

**LAKETRAN**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2002**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Laketrans  
555 Lake Shore Blvd  
Painesville, OH 44077

We have reviewed the Independent Auditor's Report of Laketrans, Lake County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2002 through December 31, 2002. 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. Laketrans is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 11, 2003

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LAKETRAN  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002

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**LAKETRAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Capital Grants</b>	<b>Capital Maintenance</b>	<b>Grand Total</b>
<b><u>U.S. Department of Transportation</u></b>					
<u>Federal Transit Cluster</u>					
Federal Transit Administration Capital Improvements Grants	20.500	OH-03-0163	\$ 58,173	\$ 0	\$ 58,173
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-03-0223	591,561	0	591,561
		OH-03-0329	159,722	0	159,722
		OH-03-0348	163,100	0	163,100
		OH-03-0371	93,189	0	93,189
		OH-03-0398	492,651	675,379	1,168,030
			<hr/>	<hr/>	<hr/>
<b>Grand Total</b>			<b>\$ 1,558,396</b>	<b>\$ 675,379</b>	<b>\$ 2,233,775</b>
			<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**LAKETRAN**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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NOTE 1: **BASIS OF ACCOUNTING**

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

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



**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125

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Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Board of Trustees  
Laketran  
Grand River, Ohio

We have audited the financial statements of Laketran as of and for the year ended December 31, 2002 and have issued our report thereon dated April 15, 2003. 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Laketran's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Laketran in a separate letter dated April 15, 2003.

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

April 15, 2003

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James G. Zupka  
Certified Public Accountant

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
*Garfield Hts., Ohio 44125*

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

Board of Trustees  
Laketran  
Grand River, Ohio

**Compliance**

We have audited the compliance of Laketran with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. Laketran's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Laketran's management. Our responsibility is to express an opinion on Laketran's compliance based on our audit.

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

In our opinion, Laketran complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### **Internal Control Over Compliance**

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

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

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Laketrans in a separate letter dated April 15, 2003.

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

April 15, 2003

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James G. Zupka  
Certified Public Accountant

LAKETRAN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & .505  
 FOR THE YEAR ENDED DECEMBER 31, 2002

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

2002(i)	Type of Financial Statement Opinion	Unqualified
2002(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2002(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2002(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2002(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2002(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2002(v)	Type of Major Programs' Compliance Opinion	Unqualified
2002(vi)	Are there any reportable findings under .510?	No
2002(vii)	Major Programs (list): Federal Transit Cluster: 20.500 - Federal Transit Administration Capital Improvements Grants 20.507 - Federal Transit Administration Capital and Operating Assistance Formula Grants	
2002(viii)	Dollar Threshold: Type A\B Programs Type B: > All Others	Type A: > \$300,000
2002 (ix)	Low Risk Auditee?	Yes

LAKETRAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(CONTINUED)

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

LAKETRAN  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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





**Comprehensive  
Annual Financial Report  
For The Year Ended December 31, 2002**

***LAKETRAK***

**LAKE COUNTY, OHIO**

Donna P. McNamee  
President  
Board of Trustees

Raymond Jurkowski  
General Manager/  
Secretary-Treasurer



**Introductory  
Section  
2002**

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**LAKETRAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laketrans,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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



A handwritten signature in black ink, appearing to read "William Patrick Bate".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laketrans, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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June 4, 2003

Donna P. McNamee, President  
Members, Board of Trustees, Laketrans  
and Residents of Lake County

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Laketrans for the year ended December 31, 2002. This is the third such report issued by Laketrans. It has become the standard format used in presenting the results of Laketrans's operations, financial position, cash flows and related statistical information.

Laketrans takes great pride in the fact that its two previous CAFR's earned the recognition of the Government Finance Officer's Association of the United States and Canada (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. This award evidences the fact that the previous CAFR complied with stringent GFOA standards for professional financial reporting.

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

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



The CAFR is divided into three sections as follows:

The **INTRODUCTORY SECTION** contains a title page, a table of contents, the GFOA Certificate of Achievement for Excellence in Financial Reporting, this letter of transmittal, the Laketrans organization chart, a listing of the members of the Board of Trustees and management of Laketrans, and a map of municipalities in Lake County.

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

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

### **REPORTING ENTITY**

Laketrans 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 Laketrans began in 1977 using vehicles owned by STS (Special Transportation Services). On July 1, 1985, Laketrans began direct operations when it placed its first two buses into service. Either directly or through contracts with local service providers, Laketrans provides virtually all public transportation services within Lake County. Laketrans 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 Laketrans. All members are appointed by the County Commissioners. Board members serve overlapping three year terms. Under the provisions of GASB Statement No. 14, Laketrans is considered to be a jointly governed organization.

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

Administration:

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

Maintenance:

- Maintenance Supervisor

Operations:

- Operations Manager

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

In 2002, Laketran had 154 full-time equivalent employees. The system delivered 766,186 revenue miles of motor bus service and 2,485,451 revenue miles of paratransit service. The service fleet was composed of 36 motor bus coaches and 65 paratransit buses.

### ECONOMIC CONDITION AND OUTLOOK

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

Lake County employment has been very consistently diversified for many years. This diversification minimizes economic risks inherent in a workforce dominated by any single industry. The following data shows the percent of total Lake County employment each segment represents over a five year period.

	1996	1997	1998	1999	2000
Manufacturing	29.5	29.3	28.5	27.6	27.9
Wholesale and Retail Trade	25.3	25.1	25.5	26.1	25.8
Services	21.2	21.7	22.3	22.6	22.4
	76.0	76.1	76.3	76.3	76.1

The above represents about 76 percent of Lake County employment. The remaining 24 percent is concentrated in the areas of government employment, transportation and utilities, financial services and real estate, and agriculture.

The County's total work force has experienced modest but steady growth in recent years, as follows:

1995	93,461
1996	95,192
1997	97,404
1998	99,402
1999	101,110
2000	102,354

Unemployment in Lake County, in 2000, was 3.6 percent. Nationally, it was 4.0 percent.

The taxable value of real property in Lake County was \$4,404,457,440 in 2000.

