71.5	83.4	100.0
2008	12.7	6.9	19.6	12.6	67.8	80.4	100.0
2009	12.5	1.7	14.2	31.6	54.2	85.8	100.0
2010	11.4	(2.1)	9.3	44.7	46.0	90.7	100.0
2011	11.5	(1.5)	10.0	20.0	70.0	90.0	100.0
2012	14.6	0.9	15.5	21.6	62.9	84.5	100.0

(1) Source: 2012 Public Transportation Fact Book, table 63. This book contains data through 2010 which is the latest available.

(2) Other miscellaneous revenue includes advertising, interest income and other non-operating income.

(3) State and local operating assistance includes sales tax, operating grants and special fare assistance.

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

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

<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>
2003	43.3	25.7	6.0	9.0	3.0	2.6	13.4	(3.0)	100.0
2004	42.0	26.7	5.8	9.1	3.0	2.6	13.4	(2.6)	100.0
2005	40.2	26.7	5.8	10.1	3.2	2.5	13.8	(2.3)	100.0
2006	39.8	26.3	5.9	11.3	3.2	2.4	13.4	(2.3)	100.0
2007	39.0	26.8	6.1	11.6	3.4	2.4	13.0	(2.3)	100.0
2008	38.2	25.7	6.3	12.8	3.4	2.2	13.7	(2.3)	100.0
2009	38.2	26.7	6.6	11.3	3.5	2.3	14.0	(2.6)	100.0
2010	37.8	27.4	6.6	10.7	3.4	2.6	13.8	(2.3)	100.0

Laketran:

<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>
2003	44.6	24.6	6.6	10.9	1.5	3.7	2.5	5.6	100.0
2004	46.4	24.1	5.8	10.9	1.5	5.0	2.0	4.3	100.0
2005	46.8	25.4	4.7	11.9	1.6	5.1	2.1	2.4	100.0
2006	46.5	24.7	4.5	12.7	1.8	4.8	2.1	2.9	100.0
2007	43.9	24.6	4.7	13.3	1.7	4.7	4.7	2.4	100.0
2008	42.4	24.7	5.2	15.0	1.6	4.5	4.9	1.7	100.0
2009	41.7	27.1	5.1	14.5	1.5	4.7	4.2	1.0	100.0
2010	42.6	27.8	6.4	10.7	1.2	4.9	5.2	1.2	100.0
2011	42.0	28.2	5.0	11.7	1.4	4.5	6.0	1.2	100.0
2012	40.6	28.4	6.1	12.0	1.2	4.0	6.1	1.6	100.0

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

(2) Excludes depreciation expense

(3) No information available after 2010

**LAKETRAN  
SALES TAX REVENUE  
LAST TEN YEARS**

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sales Tax Revenue	\$ 7,440,528	\$ 7,637,134	\$ 7,552,508	\$ 7,728,332	\$ 7,913,161	\$ 7,744,815	\$ 7,157,307	\$ 7,294,636	\$ 7,759,654	\$ 7,869,357
Population*	227,511	227,511	230,510	230,510	230,510	230,510	230,510	236,775	236,775	236,775
Sales Tax Per Capita	\$ 32.70	\$ 33.57	\$ 32.76	\$ 33.53	\$ 34.33	\$ 33.60	\$ 31.05	\$ 30.81	\$ 32.77	\$ 33.24

