

LAKETRAN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2013

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



Dave Yost • Auditor of State

Board of Trustees
Laketran
P.O. Box 158
Grand River, Ohio 44045-0158

We have reviewed the *Independent Auditor's Report* of the Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2013 through December 31, 2013. 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. The Laketran is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 21, 2014

This page intentionally left blank.

**LAKETRAN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Trustees
Laketran
Grand River, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Laketran, Lake County, Ohio, (the Transit Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Laketran, Ohio's basic financial statements and have issued our report thereon dated March 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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,
President**

Digitally signed by James G. Zupka,
CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.05.14 11:04:04 -04'00'

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

March 28, 2014

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE 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 each of Laketran, Ohio's major federal programs for the year ended December 31, 2013. Laketran, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 programs 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 each 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, Laketrans, 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 programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Laketrans, 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 Laketrans, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Laketrans, 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.

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

We have audited the financial statements of Laketran, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Laketran, Ohio's basic financial statements. We issued our report thereon dated March 28, 2014, which contained unmodified opinions on those financial statements. 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.

The purpose of this report on internal control over compliance is solely to described 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.

James G.
Zupka, CPA,
President

Digitally signed by James G. Zupka,
CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.05.14 11:04:39 -04'00'

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

March 28, 2014

LAKETRAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE	Federal CFDA Number	Grant Number	Expenditures
<u>U.S. Department of Transportation</u>			
<i>Direct Awards:</i>			
Federal Transit Formula Grants	20.507	OH-90-X591	\$ 188,566
		OH-90-X019	2,454
		OH-90-X629	10,487
		OH-90-X673	98,519
		OH-90-X700	609,966
		OH-90-X721	160,771
		OH-90-X746	771,484
		OH-90-X779	<u>1,111,960</u>
			<u>2,954,207</u>
ARRA Federal Transit Formula Grants	20.507	OH-96-X026	<u>190,680</u>
Total Federal Transit Formula Grants			<u>3,144,887</u>
New Freedom Program	20.521	OH-57-X021	<u>130,917</u>
Total Direct Awards			<u>3,275,804</u>
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant	20.205	OH-90-X462	<u>499,345</u>
Total Federal Expenditures			<u>\$ 3,775,149</u>

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, 2013

NOTE 1: BASIS OF ACCOUNTING

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

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

LAKETRAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Summary of Auditor’s Results

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Programs’ Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(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 Highway Planning and Construction Grant - CFDA #20.205	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: > All Others
2013 (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, 2013

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 Year Ended December 31, 2013 and 2012**

LAKE TRAN

LAKE COUNTY, OHIO

*Kevin Malecek
President
Board of Trustees*

*Raymond Jurkowski
General Manager/
Secretary-Treasurer*



**Introductory
Section
2013**

Comprehensive
Annual Financial Report
For The Years Ended December 31, 2013 and 2012
LAKE COUNTY, OHIO

LAKETRAN



Kevin Malecek
President
Board of Trustees

Raymond Jurkowski
General Manager/
Secretary-Treasurer

LAKETRAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

TABLE OF CONTENTS

	<u>PAGE</u>
<u>I. Introductory Section</u>	
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
<u>II Financial Section</u>	
Independent Auditor'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	25-39
<u>III. Statistical Section</u>	
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, 2013	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



Government Finance Officers Association

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, 2012

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laketran, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Mailing Address: P.O. Box 158 • Grand River, Ohio 44045-0158
Street Address: 555 Lake Shore Boulevard • Painesville, Ohio 44077
Phone: (440) 350-1000 • 942-6332 • Fax: (440) 354-4202
www.laketrان.com • e-mail: laketrان@laketrان.com

April 11, 2014

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, 2013. This is the thirteenth 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 twelve 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, (as amended by GASB Statement No. 61) 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 2013, Laketran had 173 employees. The system delivered 778,583 revenue miles of motor bus service and 1,599,600 revenue miles of directly operated paratransit service. The service fleet was composed of 40 motor bus coaches and 72 paratransit buses.

CURRENT YEAR REVIEW

During the year 2013, Laketran received the following national awards for financial reporting:

- The Distinguished Budget Presentation Award for the 2013 operating and capital budget from the GFOA.
- Certificate of Achievement for Excellence in Financial Reporting for the 2012 CAFR from the GFOA.

Ridership changes from 2012 to 2013 for all modes of services were down 3.7 percent. The reason for the decrease in ridership is due to the Federal shutdown in October and weather conditions.

MISSION STATEMENT

Laketran 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

Laketran currently has a capital improvement plan in place through the year 2018. 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:** Laketran 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 2013. 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 Laketran 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 40 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.

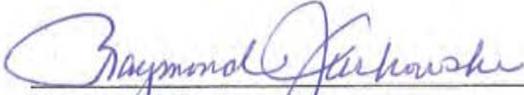
OTHER INFORMATION

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

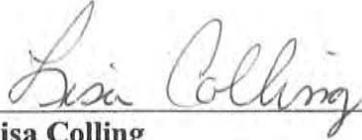
Laketran also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by Laketran. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including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