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

## CURRENT YEAR REVIEW

During the year 2002, Laketran received the following national and state awards:

### Financial Reporting

- The Distinguished Budget Presentation Award for the 2002 operating and capital budget from the GFOA.
- The Certificate of Achievement for Excellence in financial reporting for the year ended December 31, 2001 from the GFOA

### Advertising

- First place Best Campaign - small transit systems. Ad title - "Gotta Get To The Game". Sponsored by the Ohio Public Transit Association (OPTA).

### Operations

- Bus Roadeo awards, demonstrating driving skills:
  - A Laketran driver placed in the paratransit roadeo sponsored by the Community Transportation Association of America (CTAA).

During 2002, ridership increased modestly on all types of service except motor bus service to Cleveland Indians games. The decrease of 11,198 riders in this service caused overall ridership for the year to decrease slightly. Ridership figures and percentage increases/(decreases) over the prior year, for the past ten years, are as follows:

1993: 542,124	37.9%	1998: 785,491	7.5%
1994: 589,224	8.7%	1999: 845,279	7.6%
1995: 616,188	4.6%	2000: 905,084	7.1%
1996: 674,768	9.5%	2001: 961,331	6.2%
1997: 730,848	8.3%	2002: 957,120	(0.4%)

As part of an ongoing commitment to provide the best and safest overall service to the residents of Lake County, Laketran has **1)** a regular vehicle maintenance program and **2)** a regular and systematic program for removing old buses from service and replacing them with new buses, in accordance with Federal Transit Administration (FTA) guidelines. During 2002, fifteen high mileage demand response vehicles were taken out of service. Fifteen new vehicles were purchased to replace them. The total cost of these fifteen vehicles was \$937,832. Laketran operates one of the largest directly operated Dial-A-Ride services in the United States. The fleet consists of sixty- five buses.

A park and ride lot on Water Tower Drive in Madison Village, near the intersection of I-90 and State Route 528 was completed in 2002. This facility, with approximately 175 parking spaces, serves eastern Lake County and adjacent areas along the I-90 corridor. Madison has been Laketran's largest point of origin for riders to Cleveland Indians games.

The expansion of the Wickliffe park and ride lot at Lloyd Road and the Lakeland Freeway was completed in 2002. The existing facility at this site was filled each day, thus necessitating the expansion. There are now approximately 146 parking spaces for riders.

Construction began on a new park and ride lot on Market Street in Mentor during 2002. The lot will replace the smaller lot at the Mentor Civic Center which is filled to capacity every day. Completion is expected in early 2003.

### FUTURE PLANS

Laketrans currently has a capital improvement plan in place through the year 2006. This plan was developed to provide for the future transportation needs of all Lake County residents and includes:

- **Paratransit Buses**: Up to 100 small (seating capacity 11 to 13) and large (seating capacity 15 to 17) vehicles will be purchased over the next four years. Most are expected to replace older, high mileage vehicles scheduled to be taken out of service. Some may serve as fleet additions if fewer vehicles are disposed of than are purchased. This decision will be made annually based on demand for additional service and budget constraints. Total cost is expected to be \$7,500,000.
- **30' (or shorter) Motor Buses**: Up to four small size motor buses will be purchased for community circulator service. Total cost is expected to be \$1,000,000.
- **40' Motor Buses**: Up to eight full size motor buses will be needed to replace old buses scheduled to be taken out of service. Total cost is expected to be \$3,600,000.
- **Transit Centers**: These are structures providing shelters for passengers where several bus routes converge. Riders can conveniently transfer from one bus to another with minimal exposure to harsh weather conditions. Comfortable seating is also provided. Construction costs over the next four years are expected to be up to \$3,000,000.
- **Bus Shelters and Benches**: Additional bus shelters are to be constructed over the next four years at selected bus stops. They will provide seating and protection from harsh weather conditions while people wait for buses. At other stops, new benches are to be installed for rider comfort. Purchase and installation costs are expected to be up to \$160,000 over the next four years.
- **Upgrade MDT/AVL System**: Mobile data terminals are computer terminals installed in dial-a-ride buses. They enable drivers to enter their detailed route log directly into the computer system. This replaces manual logs that had to be separately input the next working day. The automatic vehicle locator system enables on-screen vehicle location. Any Laketrans vehicle location can be pinpointed without the need for radio communication between dispatchers and drivers. This makes back-up route coverage for dial-a-ride service much more efficient in the event of schedule changes and vehicle breakdowns. This upgrade is expected to cost up to \$1,500,000.

- **Dispatch and Parts Room Renovation**: A new dispatch area is planned to be constructed behind the building and adjacent to the garage. Additionally, the parts room needs to be expanded. Total cost of both projects is expected to be up to \$1,420,000.
- **Professional Services**: Costs of engineering and design on projects is expected to cost up to \$500,000 over the next four years.
- **Miscellaneous Shop and Office Equipment**: This category includes maintenance equipment necessary to maintain all buses in the fleet as well proper maintenance of the Laketrans facility. Also included in this category is computer hardware, software and such other office equipment necessary for Laketrans employees to do their jobs in an efficient and timely manner. Total cost is expected to be \$400,000 over the next four years.
- **Communications Equipment**: This category includes the digital radio system and the telephone system. Upgrades are expected to cost up to \$100,000 over the next four years.

## **FINANCIAL INFORMATION**

### **Internal Control**

Laketrans is responsible for establishing and maintaining an internal control system designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation. The valuation of costs and benefits requires estimates and judgments by management. Laketrans's management believes its internal controls are adequate.

### **Basis of Accounting**

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

### **Budgetary Control**

Laketrans prepares its annual operating budget and capital budget on the accrual basis of accounting. Department heads submit their budget proposals to the Controller who assembles the budget. A draft budget is submitted to the Budget and Finance Committee, comprised of several Board members. Any proposed changes made by the Budget and Finance Committee are included in a second draft budget which is sent to the entire Board for review. Any additional proposed changes are incorporated into the final budget which is presented to the Board at a public meeting. After a period of open discussion, the annual operating budget is adopted.



Budgetary control is maintained at the department level. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. Laketran also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations lapse at year end. Encumbered appropriation balances are carried forward to the succeeding year and need not be reauthorized.