\*Population - Ohio Department of Development

**LAKETRAN  
OPERATING STATISTICS  
LAST TEN YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>System Ridership</u></b>										
Motor Bus (directly operated)	563,785	614,303	661,603	634,184	615,656	648,035	533,433	459,318	491,298	530,252
Dial-A-Ride (directly operated)	301,491	323,126	342,483	337,226	312,831	305,806	254,378	202,650	191,708	189,001
Dial-A-Ride (contract service)	41,516	43,815	40,840	39,040	62,623	63,358	55,928	49,639	59,577	61,399
Jitney (contract service)	40,817	37,532	25,828	48,476	26,101	0	0	0	0	0
<b><u>Average Daily System Ridership</u></b>										
Motor Bus (directly operated)	1,836	2,001	2,152	2,066	2,005	2,122	2,108	1,837	2,164	2,093
Dial-A-Ride (directly operated)	982	1,053	1,119	1,098	1,019	1,002	1,005	826	738	727
Dial-A-Ride (contract service)	163	172	160	153	246	208	221	90	237	147
Jitney (contract service)	204	187	129	242	290	0	0	0	0	0
<b><u>Average Daily Vehicle Miles Operated</u></b>										
Motor Bus (directly operated)	3,606	3,904	4,232	4,090	4,018	4,059	4,584	7,649	4,422	4,066
Dial-A-Ride (directly operated)	8,586	9,164	8,971	8,685	8,650	8,614	8,860	4,255	7,399	7,316
Dial-A-Ride (contract service)	655	496	468	440	1,171	934	1,020	645	1,140	1,068
Jitney (contract service)	38	36	23	45	38	0	0	0	0	0
<b><u>Revenue Miles</u></b>										
Motor Bus (directly operated)	801,365	845,532	886,826	829,455	829,584	841,444	766,833	717,503	756,988	760,577
Dial-A-Ride (directly operated)	2,288,492	2,417,107	2,378,128	2,298,482	2,360,718	2,324,174	1,901,429	1,613,980	1,592,586	1,583,745
Dial-A-Ride (contract service)	143,949	113,336	107,789	98,568	252,936	248,738	223,690	188,623	232,873	227,344
Jitney (contract service)	7,686	7,225	4,552	8,980	5,018	0	0	0	0	0

**LAKETRAN  
OPERATING STATISTICS  
LAST TEN YEARS**

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Passenger Miles</u></b>										
Motor Bus (directly operated)	6,458,013	7,197,352	7,897,397	7,708,043	7,553,957	8,456,215	6,897,727	6,008,030	6,313,599	6,700,162
Dial-A-Ride (directly operated)	3,383,030	3,253,833	3,479,600	3,482,573	3,179,646	3,345,473	2,718,112	2,198,455	2,016,312	1,910,889
Dial-A-Ride (contract service)	269,472	251,504	239,060	240,604	590,722	457,483	374,929	340,665	451,087	540,101
Jitney (contract service)	13,606	12,499	8,609	16,159	8,700	0	0	0	0	0

**LAKETRAN  
OPERATING STATISTICS  
LAST TEN YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Energy Consumption</u></b>										
Motor Bus										
Gallons of diesel	78,966	93,520	116,314	123,576	123,533	117,116	98,159	97,880	171,162	183,572
Gallons of natural gas	126,718	109,403	120,939	130,387	136,452	105,828	100,733	1,561	0	0
Gallons of purinox	42,622	18,033	3,204	0	0	0	0	0	0	0
Gallons of Gas	0	0	0	0	0	0	0	0	0	4,593
Dial-A-Ride										
Gallons of diesel	231,673	259,088	295,095	274,827	272,198	291,533	226,277	189,984	176,156	192,770
Gallons of purinox	14,175	10,321	0	0	0	0	0	0	0	0
Gallons of Gas	0	0	0	0	0	0	0	0	0	10.2
<b><u>Fleet Requirement</u></b>										
Motor Bus (directly operated)	30	38	38	38	24	24	24	24	24	25
Dial-A-Ride (directly operated)	65	63	71	76	76	75	75	75	75	75
Dial-A-Ride (contract service)	9	9	9	9	12	12	6	6	6	6
<b><u>Total Active Vehicles</u></b>										
Motor Bus (directly operated)	36	46	46	46	38	39	38	38	40	38
Dial-A-Ride (directly operated)	71	74	74	77	76	75	76	76	74	79
Dial-A-Ride (contract service)	15	17	18	18	18	20	9	9	11	11
Van Pool (contract service)	0	0	0	0	0	0	0	0	0	0

\* 2010 - Stopped CNG early in year (January 15) - Replaced by New Flyers - Diesel