ACKNOWLEDGMENT

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, 2013

Board of Trustees

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

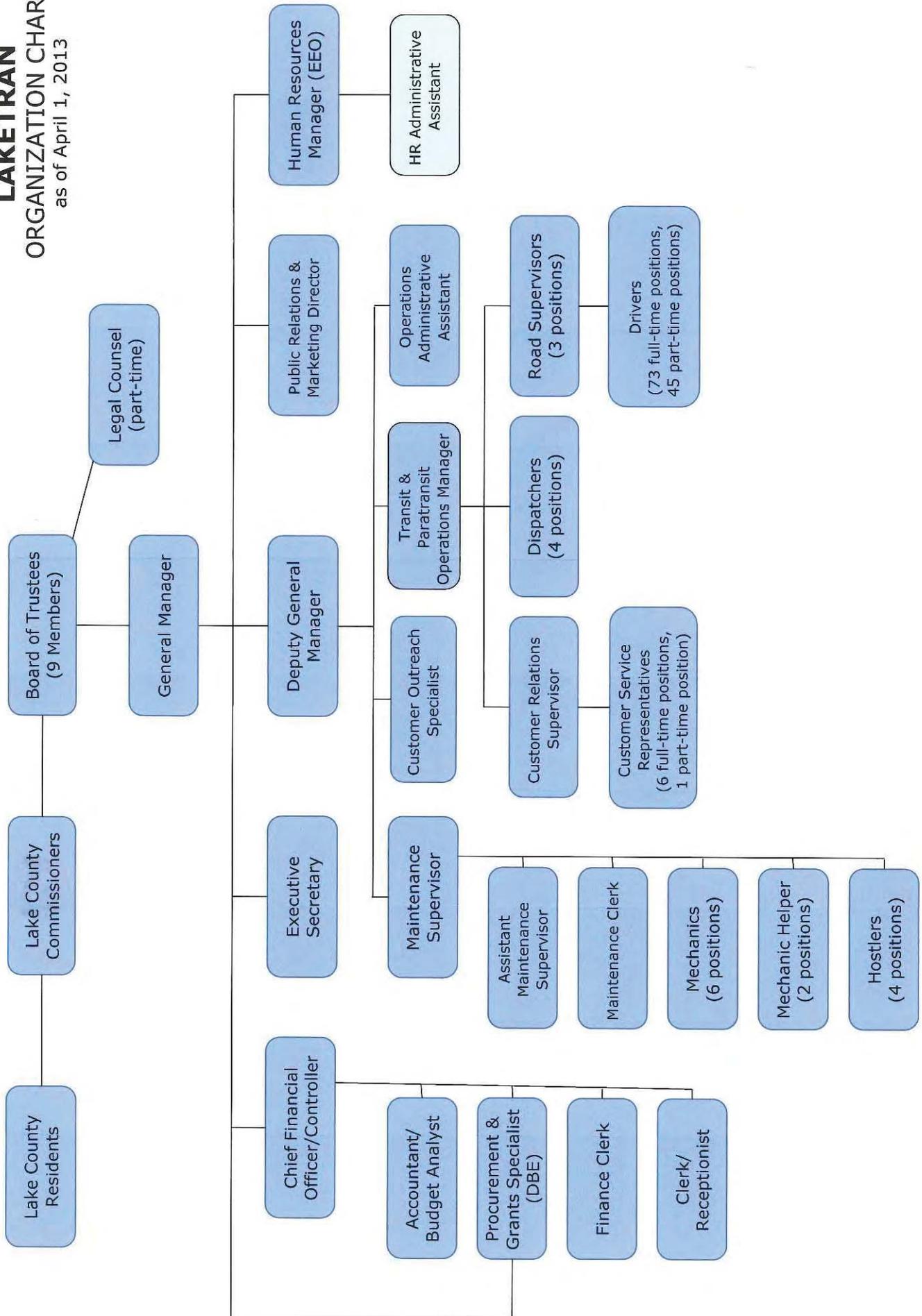
Management

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

LAKETRAN

ORGANIZATION CHART

as of April 1, 2013



Financial Section

2013

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laketran
Grand River, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Laketran, Lake County, Ohio (the Transit Authority), as of and for the year ended December 31, 2013, 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 financial position of Laketran, Ohio, as of December 31, 2013, and the 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.

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 March 28, 2014, 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 financial reporting and compliance.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.05.09 10:08:21 -04'00'

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

March 28, 2014

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013, 2012, and 2011. 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 2013 net position increased as a result of current year operations by \$1,228,726 or 3.2 percent over 2012. Net position for 2012 decreased \$1,170,176, or 3.0 percent from 2011.
- Operating expenses, exclusive of depreciation, were \$12,149,942 at December 31, 2013, \$11,546,192 at December 31, 2012, and \$11,006,690 in 2011. This represents an increase of 5.2 percent and an increase of 4.9 percent, respectively.
- Net capital assets were \$22,732,058 at December 31, 2013, \$23,158,642 at December 31, 2012, and \$25,702,032 at December 31, 2011. This represents a decrease of 1.8 percent and a decrease of 9.9 percent, respectively.
- Cash and cash equivalents were \$7,109,434 at December 31, 2013, \$5,350,005 at December 31, 2012, and \$3,382,676 at December 31, 2011. This represents an increase of 32.9 percent and an increase of 58.2 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$8,934,924 at December 31, 2013, \$8,947,120 at December 31, 2012, and \$8,859,300 at December 31, 2011. This represents a decrease of 0.1 percent and an increase of 1.0 percent, respectively.

NOTE: Cash and cash equivalents, and investments at fair value combined were \$16,044,358 at December 31, 2013, \$14,297,125 at December 31, 2012, and \$12,241,976 at December 31, 2011. This represents an increase of 12.2 percent and an increase of 16.8 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 \$1,036,496 at December 31, 2013, \$615,106 at December 31, 2012, and \$1,157,849 at December 31, 2011. This represents an increase of 68.5 percent and a decrease of 46.9 percent, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Laketran's basic financial statements. Laketran's basic financial statements are comprised of four components: **1) 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, 2013 AND 2012
(Continued)