The only encumbered appropriation balances carried forward to the succeeding year are for pending capital purchases. It is not uncommon for capital purchases to extend beyond the year in which they are authorized by the Board. Lead times to receive new buses and normal construction schedules are examples of two items that can take many months from Board approval to completion.

### **Retirement Plan**

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees covered by OPERS contribute 8.50 percent wages subject to OPERS and Laketran contributes 13.55 percent (actuarially established for OPERS) of the same base.

Note: Very limited compensation is not subject to OPERS. The most common example is the lump sum distribution of any accrued vacation, sick and holiday pay due an employee, upon termination.

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

### **Debt**

Laketran has never had any debt.

### **Cash Management**

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

The provisions also permit Laketran to invest in certificates of deposit, savings accounts, money market accounts, the State Treasurers Asset Reserve (STAROhio), and obligations of the United States Government or certain agencies and instrumentalities thereof. Laketran may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Laketrans investment portfolio at December 31, 2002 is distributed as follows:

U.S. Government Securities	68.5%
Hi-Balance Savings	31.0%
Depository Account	0.5%
	<hr/>
	100.0%

### **Risk Management**

Laketrans is a member of the Ohio Transit Risk Pool (OTRP). OTRP provides coverage for all property, casualty and liability risks on a "three tier" basis as follows:

1. Each member reimburses the pool for payments made against applicable deductibles. Deductibles are either \$1,000 or \$25,000 per incident, depending on size of the member. Laketrans is considered a larger member and has a \$25,000 deductible.
2. The pool pays losses in excess of deductible limits up to \$100,000.
3. OTRP purchases insurance to cover losses in excess of \$100,000.

Since its inception, OTRP has levied one assessment. Laketrans's share of the assessment was \$20,255.

Laketrans is a member of a workers compensation group. This has resulted in significant savings on premiums.

### **OTHER INFORMATION**

#### **Independent Audit**

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

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



**ACKNOWLEDGMENT**

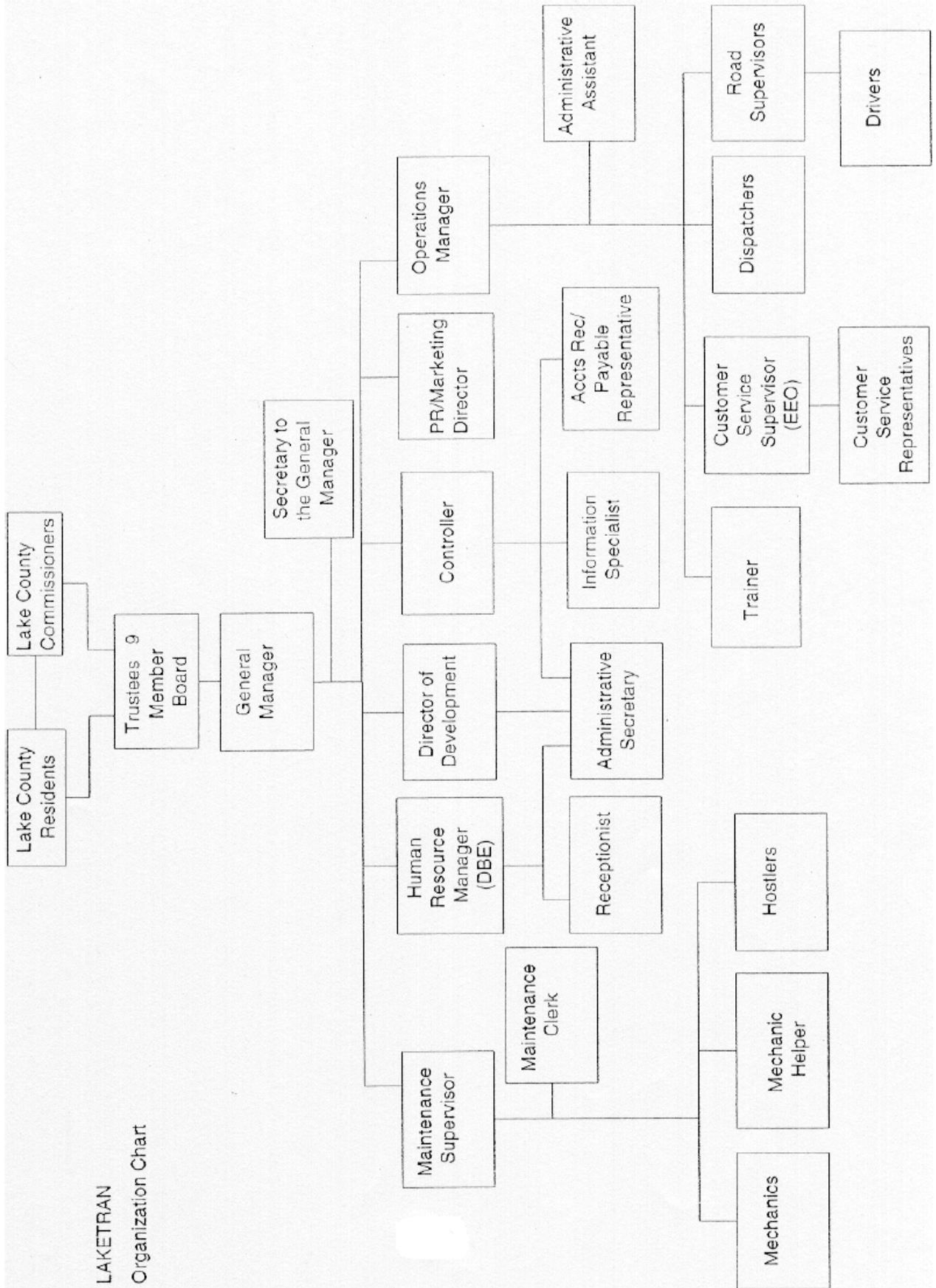
This report is organized, prepared, typed, proofread and prepared for printing by William J. Hamilton, Lakeland Controller.

Thanks to the staff of James G. Zupka, CPA, Inc. for their valuable contributions to this document.