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

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Administration</u></b>										
General Manager	1	1	1	1	1	1	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Controller	1	1	1	1	1	1	1	1	1	1
Director of Development	1	1	1	1	1	1	0	0	0	0
Procurement and Grant Specialist	0	0	0	0	0	0	1	1	1	1
Human Resources Manager	1	1	1	1	1	1	1	1	1	1
Public Relations/Marketing Director	1	1	1	1	1	1	1	1	1	1
Accountant/Budget Analyst	0	0	0	0	1	1	1	1	1	1
Administrative Secretary	1	1	1	1	1	1	0	0	0	0
Finance Clerk	1	1	1	1	1	1	1	1	1	1
Information Specialist	1	1	1	1	1	1	1	0	0	0
Customer Outreach Specialist	0	0	0	0	1	1	1	1	1	0
Clerk/Receptionist	<u>1</u>									
<b>Total Administrative</b>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>9</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Maintenance</u></b>										
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Assistant Maintenance Supervisor	0	0	0	0	1	1	1	1	1	1
Maintenance Clerk	1	1	1	1	1	1	1	0	0	1
Mechanics	5	5	5	5	6	6	6	6	7	6
Mechanics Helper	0	1	1	1	1	1	1	1	1	1
Hostler	<u>5</u>	<u>4</u>	<u>4</u>							
<b>Total Maintenance</b>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>14</u>
<b><u>Operations</u></b>										
Deputy GM	0	0	0	0	0	0	1	1	1	1
Operations Manager	1	1	1	1	1	1	1	0	0	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Dispatchers/Schedulers	5	5	5	5	5	6	5	5	4	4.5
Customer Service Supervisor1	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	6	6	6	6	6	6	6	5	7	6.5
Road Supervisors	4	4	4	4	4	4	3	3	3	3.5
Trainer	1	1	1	1	1	1	0	0	0	0
Drivers	<u>109</u>	<u>114</u>	<u>123</u>	<u>124</u>	<u>126</u>	<u>125</u>	<u>126</u>	<u>128</u>	<u>99</u>	<u>95</u>
<b>Total Operations</b>	<u>128</u>	<u>133</u>	<u>142</u>	<u>143</u>	<u>145</u>	<u>145</u>	<u>144</u>	<u>144</u>	<u>116</u>	<u>113.5</u>
<b>Grand Total</b>	<u>150</u>	<u>156</u>	<u>165</u>	<u>166</u>	<u>172</u>	<u>172</u>	<u>170</u>	<u>158</u>	<u>130</u>	<u>136.5</u>

# LAKETRAN

## LAKE COUNTY DEMOGRAPHICS

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### County Population by Decade and Future Projections

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<u>Decade</u>	<u>Population</u>	<u>Percent of Change</u>
1900	21,680	
1910	22,927	5.75
1920	28,667	25.04
1930	41,674	45.37
1940	50,020	20.03
1950	75,979	51.90
1960	148,700	95.71
1970	197,200	32.62
1980	212,801	7.91
1990	215,499	1.27
2000	227,511	5.57
2005	230,510	1.32
2010	236,775	1.47
2015 Projection	233,760	(0.06)
2020 Projection	234,520	(0.10)
2025 Projection	233,290	(0.10)
2030 Projection	232,350	(0.40)

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

### Age and Population Distribution - 2010 Census

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	<u>Age</u>	<u>Percentage</u>
Under 5	12,192	5.3
6-7	52,909	23.0
18-24	16,102	7.0
25-44	69,012	30.0
45-64	42,329	18.4
65 and Over	37,497	16.3
2010	230,041	100.0

Ohio Department of Development  
Latest Information Available

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

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**Population By Race - 2010 Census**

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	215,239	91.3
African-American	6,858	2.9
Two or more races	2,713	1.2
Asian	2,853	1.2
Latino/Other	7,821	3.3
Native American	<u>356</u>	<u>0.1</u>
	<u>235,840</u>	<u>100.00</u>

Ohio Department of Development

**Largest Populations in the County  
2010 Census**

Mentor	47,159
Willoughby	22,268
Eastlake	18,577
Painesville	19,563
Madison Township	15,699
Concord Township	18,201
Painesville Township	16,891
Willowick	14,171
Wickliffe	12,750
Willoughby Hills	9,485

Ohio Department of Development

# LAKE METRA

## LAKE COUNTY, OHIO





# Dave Yost • Auditor of State

LAKETRAN

LAKE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 18, 2013