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

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

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

Table 1 - Net Position

	2013	2012	2011
<u>Assets</u>			
Current Assets	\$ 19,265,214	\$ 17,179,785	\$ 15,601,978
Other Assets	7,363,525	5,250,987	5,084,922
Capital Assets	<u>22,732,058</u>	<u>23,158,642</u>	<u>25,702,032</u>
Total Assets	<u>49,360,797</u>	<u>45,589,414</u>	<u>46,388,932</u>
<u>Liabilities</u>			
Current Liabilities	1,643,175	1,255,516	1,415,699
Other Liabilities	<u>342,231</u>	<u>343,569</u>	<u>5,421,512</u>
Total Liabilities	<u>1,985,406</u>	<u>1,599,085</u>	<u>6,837,211</u>
<u>Deferred Inflows of Resources</u>			
Federal and State Grants	<u>7,765,120</u>	<u>5,608,784</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>7,765,120</u>	<u>5,608,784</u>	<u>0</u>
<u>Net Position</u>			
Net Investment in Capital Assets	22,732,058	23,154,984	25,694,276
Unrestricted	<u>16,878,213</u>	<u>15,226,561</u>	<u>13,857,445</u>
Total Net Position	<u>\$ 39,610,271</u>	<u>\$ 38,381,545</u>	<u>\$ 39,551,721</u>

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)

Laketrans net position was \$39,610,271 at December 31, 2013, \$38,381,545 at December 31, 2012, and \$39,551,721 at December 31, 2011. These represent an increase of 3.2 percent and a decrease of 3.0 percent, respectively. Unrestricted net position was \$16,878,213 at December 31, 2013, \$15,226,561 at December 31, 2012, and \$13,857,445 at December 31, 2011. This represents an increase of 10.8 percent and an increase of 9.9 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:

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$17,622,039	\$15,924,269	\$14,186,279	\$12,294,852	\$10,559,193

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
11.7	13.7	11.0	9.6	2.9

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
378	385	351	320	289

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
24.6%	18.8%	17.3%	15.2%	40.5%

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, 2013 AND 2012
(Continued)

Table 2 - Changes in Net Position

	2013	2012	2011
REVENUES			
Operating Revenues			
Passenger Fares	\$ 2,063,623	\$ 1,997,777	\$ 2,122,234
Auxiliary Transportation Revenue	89,234	67,911	74,311
Total Operating Revenue	<u>2,152,857</u>	<u>2,065,688</u>	<u>2,196,545</u>
Non-Operating Revenues			
Sales Tax Revenue	8,152,976	7,869,357	7,759,654
Federal Grant Reimbursements	2,222,531	1,715,565	1,862,159
State Grants, Reimbursements, and Special Fare Assistance	998,468	1,030,575	1,072,110
Gain on Disposal of Assets	0	23,887	0
Interest Income	(20,666)	87,610	125,753
Other	2,302	9,876	29,219
Total Non-Operating Revenues	<u>11,355,611</u>	<u>10,736,870</u>	<u>10,848,895</u>
Capital Funding			
Federal Grants and Reimbursements	2,589,114	1,337,655	832,135
Total Capital Funding	<u>2,589,114</u>	<u>1,337,655</u>	<u>832,135</u>
TOTAL REVENUES	<u>16,097,582</u>	<u>14,140,213</u>	<u>13,877,575</u>
Operating Expenses Other Than Depreciation			
Labor	4,881,371	4,682,349	4,620,888
Fringe Benefits	3,107,366	3,277,370	3,108,797
Services	722,139	705,399	561,160
Fuel and Lubricants	1,207,040	958,003	952,784
Materials and Supplies	511,588	432,403	332,494
Utilities	165,311	133,408	149,479
Claims and Insurance	473,198	467,232	492,649
Purchased Transportation	733,470	703,294	658,741
Miscellaneous	348,459	186,734	129,698
Total Operating Expenses Other Than Depreciation	<u>12,149,942</u>	<u>11,546,192</u>	<u>11,006,690</u>
Depreciation	2,711,924	3,764,197	3,350,100
Total Operating Expenses	<u>14,861,866</u>	<u>15,310,389</u>	<u>14,356,790</u>
Non-Operating Expenses			
Loss on Disposal of Assets	6,990	0	419,368
Total Non-Operating Expenses	<u>6,990</u>	<u>0</u>	<u>419,368</u>
Total Expenses	<u>14,868,856</u>	<u>15,310,389</u>	<u>14,776,158</u>
Increase (Decrease) in Net Position	1,228,726	(1,170,176)	(898,583)
Total Net Position Beginning of Year	<u>38,381,545</u>	<u>39,551,721</u>	<u>40,450,304</u>
Total Net Position End of Year	<u>\$ 39,610,271</u>	<u>\$ 38,381,545</u>	<u>\$ 39,551,721</u>

LAKETLAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)

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

- Federal grants and reimbursements increased from 2012 to 2013 by 57.6 percent and increased from 2011 to 2012 by 13.3 percent. Deferred inflows of resources 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 2012 to 2013 by 40.2 percent and increased from 2011 to 2012 by 3.3 percent.
- Sales tax revenues, Laketrans largest source of revenue, increased from 2012 to 2013 by 3.6 percent and increased from 2011 to 2012 by 1.4 percent. Laketrans receives a 1/4 percent sales tax.
- Investment income decreased 123.6 percent from 2012 to 2013 and decreased 30.3 percent from 2011 to 2012 due to a drop in interest rates.
- Operating expenses, excluding depreciation, increased 5.2 percent from 2012 to 2013 and increased 4.9 percent from 2011 to 2012, respectively.
- Significant changes in operating expenses are:

Fuel and oil costs increased 26.0 percent from 2012 to 2013 and increased 0.5 percent from 2011 to 2012. Laketrans hedged its fuel costs for three years starting in 2009. Because of this hedge, Laketrans saved over a million dollars in fuel costs over this three year hedge period (2010-2012).

Labor costs increased 4.3 percent from 2012 to 2013 and increased 1.3 percent from 2011 to 2012. 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

	2013	2012	2011
Net Cash Used for Operating Activities	\$ (9,523,221)	\$ (9,294,280)	\$ (8,730,781)
Net Cash Provided by Noncapital Financing Activities	11,027,139	11,027,126	11,084,502
Net Cash Provided (Used) by Capital and Related Financing Activities	255,511	234,476	(92,298)
Net Cash Provided (Used) by Investment Activities	<u>0</u>	<u>7</u>	<u>(3,510,267)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,759,429</u>	<u>\$ 1,967,329</u>	<u>\$ (1,248,844)</u>

**LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Net cash used for operating activities increased 2.5 percent from 2012 to 2013 and increased 6.5 percent from 2011 to 2012 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 stayed relatively constant from 2012 to 2013 and decreased 0.5 percent from 2011 to 2012 due to fluctuations in sales tax and grant revenue.