  
Raymond Jurkowski  
General Manager/Secretary-Treasurer

  
William J. Hamilton  
Controller and  
Certified Public Finance Officer

LAKETRAN  
Organization Chart



LAKETRAN

**BOARD OF TRUSTEES AND MANAGEMENT**

As of December 31, 2002

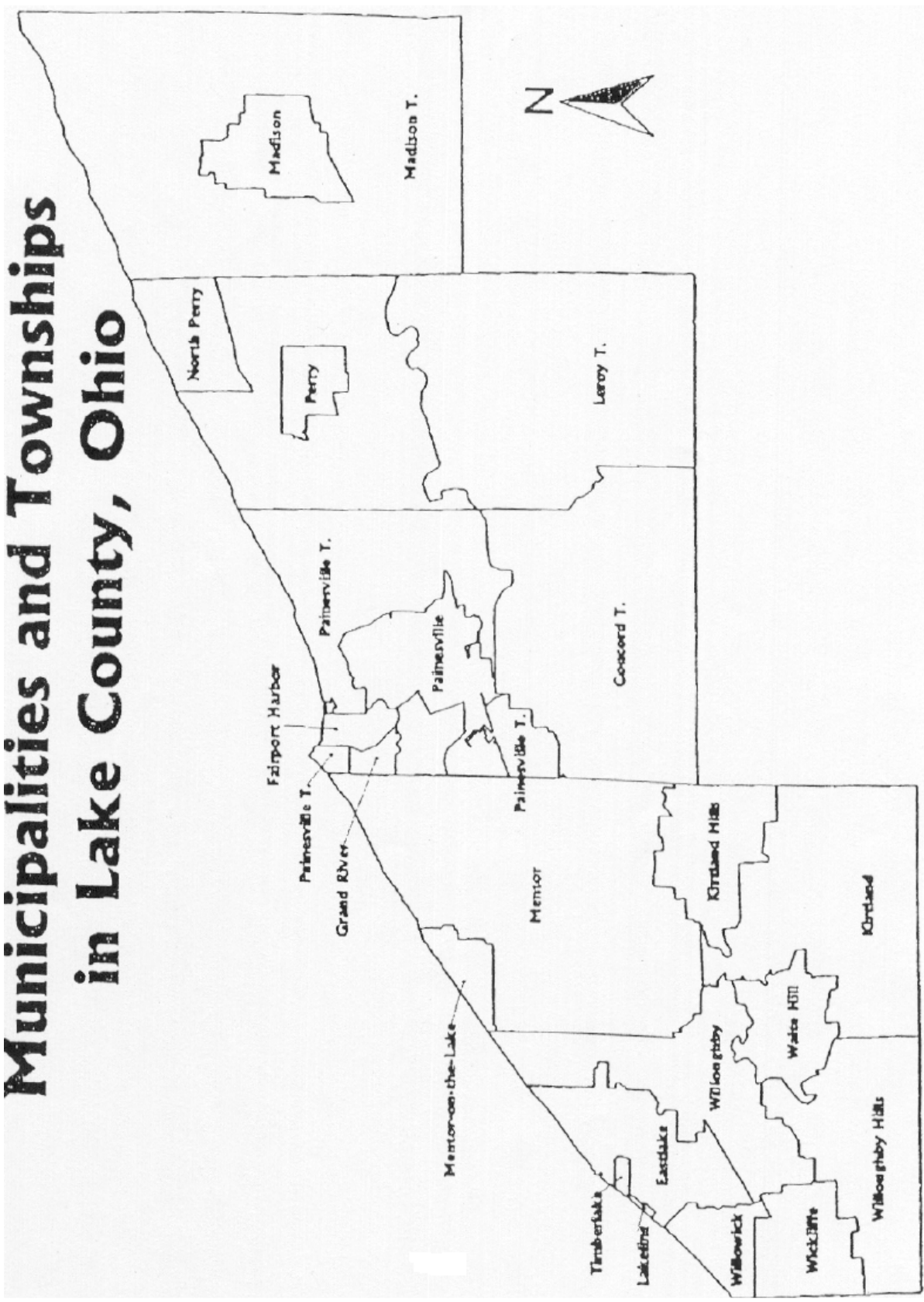
**Board of Trustees**

Chairman	Donna McNamee
Vice-Chairman	J. Terrell Dillard
Trustees	Henry W. Centa Dale A. Chample Judith L. Colgrove Jack D. Crislip John Redmond David G. Reed Harry G. Waterman

**Management**

General Manager and Secretary-Treasurer	Frank J. Polivka (retired 4/30/03) Raymond Jurkowski (as of 5/01/03)
Operations Manager	Andrew A. Altenweg
Director of Development	Dale Madison
Controller	William J. Hamilton
Human Resources Manager	Maureen D. Bierer
P/R and Marketing Director	Jessie Baginski
Maintenance Supervisor	Gary L. May

# Municipalities and Townships in Lake County, Ohio



# **Financial Section**

**2002**

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Laketran  
Grand River, Ohio

We have audited the accompanying basic financial statements of Laketran as of December 31, 2002 and 2001, and for the years then ended, as listed in the Table of Contents. These basic financial statements are the responsibility of the management of Laketran. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Laketran as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 of the basic financial statements, effective January 1, 2002, Laketran adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - Omnibus*, and GASB Statement No. 38 - *Certain Financial Statement Disclosures*.

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2003 on our consideration of Laketrans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 19 through 26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

April 15, 2003

  
James G. Zupka  
Certified Public Accountant

## LAKETRAN

### **MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)** **FOR THE YEAR ENDED DECEMBER 31, 2002**

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As management of Laketran, we offer readers of Laketran's financial statements this narrative overview and analysis of the financial activities of Laketran for the fiscal years ended December 31, 2002 and 2001. 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 13 of this report.

#### **FINANCIAL HIGHLIGHTS**

- Laketran's net assets decreased as a result of this years operations by \$964,772 or 2.2 percent.
- Operating expenses, exclusive of depreciation, were \$9,476,090 in 2002 compared to \$8,550,115 in 2001. This is an increase of 10.8 percent. \$355,565 or 38.4 percent of the increase in operating expenses was due to a one time charge for the Voluntary Retirement Incentive Plan, which terminates on June 30, 2004.
- Net capital assets were \$25,083,662 at December 31, 2002 compared to \$26,271,518 at December 31, 2001. This is a decrease of 4.5 percent.
- Cash and cash equivalents were \$5,500,878 at December 31, 2002 compared to \$6,322,161 at December 31, 2001. This is a decrease of 13.0 percent.
- Investments at fair value, other than those included in cash and cash equivalents, were \$11,220,082 at December 31, 2002 compared to \$9,171,624 at December 31, 2001. This is an increase of 22.3 percent.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Laketran's basic financial statements. Laketran's basic financial statements are comprised of four components: **1)** Statements of Net Assets, **2)** Statements of Revenues, Expenses, and Changes in Net Assets, **3)** Statements of Cash Flows, and **4)** Notes to the Basic Financial Statements. The Statements of Net Assets and Statements of Revenue, Expenses, and Changes in Net Assets (pages 28 and 29) provide information about the activities of Laketran and present a longer-term view of its finances. Our analysis of Laketran as a whole begins on page 28.

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



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

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

Laketrans' total assets changed from a year ago. At December 31, 2002 they were \$45,814,234. At December 31, 2001 they were \$44,507,316. This is an increase of 2.9 percent.

**TABLE 1 - Net Assets**

	2002	2001
Current Assets	\$18,772,029	\$18,149,441
Restricted Assets	44,390	86,357
Other Assets	1,914,153	0
Capital Assets	25,083,662	26,271,518
Total Assets	<u>\$45,814,234</u>	<u>\$44,507,316</u>
Current Liabilities	\$ 1,495,048	\$ 1,137,511
Other Liabilities	1,914,153	0
Total Liabilities	<u>\$ 3,409,201</u>	<u>\$ 1,137,511</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	\$25,083,662	\$26,271,518
Unrestricted	17,321,371	17,098,287
Total Net Assets	<u>\$42,405,033</u>	<u>\$43,369,805</u>

Laketrans' net assets were \$42,405,033 at December 31, 2002 compared to \$43,369,805 at December 31, 2001. This is a 2.2 percent decrease. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, without constraints, were \$17,321,371 at December 31, 2002 compared to \$17,098,287 at December 31, 2001. This is a 1.3 percent increase. The investment in capital assets, net of related debt, was \$25,083,662 at December 31, 2002 compared to \$26,271,518 at December 31, 2001. This is a 4.5 percent decrease.

The following financial ratios should be used to assess the financial stability of Laketrans over an extended period of time.

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>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$17,276,981	\$17,011,930	\$17,228,048	\$17,725,699	\$16,238,950

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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
12.56	15.96	20.32	20.36	27.81

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

<u>2002 *</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
644	658	740	886	854

\* Exclusive of the one time charge for the Voluntary Retirement Incentive Plan, this ratio would be 669 days.

Liabilities to Net Assets indicates the extent of borrowing.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
8.0%	2.6%	2.5%	2.8%	2.0%

Note: Laketrans has never incurred debt by borrowing (issuing bonds, obtaining a bank loan, etc.). The “borrowing” in the ratio above is solely a result of unpaid liabilities at year end. These consist of 1) payments due vendors and 2) accrued payroll liabilities and 3) deferred revenue (2002). Deferred revenue only applies to 2002 and is the primary reason the percent increased.

**TABLE 2 - Changes in Net Assets**

	2002	2001
<b>Revenues:</b>		
Passenger Fares	\$ 725,450	\$ 786,591
Auxiliary Transportation Rev.	62,033	52,763
Sales Tax Revenue	7,202,698	7,175,596
Federal Grants and Reimbursements	2,233,775	2,821,909
State Grants, Reimbursements Special Fare Assistance	858,289	1,698,683
Interest Income	455,738	671,678
Net Increase/(Decrease) in Fair Value of Investments	26,426	20,898
Non-Transportation Revenues	53,846	84,364
Gain/(Loss) Disposal of Assets	(71,289)	(124,464)
Total Revenues	<u>11,546,966</u>	<u>13,188,018</u>
<b>Expenses By Type:</b>		
Administration	1,718,676	1,447,123
Maintenance	1,330,986	1,183,482
Operations	6,426,428	5,919,510
Total Operating Expenses Other Than Depreciation	<u>9,476,090</u>	<u>8,550,115</u>
Depreciation	3,035,648	2,509,339
Total Operating Expenses	<u>12,511,738</u>	<u>11,059,454</u>
Increase/(Decrease) In Net Assets	<u>\$ (964,772)</u>	<u>\$ 2,128,564</u>

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

- Federal and State grant revenues decreased by 31.6 percent due to **1)** a suspension of State grant funds on all but the current year grant and **2)** fewer capital purchases which results in reduced grant reimbursements. Grant funds are all received on a reimbursement basis. Fluctuations in capital spending from one year to the next can cause significant variances in grant revenue.
- Investment income decreased by 32.1 percent due to rapidly falling interest rates. It should be noted that the investment portfolio increased about 10.4 percent during the year.
- Operating expenses, excluding depreciation, increased by 11.2 percent. This is due to three things as follows:
  1. A \$355,565 one time charge for the Voluntary Retirement Incentive Plan.
  2. Property and casualty insurance costs increased 104.8 percent.
  3. There were no cuts to regularly scheduled service. Exclusive of items 1 and 2 above, all other operating expenses increased by 4.7 percent.

**TABLE 3 - Changes in Cash Flows**

Net Cash used for Operating Activities	\$(8,400,515)	\$(7,657,597)
Net Cash Provided by Noncapital Financing Activities	8,939,149	9,015,478
Net Cash Used by Capital and Related Financing Activities	115,684	(2,217,248)
Net Cash Used by Investment Activities	(1,475,601)	385,557
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ (821,283)</u>	<u>\$ (473,310)</u>

Net Cash Used for Operating Activities increased 9.7 percent. This increase is mainly attributed to:

- a 26.2 percent increase in outside services. Major elements of this increase are a one time payment to the Lake County Engineer for a traffic study, professional services related to a study of medical service, reclassification of expenses originally capitalized due to a canceled project prior year legal expenses billed during 2002.
- a 104.8 percent increase in property and casualty insurance expenses related to pool contributions and an increased deductible for vehicle damage.
- a one time charge of \$355,565 for the Voluntary Retirement Incentive Plan.