Net cash provided/(used) by capital and related financing activities increased 9.0 percent from 2012 to 2013 and increased 354.0 percent from 2011 to 2012 due to additional capital grants.

Net cash provided/(used) by investment activities stayed relatively constant from 2012 to 2013 and increased 100.0 percent from 2011 to 2012 due to the redemption of investments in 2012 originally purchased in 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For years ended December 31, 2013, 2012 and 2011, 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 \$22,732,058, \$23,158,642, and \$25,702,032 (net), respectively. This represents a net decrease of \$426,584 or 1.8 percent from 2012 to 2013 which is attributable to replacing the old radio system with an updated new radio system that costs much less than the original system due to advanced technology; and a net decrease of \$2,543,390 or 9.9 percent from 2011 to 2012 which is attributable to the purchase of additional buses and higher depreciation expense.

Table 4 - Capital Assets at Year End

	2013	2012	2011
Land	\$ 2,442,643	\$ 2,442,643	\$ 2,442,643
Buildings	15,199,027	15,175,887	15,175,887
Transportation Vehicles and Equipment	33,059,346	35,935,923	35,039,141
Furniture and Equipment	405,721	652,841	688,063
Construction in Progress	1,072,341	634,252	421,591
	<u>52,179,078</u>	<u>54,841,546</u>	<u>53,767,325</u>
Less: Accumulated Depreciation	<u>29,447,020</u>	<u>31,682,904</u>	<u>28,065,293</u>
Total Capital Assets, Net	<u>\$ 22,732,058</u>	<u>\$ 23,158,642</u>	<u>\$ 25,702,032</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, 2013 AND 2012
(Continued)

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, 2013, 2012 and 2011, Laketrans had capital leases payable of \$0, \$3,658 and \$7,756, respectively. See Note 11 of the financial statements for more detail.

DISCUSSION OF CURRENTLY KNOWN FACTS

During 2013, operating and non-operating revenues increased 5.5 percent while operating expenses (other than depreciation) increased 5.2 percent. Wages and benefits are 65.8 percent of operating expenses but these only increased 0.4 percent. Employees pay 10 or 15 percent of their health insurance costs.

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 and any special types of projects going on in any given year.

Fuel and oil which comprises 9.9 percent of the operating budget increased 26.0 percent. This increase is due to fuel prices being higher in 2013 than in 2012.

During November, 2013, Lake County voters overwhelmingly renewed the 1/4 percent sales tax plus made it continuing, which provides Laketrans with a majority of its funding. This levy was approved by a margin of 66 percent for and 34 percent against. The new levy takes effect on August 1, 2014. The current levy expires July 31, 2014.

During 2013, sales tax revenue increased 3.6 percent over 2012. Sales tax provided Laketrans with 67.1 percent of its operating costs in 2013.

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, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,109,434	\$ 5,350,005
Investments	8,934,924	8,947,120
Receivables:		
Federal Grants	1,036,496	615,106
Trade	197,164	234,281
Sales Tax	1,322,275	1,311,758
Accrued Interest	20,656	29,126
Materials and Supplies	644,265	692,389
Total Current Assets	19,265,214	17,179,785
Non-Current Assets:		
Federal Grants Receivable	7,363,525	5,250,987
Non-Depreciable Capital Assets	3,514,984	3,076,895
Depreciable Capital Assets, net	19,217,074	20,081,747
Total Non-Current Assets	30,095,583	28,409,629
TOTAL ASSETS	\$ 49,360,797	\$ 45,589,414
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 684,156	\$ 302,263
Capital Leases Payable	0	3,658
Accrued Payroll and Benefits	643,108	641,370
Compensated Absences	315,911	308,225
Total Current Liabilities	1,643,175	1,255,516
Other Liabilities:		
Compensated Absences	342,231	343,569
Total Other Liabilities	342,231	343,569
Total Liabilities	1,985,406	1,599,085
 Deferred Inflows of Resources		
Federal and State Grants	7,765,120	5,608,784
Total Deferred Inflows of Resources	7,765,120	5,608,784
 Net Position		
Net Investment in Capital Assets	22,732,058	23,154,984
Unrestricted	16,878,213	15,226,561
Total Net Position	39,610,271	38,381,545
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 49,360,797	\$ 45,589,414

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Passenger Fares for Transit Service	\$ 1,352,620	\$ 1,326,502
Special Transit Fares	711,003	671,275
Auxiliary Transportation Revenue	89,234	67,911
Total Operating Revenues	<u>2,152,857</u>	<u>2,065,688</u>
Operating Expenses Other Than Depreciation		
Labor	4,881,371	4,682,349
Fringe Benefits	3,107,366	3,277,370
Services	722,139	705,399
Fuel and Lubricants	1,207,040	958,003
Materials and Supplies	511,588	432,403
Utilities	165,311	133,408
Claims and Insurance	473,198	467,232
Purchased Transportation	733,470	703,294
Miscellaneous	348,459	186,734
Total Operating Expenses Other Than Depreciation	<u>12,149,942</u>	<u>11,546,192</u>
Depreciation	<u>2,711,924</u>	<u>3,764,197</u>
Total Operating Expenses	<u>14,861,866</u>	<u>15,310,389</u>
Operating Loss	<u>(12,709,009)</u>	<u>(13,244,701)</u>
Non-Operating Revenues (Expenses)		
Sales Tax Revenue	8,152,976	7,869,357
Federal Grants and Reimbursements	2,222,531	1,715,565
State Grants, Reimbursements, and Special Fare Assistance	998,468	1,030,575
Interest Income	(20,666)	87,610
Gain (Loss) on Disposal of Capital Assets	(6,990)	23,887
Non-Transportation Revenues	2,302	9,876
Total Non-Operating Revenues	<u>11,348,621</u>	<u>10,736,870</u>
Gain (Loss) before Capital Contributions	<u>(1,360,388)</u>	<u>(2,507,831)</u>
Capital Funding		
Federal Grants and Reimbursements	<u>2,589,114</u>	<u>1,337,655</u>
Total Capital Funding	<u>2,589,114</u>	<u>1,337,655</u>
Increase (Decrease) in Net Position	1,228,726	(1,170,176)
Total Net Position, Beginning of Year	<u>38,381,545</u>	<u>39,551,721</u>
Total Net Position, End of Year	<u>\$ 39,610,271</u>	<u>\$ 38,381,545</u>