Net Cash Provided by Noncapital Financing Activities decreased 0.8 percent. This decrease is attributed to the net effect between a 2.5 percent increase in sales tax revenues and a 13.4 percent decrease in capitalized maintenance reimbursements received. The significant decrease in capitalized maintenance reimbursements is due to a reduction in available funds, especially from ODOT.

Net Cash Provided by Capital and Related Financing Activities was \$115,684 for 2002. During 2001, net cash used by these activities was \$2,217,248. This large fluctuation is primarily due to the fact that total capital spending for 2002 was only 42.6 percent of that spent during 2001.

Net Cash Used by Investment Activities was \$1,475,601 for 2002. During 2001, net cash provided by these activities was \$385,557. This large fluctuation was caused by the purchase of additional government securities during 2002. Although this is considered a decrease to cash and cash equivalents, Laketrans still has the cash in the form of government securities.

## BUDGETARY HIGHLIGHTS

**TABLE 4 - Analysis of Significant Budget Variations**

	Original Budget 2002	Revised Budget 2002	Actual 2002	Variance Favorable/ (Unfavorable)
<b><u>Operating Revenues</u></b>				
Passenger Fares	\$ 900,000	\$ 900,000	\$ 725,450	\$ (174,550)
Auxiliary Transportation Revenues	62,000	62,000	62,033	(33)
<b>Total Operating Revenues</b>	<b>962,000</b>	<b>962,000</b>	<b>787,483</b>	<b>(174,517)</b>
<b><u>Operating Expenses Other Than Depreciation</u></b>				
Labor	4,698,055	4,698,055	4,307,897	390,158
Fringe Benefits	2,329,062	2,329,062	1,983,644	345,418
Voluntary Retirement Incentive Plan	0	430,000	355,565	74,435
Services	312,615	362,615	630,108	(267,493)
Supplies	1,215,500	1,215,500	945,002	270,498
Utilities	179,300	179,300	153,070	26,230
Claims and Insurance	370,000	370,000	324,826	45,174
Purchased Transportation	282,329	282,329	266,025	16,304
Miscellaneous	381,625	381,625	509,953	(128,328)
<b>Total Operating Expenses Other Than Depreciation</b>	<b>9,768,486</b>	<b>10,248,486</b>	<b>9,476,090</b>	<b>772,396</b>
Depreciation	2,000,000	2,000,000	3,035,648	(1,035,648)
<b>Total Operating Expenses</b>	<b>11,768,486</b>	<b>12,248,486</b>	<b>12,511,738</b>	<b>(263,252)</b>
Net Operating Loss	<u><u>\$(10,806,486)</u></u>	<u><u>\$(11,286,486)</u></u>	<u><u>\$(11,724,255)</u></u>	<u><u>\$ (437,769)</u></u>
<b><u>Non-Operating Revenues/(Expenses)</u></b>				
Sales Tax Revenue	\$ 6,983,000	\$ 6,983,000	\$ 7,202,698	\$ 219,698
Federal Grants and Reimbursements	1,000,000	1,000,000	2,233,775	1,233,775
State Grants, Reimbursements and Special Fare Assistance	500,499	500,499	858,289	357,790
Interest Income	550,000	550,000	455,738	(94,262)
Net Increase/(Decrease) in Fair Value of Investments	0	0	26,426	26,426
Non-Transportation Revenues	0	0	53,846	53,846
Non-Transportation Expenses	0	0	(71,289)	(71,289)
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>\$ 9,033,499</b>	<b>\$ 9,033,499</b>	<b>\$ 10,759,482</b>	<b>\$ 1,725,984</b>

Over the course of the year, Laketran revised the budget, through the passage of resolutions, to include the following items:

- Laketran's share of a traffic study on State Route 2. Project being coordinated by the Lake County Engineer. **\$50,000**
- Voluntary Retirement Incentive Plan. **\$430,000**. \$355,565 of expense related to the plan was recognized in 2002.

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

1. Sales tax comprised 62.4 percent of total revenue. Sales tax proceeds increased .38 percent. This source of revenue has been very flat over the past several years.
2. Federal and state grant reimbursements comprised 26.8 percent of total revenue. It should be noted that actual amounts vary greatly from budgeted amounts. One years actual proceeds do not relate at all to the prior years. Additionally, neither the federal or state government give any indication as to how much should be budgeted. The budget ends up being a “best estimate”

As with any service provider, wages and benefits comprise a large part of the operating budget. 66.5 percent of operating expenses were attributed to wages and benefits. These expenses were under budget for the year.

Services exceeded the budget for a variety of reasons as follows:

- Capital costs reclassified to expense due to cancellation of park and ride at interchange of I-90 and State Route 615.
- Prior year legal expenses not billed until 2002 and recorded as expense in 2002.
- One time payment to Lake County Engineer for Laketran’s share of a county wide traffic study.
- Medical service feasibility study.

Supplies were under budget for two primary reasons as follows:

- The parts inventory increased due to a larger amount of parts now being stocked for motor buses. All parts when initially purchased are expensed. Once the physical inventory is final, parts expense is adjusted upward or downward depending on the outcome of the physical count. Since the parts inventory was up, parts expense decreased. The amount of the adjustment was \$143,000.
- Fuel expenses were \$58,000 under budget.

Expenses for the Voluntary Retirement Incentive Plan were recognized during 2002. This item was not budgeted for during 2002 because the related resolution was not passed until March 2002 and a reasonable estimate of the expense was not available until mid-year.

The unfavorable variance in miscellaneous expense was due to increased advertising during 2002.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of 2002, Laketran had \$25,083,662 invested in a broad range of capital assets including land, buildings, equipment, office furniture/fixtures/equipment, parking lots, communication equipment and vehicles. This amount represents a net decrease of \$1,187,856 or 4.5 percent from 2001.