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 2,189,974	\$ 2,032,941
Cash Payments for Goods and Services	(3,734,846)	(3,715,745)
Cash Payments for Employees' Services	(7,980,651)	(7,621,352)
Non-Transportation Revenue	2,302	9,876
Net Cash Used for Operating Activities	<u>(9,523,221)</u>	<u>(9,294,280)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Sales Tax Received	8,142,459	7,843,547
Operating Grants Received	2,884,680	3,183,579
Net Cash Provided by Noncapital Financing Activities	<u>11,027,139</u>	<u>11,027,126</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital Grants Received	2,547,841	1,431,396
Acquisition and Construction of Capital Assets	(2,313,006)	(1,227,385)
Net Proceeds from Sale of Assets	20,676	30,465
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>255,511</u>	<u>234,476</u>
<u>Cash Flows from Investing Activities</u>		
Interest Received	(12,196)	87,827
Purchase of Investment Securities	(6,763,157)	(10,021,397)
Proceeds from Maturities of Investments	6,775,353	9,933,577
Net Cash Provided (Used) by Investment Activities	<u>0</u>	<u>7</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,759,429	1,967,329
Cash and Cash Equivalents at Beginning of Year	5,350,005	3,382,676
Cash and Cash Equivalents at End of Year	<u>\$ 7,109,434</u>	<u>\$ 5,350,005</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>		
Operating Loss	\$(12,709,009)	\$(13,244,701)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	2,711,924	3,764,197
Non-Transportation Revenue	2,302	9,876
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	37,117	(32,747)
Materials and Supplies	48,124	(7,061)
Increase (Decrease) in:		
Accounts Payable	378,235	(122,211)
Accrued Payroll and Benefits, and Compensated Absences	8,086	338,367
Total Adjustments	<u>3,185,788</u>	<u>3,950,421</u>
Net Cash Used for Operating Activities	<u>\$ (9,523,221)</u>	<u>\$ (9,294,280)</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 \$(104,367) and \$(40,101) as of December 31, 2013 and 2012, respectively.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

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, (as amended by GASB Statement No. 61) 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 2013 or 2012.

This space intentionally left blank.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

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

Basis of Presentation

Laketrans 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.

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

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

Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of Laketrans 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, 2013 and 2012
(CONTINUED)

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 compensation that will be met in the future.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

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, 2013 and 2012, 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 2013 or 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 2013 and 2012.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

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, municipal securities and the State Treasurer's Asset Reserve (STAR Ohio) investment pool.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash On Hand

At December 31, 2013 and 2012, Laketran had undeposited cash on hand, including petty cash, of \$500 and \$500, respectively.

At December 31, 2013 and 2012, the carrying value amount of Laketran's cash deposits were \$7,107,852 and \$5,348,424, respectively. Based on criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosures*, as of December 31, 2013 and 2012, deposits totaling \$250,000 and, \$5,403,231, respectively, were covered by Federal Depository Insurance and deposits totaling \$6,830,475 and \$0, 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.

This space intentionally left blank.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

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

Investments

Laketrans has a formal investment policy. Laketrans follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2013 and 2012, fair value was \$104,367 below Laketrans's net cost for investments and \$40,101 below Laketrans'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, Laketrans's investment policy requires that operating funds be invested primarily in short-term investments maturing within 5 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Laketrans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Laketrans has no investment policy dealing with investment custodial risk beyond the 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, 2013 and 2012
(CONTINUED)

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

Concentration of Credit Risk

Laketrans places no limit on the amount it may invest in any one issuer. Laketrans' investment in U. S. Government and agency securities, negotiable certificates of deposits and municipal bonds represent 74.87, 19.57 and 5.04 percent, respectively, Laketrans' total investments.

Cash and investments at 2013 year-end were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (*)</u>	<u>Investment Maturities (in Years)</u>		
			<u>< 1</u>	<u>1-2</u>	<u>> 2-5</u>
STAR Ohio	\$ 1,082	AAAm	\$ 1,082	\$ 0	\$ 0
Federated Government Obligations	45,356	AAA	45,356	0	0
Negotiable Certificates of Deposit	1,749,132	N/A	0	250,665	1,498,467
Municipal Bonds	450,425	AAA	0	450,425	0
U.S. Government and Agency Securities	<u>6,690,011</u>	AA+	<u>0</u>	<u>0</u>	<u>6,690,011</u>
Total Investments	8,936,006		46,438	701,090	8,188,478
Carrying Amount of Deposits	7,107,852		7,107,852	0	0
Petty Cash	500		500	0	0
Totals	<u>\$16,044,358</u>		<u>\$ 7,154,790</u>	<u>\$ 701,090</u>	<u>\$ 8,188,478</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, 2013 and 2012, Laketrans recognized \$2,222,531 and \$1,715,565, respectively. In addition, Laketrans recognized capital grants and reimbursements as revenue in 2013 and 2012 of \$2,589,114 and \$1,337,655, 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, 2013 and 2012, Laketrans recognized revenue of \$239,074 and \$303,417, respectively.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

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, 2013 and 2012, Laketran received \$759,394 and \$727,158, respectively.

NOTE 5: **OTHER REVENUE**

In November 2013, Lake County electorate voted to renew a levy of 1/4 percent sales tax, and make it continuing beginning August 1, 2014, to provide local funding for all transit purposes.

For the years ended December 31, 2013 and 2012, sales tax revenues totaled \$8,152,976 and \$7,869,357, respectively. Laketran records sales tax revenues and receivables as the sales taxes are earned, which is the year in which the related exchange transaction is incurred.

NOTE 6: **PENSION PLANS**

Ohio Public Employees Retirement System

Laketran 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, 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, 2013 and 2012
(CONTINUED)

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, 2013, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. Laketran's contribution rate was 14.00 percent of covered payroll. The pension allocation for the Traditional Plan and the Combined Plan was 13.00 percent during calendar year 2013. Laketran's required pension contributions for the Traditional Pension, Combined and Member Directed Plans for the years ended December 31, 2013, 2012, and 2011 were \$775,992, \$780,008, and \$737,334, respectively; 87.6 percent has been contributed for 2013. 100 percent has been contributed for 2012 and 2011. The required contributions above for 2013 include Member Directed and Combined Plans in the amounts of \$45,191 contributed by Laketran and \$32,279 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 benefit 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, 2013 and 2012
(CONTINUED)

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 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 2013 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 1.00 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 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, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$55,406, \$222,848, and \$210,656, respectively. 87.6 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

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 4.0 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, 2013 and 2012
(CONTINUED)

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, 2013 and 2012 amounted to \$658,142 and \$651,794, respectively.

Changes in compensated absences liabilities are as follows:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
2013	\$ 651,794	\$ 314,573	\$ 308,225	\$ 658,142
2012	\$ 629,618	\$ 315,204	\$ 293,028	\$ 651,794

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, 2012 - November 30, 2013, 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, 2013, 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, 2013 and 2012
(CONTINUED)

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 2013 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.

This space intentionally left blank.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

NOTE 10: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2013 and 2012:

2013	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	634,252	1,616,216	(1,178,127)	1,072,341
Total Capital Assets Not Being Depreciated	<u>3,076,895</u>	<u>1,616,216</u>	<u>(1,178,127)</u>	<u>3,514,984</u>
Capital Assets Being Depreciated				
Buildings	15,175,887	23,140	0	15,199,027
Transportation Vehicles and Equipment	35,935,923	1,819,670	(4,696,247)	33,059,346
Furniture and Office Equipment	652,841	32,107	(279,227)	405,721
Total Capital Assets Being Depreciated	<u>51,764,651</u>	<u>1,874,917</u>	<u>(4,975,474)</u>	<u>48,664,094</u>
Less: Accumulated Depreciation				
Buildings	(7,145,557)	(467,628)	0	(7,613,185)
Transportation Vehicles and Equipment	(23,969,598)	(2,214,790)	4,685,714	(21,498,674)
Furniture and Office Equipment	(567,749)	(29,506)	262,094	(335,161)
Total Accumulated Depreciation	<u>(31,682,904)</u>	<u>(2,711,924)</u>	<u>4,947,808</u>	<u>(29,447,020)</u>
Total Capital Assets Being Depreciated, Net	<u>20,081,747</u>	<u>(837,007)</u>	<u>(27,666)</u>	<u>19,217,074</u>
Total Capital Assets, Net	<u>\$ 23,158,642</u>	<u>\$ 779,209</u>	<u>\$ (1,205,793)</u>	<u>\$ 22,732,058</u>

2012	Beginning Balance	Reclass	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	421,591	0	212,661	0	634,252
Total Capital Assets Not Being Depreciated	<u>2,864,234</u>	<u>0</u>	<u>212,661</u>	<u>0</u>	<u>3,076,895</u>
Capital Assets Being Depreciated					
Buildings	15,175,887	0	0	0	15,175,887
Transportation Vehicles and Equipment	35,039,141	24,470	966,923	(94,611)	35,935,923
Furniture and Office Equipment	688,063	(24,470)	47,801	(58,553)	652,841
Total Capital Assets Being Depreciated	<u>50,903,091</u>	<u>0</u>	<u>1,014,724</u>	<u>(153,164)</u>	<u>51,764,651</u>
Less: Accumulated Depreciation					
Buildings	(6,676,078)	0	(469,479)	0	(7,145,557)
Transportation Vehicles and Equipment	(20,790,274)	(24,470)	(3,249,465)	94,611	(23,969,598)
Furniture and Office Equipment	(598,941)	24,470	(45,253)	51,975	(567,749)
Total Accumulated Depreciation	<u>(28,065,293)</u>	<u>0</u>	<u>(3,764,197)</u>	<u>146,586</u>	<u>(31,682,904)</u>
Total Capital Assets Being Depreciated, Net	<u>22,837,798</u>	<u>0</u>	<u>(2,749,473)</u>	<u>(6,578)</u>	<u>20,081,747</u>
Total Capital Assets, Net	<u>\$ 25,702,032</u>	<u>\$ 0</u>	<u>\$ (2,536,812)</u>	<u>\$ (6,578)</u>	<u>\$ 23,158,642</u>

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(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, 2013:

<i>Capital Assets being Depreciated:</i>		
Furniture and Office Equipment		\$ 21,786
Less Accumulated Depreciation:		
Furniture, Fixtures, and Equipment		<u>(21,786)</u>
<i>Total Capital Assets Being Depreciated</i>		<u><u>\$ 0</u></u>

The following is an analysis of capital leases payable for 2013:

<u>Balance</u> <u>12/31/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/13</u>
<u>\$ 3,658</u>	<u>\$ 0</u>	<u>\$ (3,658)</u>	<u>\$ 0</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.

B. Grants

Laketran received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Laketran at December 31, 2013 or 2012.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012
(CONTINUED)

NOTE 13: CHANGES IN ACCOUNTING PRINCIPLES

For year ended December 31, 2013, Laketran implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by Laketran.

GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods after December 15, 2012 and have been implemented by Laketran.



Statistical Section

2013

STATISTICAL SECTION

This part of Laketrans 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 Laketrans overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how Laketrans financial performance and well being have changed over time.	41-43
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess Laketrans operating revenues and comparisons to the transportation industry.	44-45
<i>Operating Information</i>	
These schedules contain service data to help the reader understand how the information in Laketrans financial report relates to the services Laketrans provides and the activities it performs.	46-50
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which Laketrans financial activities take place.	51-54

LAKETRAN
NET POSITION BY COMPONENT
LAST TEN YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Investment in Capital										
Assets	\$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	\$22,732,058
Unrestricted	16,540,674	14,530,433	12,381,785	11,218,227	10,253,373	10,263,030	11,965,611	13,857,445	15,226,561	16,878,213
Total Net Position	<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>	<u>\$39,610,271</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenue										
Fares	\$ 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	\$ 2,063,623
Auxiliary Transportation Revenue	59,125	66,241	76,270	82,411	82,224	78,851	71,970	74,311	67,911	89,234
Total Operating Revenues	<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>	<u>2,152,857</u>
Non Operating Revenues										
Sales Tax	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	8,152,976
Federal Grants and Reimbursements	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	2,222,531
State Grants, Reimbursements, and Special Fare Assistance	568,148	717,666	785,133	698,419	664,448	1,117,214	960,893	1,072,110	1,030,575	998,468
Interest Income	166,297	315,948	518,798	503,792	252,887	144,507	126,201	125,753	87,610	(20,666)
Gain on Disposal of Capital Assets	61,909	81,170	3,000	75,339	239,327	0	0	0	23,887	0
Non-Transportation Revenues	28,425	9,807	38,768	149,763	292,352	29,523	44,057	29,219	9,876	2,302
Total Non-Operating Revenues	<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>	<u>11,355,611</u>
Capital Funding										
Federal Grants and Reimbursements	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	2,589,114
State Grants and Reimbursements	170,461	142,664	111,883	37,643	0	0	0	0	0	0
Total Capital Funding	<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>	<u>2,589,114</u>
Total Revenues	<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>	<u>16,097,582</u>

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Expenses										
Labor	\$ 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	\$ 4,881,371
Fringe Benefits	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	3,107,366
Services	609,115	528,066	511,675	572,486	670,322	614,061	684,110	561,160	705,399	722,139
Fuel and Lubricants	668,839	823,304	1,002,631	1,089,416	1,418,915	1,164,945	908,789	952,784	958,003	1,207,040
Materials and Supplies	474,348	504,858	445,966	547,379	525,052	585,388	224,232	332,494	432,403	511,588
Utilities	155,817	179,927	205,505	213,375	202,286	181,737	126,948	149,479	133,408	165,311
Claims and Insurance	518,412	567,312	551,421	579,289	584,193	570,354	520,668	492,649	467,232	473,198
Purchased Transportation	208,593	233,256	236,015	573,128	639,050	499,705	549,875	658,741	703,294	733,470
Miscellaneous	453,736	277,828	336,890	289,267	215,130	143,562	131,062	129,698	186,734	348,459
Total Operating Expenses Excluding Depreciation	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	12,149,942
Depreciation	3,551,989	3,524,459	3,669,160	4,397,417	4,568,865	3,399,313	3,703,483	3,350,100	3,764,197	2,711,924
Total Operating Expenses	14,004,680	14,706,108	15,097,105	16,668,705	17,505,929	15,441,883	14,333,032	14,356,790	15,310,389	14,861,866
Non-Operating Expenses										
Loss on Disposal of Capital Assets	0	0	0	0	0	0	622,534	419,368	0	6,990
Total Expenses	14,004,680	14,706,108	15,097,105	16,668,705	17,505,929	15,441,883	14,955,566	14,776,158	15,310,389	14,868,856
Change in Net Assets	<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>	<u>\$ 1,228,726</u>

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

	<u>Percentage</u>
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
2013.....	13.89

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

Fare Structure - December 31, 2013

	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 State &</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other</u>	<u>Total</u>	<u>Federal</u>	<u>Local</u>	<u>Total</u>	
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
2013	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 State &</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other(2)</u>	<u>Total</u>	<u>Federal</u>	<u>Local(3)</u>	<u>Total</u>	
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
2013	13.4	(0.1)	13.3	29.9	56.8	86.7	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)**

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 Trans- portation</u>	<u>Other</u>	<u>Expenses</u>
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 Trans- portation</u>	<u>Other</u>	<u>Total Operating Expenses</u>
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
2013	40.2	25.6	5.9	14.1	1.4	3.9	6.0	2.9	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**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales Tax Revenue	\$ 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	\$ 8,152,976
Population*	227,511	230,510	230,510	230,510	230,510	230,510	236,775	236,775	236,775	230,041
Sales Tax Per Capita	\$ 33.57	\$ 32.76	\$ 33.53	\$ 34.33	\$ 33.60	\$ 31.05	\$ 30.81	\$ 32.77	\$ 33.24	\$ 35.44

*Population - Ohio Department of Development

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>System Ridership</u>										
Motor Bus (directly operated)	614,303	661,603	634,184	615,656	648,035	533,433	459,318	491,298	530,252	502,092
Dial-A-Ride (directly operated)	323,126	342,483	337,226	312,831	305,806	254,378	202,650	191,708	189,001	182,824
Dial-A-Ride (contract service)	43,815	40,840	39,040	62,623	63,358	55,928	49,639	59,577	61,399	67,776
Jitney (contract service)	37,532	25,828	48,476	26,101	0	0	0	0	0	0
<u>Average Daily System Ridership</u>										
Motor Bus (directly operated)	2,001	2,152	2,066	2,005	2,122	2,108	1,837	2,164	2,093	2,076
Dial-A-Ride (directly operated)	1,053	1,119	1,098	1,019	1,002	1,005	826	738	727	793
Dial-A-Ride (contract service)	172	160	153	246	208	221	90	237	147	265
Jitney (contract service)	187	129	242	290	0	0	0	0	0	0
<u>Average Daily Vehicle Miles Operated</u>										
Motor Bus (directly operated)	3,904	4,232	4,090	4,018	4,059	4,584	7,649	4,422	4,066	4,398
Dial-A-Ride (directly operated)	9,164	8,971	8,685	8,650	8,614	8,860	4,255	7,399	7,316	7,381
Dial-A-Ride (contract service)	496	468	440	1,171	934	1,020	645	1,140	1,068	1,301
Jitney (contract service)	36	23	45	38	0	0	0	0	0	0
<u>Revenue Miles</u>										
Motor Bus (directly operated)	845,532	886,826	829,455	829,584	841,444	766,833	717,503	756,988	760,577	778,583
Dial-A-Ride (directly operated)	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	1,599,600
Dial-A-Ride (contract service)	113,336	107,789	98,568	252,936	248,738	223,690	188,623	232,873	227,344	272,074
Jitney (contract service)	7,225	4,552	8,980	5,018	0	0	0	0	0	0

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Passenger Miles</u>										
Motor Bus (directly operated)	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	6,011,047
Dial-A-Ride (directly operated)	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	2,417,184
Dial-A-Ride (contract service)	251,504	239,060	240,604	590,722	457,483	374,929	340,665	451,087	540,101	562,966
Jitney (contract service)	12,499	8,609	16,159	8,700	0	0	0	0	0	0

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Energy Consumption</u>										
Motor Bus										
Gallons of diesel	93,520	116,314	123,576	123,533	117,116	98,159	97,880	171,162	183,572	182,348
Gallons of natural gas	109,403	120,939	130,387	136,452	105,828	100,733	1,561	0	0	0
Gallons of purinox	18,033	3,204	0	0	0	0	0	0	0	0
Gallons of Gas	0	0	0	0	0	0	0	0	4,593	3,841
Dial-A-Ride										
Gallons of diesel	259,088	295,095	274,827	272,198	291,533	226,277	189,984	176,156	192,770	199,247
Gallons of purinox	10,321	0	0	0	0	0	0	0	0	0
Gallons of Gas	0	0	0	0	0	0	0	0	10.2	4,870
<u>Fleet Requirement</u>										
Motor Bus (directly operated)	38	38	38	24	24	24	24	24	25	25
Dial-A-Ride (directly operated)	63	71	76	76	75	75	75	75	75	53
Dial-A-Ride (contract service)	9	9	9	12	12	6	6	6	6	8
<u>Total Active Vehicles</u>										
Motor Bus (directly operated)	46	46	46	38	39	38	38	40	38	40
Dial-A-Ride (directly operated)	74	74	77	76	75	76	76	74	79	66
Dial-A-Ride (contract service)	17	18	18	18	20	9	9	11	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

	<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>	<u>2013</u>
<u>Administration</u>										
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	0	0	0	0	0
Procurement and Grant Specialist	0	0	0	0	0	1	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	1	1	1	1	1	1	1
Administrative Secretary	1	1	1	1	1	0	0	0	0	0
Finance Clerk	1	1	1	1	1	1	1	1	1	1
Information Specialist	1	1	1	1	1	1	0	0	0	0
Customer Outreach Specialist	0	0	0	1	1	1	1	1	0	1
Clerk/Receptionist	<u>1</u>	<u>0</u>								
Total Administrative	<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>	<u>9</u>

LAKERAN
FULL TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS
(CONTINUED)

	<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>	<u>2013</u>
<u>Maintenance</u>										
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Assistant Maintenance Supervisor	0	0	0	1	1	1	1	1	1	1
Maintenance Clerk	1	1	1	1	1	1	0	0	1	1
Mechanics	5	5	5	6	6	6	6	7	6	6
Mechanics Helper	1	1	1	1	1	1	1	1	1	1
Hostler	<u>5</u>	<u>4</u>	<u>4</u>	<u>3</u>						
Total Maintenance	<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>	<u>13</u>
<u>Operations</u>										
Deputy GM	0	0	0	0	0	1	1	1	1	1
Operations Manager	1	1	1	1	1	0	0	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Dispatchers/Schedulers	5	5	5	5	6	5	5	4	4.5	4.5
Customer Service Supervisor	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	6	6	6	6	6	6	5	7	6.5	6.5
Road Supervisors	4	4	4	4	4	3	3	3	3.5	3.5
Trainer	1	1	1	1	1	0	0	0	0	0
Drivers	<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>	<u>132.5</u>
Total Operations	<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>	<u>151.0</u>
Grand Total	<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>	<u>173.0</u>

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

County Population by Decade and Future Projections

<u>Decade</u>	<u>Population</u>	<u>Percent of Change</u>
1900	21,680	
1910	22,927	5.75
1920	28,667	25.04
1930	41,674	45.37
1940	50,020	20.03
1950	75,979	51.90
1960	148,700	95.71
1970	197,200	32.62
1980	212,801	7.91
1990	215,499	1.27
2000	227,511	5.57
2005	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

	<u>Age</u>	<u>Percentage</u>
Under 5	12,192	5.3
6-17	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

Population By Race - 2010 Census

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	211,638	92.0
African-American	6,901	3.0
Two or more races	2,300	1.0
Asian	1,338	1.0
Latino/Other	7,591	3.0
Native American	<u>273</u>	<u>0.0</u>
	<u>230,041</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

LAKETRAN

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 3, 2014