### Capital Assets at Year End

	2002	2001
Land	\$ 2,442,643	\$ 2,442,643
Buildings	11,378,675	11,378,152
Transportation Vehicles and Equipment	23,116,348	20,244,152
Furniture, Vehicles and Equipment	526,443	573,946
Construction In Progress	977,387	2,668,830
	<u>38,441,496</u>	<u>37,307,723</u>
Less: Accumulated Depreciation	13,441,496	11,036,205
<b>Total Capital Assets, Net</b>	<u>\$ 25,083,662</u>	<u>\$ 26,271,518</u>

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

#### DISCUSSION OF CURRENTLY KNOWN FACTS

Exclusive of capital grant reimbursements, Laketrans has experienced relatively flat revenues since 2000. Capital grant reimbursements can be very volatile from one year to the next because they are based upon the availability of governmental funds for capital purchases rather than bus operations.

During this period of flat revenues, operating expenses have continued to grow because there have been no reductions to service. As the gap between revenues and expenses closes, income will have to increase or the possibility of service cuts will have to be considered. The approved 2003 budget is balanced.

During 2003 Lake County voters will be asked to reapprove the 1/4 percent sales tax which provides Laketrans with a majority of its funding. Passage is critical to the future of Laketrans. The current sales tax expires July 31, 2004.

# **Basic Financial Statements**



**LAKETRAN**  
**STATEMENTS OF NET ASSETS**  
**DECEMBER 31, 2002 AND 2001**

	2002	2001
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 5,456,488	\$ 6,235,804
Investments	11,220,082	9,171,624
Receivables:		
Federal Grants	211,730	870,044
State Grants	0	11,260
Trade	46,314	57,529
Sales Tax	1,179,355	1,215,031
Fuel Tax Refund	20,326	0
Accrued Interest	59,900	112,616
Materials and Supplies	553,734	439,794
Prepaid Expenses	24,100	35,739
<b>Total Current Assets</b>	<b>18,772,029</b>	<b>18,149,441</b>
<b><u>Restricted Assets</u></b>		
Cash and Cash Equivalents	44,390	86,357
<b><u>Other Assets</u></b>		
Grants Receivable:		
Federal Grants	1,914,153	0
Capital Assets, net (Note 11)	25,083,662	26,271,518
<b>TOTAL ASSETS</b>	<b>\$ 45,814,234</b>	<b>\$ 44,507,316</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 308,420	\$ 287,586
Accrued Payroll and Benefits	715,914	683,353
Accrued Pension (Note 9)	426,324	80,215
Payable from Restricted Assets:		
Retainage Payable	44,390	86,357
<b>Total Current Liabilities</b>	<b>1,495,048</b>	<b>1,137,511</b>
<b><u>Other Liabilities</u></b>		
Deferred Revenue	1,914,153	0
<b>Total Liabilities</b>	<b>3,409,201</b>	<b>1,137,511</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	25,083,662	26,271,518
Unrestricted	17,321,371	17,098,287
<b>Total Net Assets</b>	<b>42,405,033</b>	<b>43,369,805</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 45,814,234</b>	<b>\$ 44,057,316</b>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b><u>Operating Revenues</u></b>		
Passenger Fares for Transit Service	\$ 711,835	\$ 773,160
Special Transit Fares	13,615	13,431
Auxiliary Transportation Revenue	62,033	52,763
<b>Total Operating Revenues</b>	<u>787,483</u>	<u>839,354</u>
<b><u>Operating Expenses Other Than Depreciation</u></b>		
Labor	4,307,897	4,228,215
Fringe Benefits	1,983,644	1,939,807
Voluntary Retirement Incentive Plan (See Note 9)	355,565	0
Services	630,108	489,268
Fuel and Lubricants	465,342	485,857
Materials and Supplies	479,660	508,511
Utilities	153,070	133,201
Claims and Insurance	324,826	158,569
Purchased Transportation	266,025	247,401
Miscellaneous	509,953	359,286
<b>Total Operating Expenses Other Than Depreciation</b>	<u>9,476,090</u>	<u>8,550,115</u>
Depreciation	3,035,648	2,509,339
<b>Total Operating Expenses</b>	<u>12,511,738</u>	<u>11,059,454</u>
<b>Operating Loss</b>	<u>(11,724,255)</u>	<u>(10,220,100)</u>
<b><u>Non-Operating Revenues and Expenses</u></b>		
Sales Tax Revenue	7,202,698	7,175,596
Federal Grants and Reimbursements	675,379	653,438
State Grants, Reimbursements, and Special Fare Assistance	787,998	931,845
Interest Income	455,738	671,678
Net Increase in Fair Value of Investments	26,426	20,898
Gain/(Loss) on Disposal of Fixed Assets	(71,289)	(124,464)
Non-Transportation Revenues	53,846	84,364
<b>Total Non-Operating Revenues and Expenses</b>	<u>9,130,796</u>	<u>9,413,355</u>
Loss before Capital Contributions	<u>(2,593,459)</u>	<u>(806,745)</u>
<b><u>Capital Funding</u></b>		
Federal Grants and Reimbursements	1,558,396	2,168,471
State Grants and Reimbursements	70,291	728,924
Local Grants	0	37,914
<b>Total Capital Funding</b>	<u>1,628,687</u>	<u>2,935,309</u>
Increase (Decrease) in Net Assets	<u>(964,772)</u>	<u>2,128,564</u>
Total Net Assets, Beginning of Year	43,369,805	41,241,241
<b>Total Net Assets, End of Year</b>	<u>\$ 42,405,033</u>	<u>\$ 43,369,805</u>

See accompanying notes to the basic financial statements.

**LAKETRAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 798,698	\$ 853,507
Cash Payments for Goods and Services	(2,930,777)	(2,455,065)
Cash Payments for Employees' Services	(6,268,436)	(6,056,039)
<b>Net Cash Used for Operating Activities</b>	<b>(8,400,515)</b>	<b>(7,657,597)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Sales Tax Received	7,238,374	7,060,660
Operating Grants Received	1,684,906	1,945,609
Non-Transportation Revenue	15,869	9,209
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>8,939,149</b>	<b>9,015,478</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Capital Grants Received	2,076,733	2,468,663
Acquisition and Construction of Capital Assets	(2,001,393)	(4,693,425)
Net Proceeds from Sale of Assets	40,344	7,514
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>115,684</b>	<b>(2,217,248)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Received	508,454	642,183
Purchase of Investment Securities	(15,515,925)	(9,546,826)
Proceeds from Maturities of Investments	13,531,870	9,290,200
<b>Net Cash Provided (Used) by Investment Activities</b>	<b>(1,475,601)</b>	<b>385,557</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(821,283)	(473,810)
Cash and Cash Equivalents at Beginning of Year	6,322,161	6,795,971
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 5,500,878</b>	<b>\$ 6,322,161</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b>		
Operating Loss	\$ (11,724,255)	\$(10,220,100)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	3,035,648	2,509,339
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	11,215	14,153
Materials and Supplies	(113,940)	(147,257)
Fuel Tax Refund	(20,326)	0
Prepaid Expenses	11,639	12,555
Increase (Decrease) in:		
Accounts Payable	20,834	74,916
Accrued Payroll and Benefits	32,561	75,579
Accrued Pension	346,109	23,218
Total Adjustments	3,323,740	2,562,503
<b>Net Cash Used for Operating Activities</b>	<b>\$ (8,400,515)</b>	<b>\$ (7,657,597)</b>

See accompanying notes to the basic financial statements.

Schedule of Noncash Investing Capital and Financing Activities - The net change in the fair value of investments was \$26,426 and \$20,898 as of December 31, 2002 and 2001, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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NOTE 1: **ORGANIZATION**

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

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

**Summary of Significant Accounting Policies**

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

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

**Financial Reporting Entity**

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

Under the guidelines of GASB Statement No. 14, Laketran is a jointly governed organization. All nine members of its Board are appointed by the Lake County Board of Commissioners. The Lake County Board of Commissioners did not provide any support or have any significant financial transactions with Laketran during 2002 or 2001.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

**Basis of Presentation**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Changes in Accounting Principles**

Effective January 1, 2002, Laketran adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*. GASB Statement No. 34 establishes financial reporting standards for all state and local governments and related entities. GASB Statement No. 34 primarily relates to presentation and disclosure requirements. The impact of this accounting change was related to the format of the financial statements, presentation of net assets, the inclusion

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

**Changes in Accounting Principles** (Continued)

of management's discussion and analysis, additional disclosures for capital assets, and the preparation of the statements of cash flows on the direct method.

GASB Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of GASB Statement No. 34. GASB Statement No. 38 had an impact on the presentation of the notes to the financial statements, but no impact on net assets.

**Use of Estimates**

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

**Cash, Cash Equivalents, and Investments**

For the purposes of the statement of cash flows, Laketran considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

The carrying amount of cash equivalents and investments is fair value. The net change in fair value of investments is recorded on the Statements of Revenues, Expenses, and Changes in Net Assets, and includes the unrealized and realized gains and losses on investments.

**Inventory**

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

**Capital Assets and Depreciation**

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

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

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

**Capital Assets and Depreciation** (Continued)

<u>Description</u>	<u>Years</u>
Buildings	30
Building Improvements	10
Equipment	5-10
Furniture and Fixtures	5-10
Parking Lots and Bus Shelters	10
Communication System	15
Vehicles	4-12

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

**Compensated Absences**

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

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

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. For 2002 and 2001, there was no debt related to capital assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2002 and 2001, there were no restricted net assets.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

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

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

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

**Investment Policy**

State statutes and Board resolutions authorize 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, and the State Treasurer's Asset Reserve (STAR Ohio) investment pool.

**Reclassifications**

Certain amounts included in the 2001 financial statements have been reclassified to conform to the 2002 presentation.

NOTE 3: **DEPOSITS AND INVESTMENTS**

**Deposits**

Multiple financial institution collateral pools that insure public deposits must maintain collateral amounts in excess of 110 percent of deposits. The collateral pledged in connection with Laketran's deposits is held in the name of the financial institution holding Laketran's deposits.

At December 31, 2002 and 2001, the carrying amount of Laketran's cash deposits were \$5,498,721 and \$4,879,311, respectively, and the bank balances were \$5,600,511 and \$4,927,096, respectively. Deposits totaling \$225,096 and \$286,357 were covered by federal depository insurance at December 31, 2002 and 2001, respectively. The remaining deposits of \$5,375,415 and \$4,640,739, respectively, were covered by collateral pools held in the name of the financial institutions.

Cash and cash equivalents also included petty cash and undeposited cash of \$1,257 and \$1,255 at December 31, 2002 and December 31, 2001, respectively.



**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

**Investment Pool**

At December 31, 2002 and 2001, Laketran had \$900 and \$1,441,595, respectively, invested in the State Treasurer's Asset Reserve (STAROhio). STAROhio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price (a constant price of \$1.00 per share), which is the price the investment could be sold for on December 31, 2002 and 2001, respectively. These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**Investments**

During 1998, Laketran adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and Eternal Investment Pools*, which provides for accounting for investments with maturities greater than one year at fair value. As of December 31, 2002 and December 31, 2001, Laketran's investments were:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b><u>December 31, 2002</u></b>			
U.S. Government and Agency Securities	\$ 11,150,157	\$ 11,220,082	\$ 69,925
<b><u>December 31, 2001</u></b>			
U.S. Government and Agency Securities	\$ 9,128,125	\$ 9,171,624	\$ 43,499

Laketran's investments are detailed below and are categorized to give an indication of the level of credit risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by Laketran or its agent in Laketran's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in Laketran's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in Laketran's name. Balances with STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

Description	<u>Risk Category</u>			Fair Value/ Carrying Value
	1	2	3	
<b><u>December 31, 2002</u></b>				
U.S. Government and Agency Securities			\$ 11,220,082	\$ 11,220,082
Investment in State Treasurer's Investment Pool (STAROhio)				900
Total			<u>\$ 11,220,082</u>	<u>\$ 11,220,982</u>
<b><u>December 31, 2001</u></b>				
U.S. Government and Agency Securities			\$ 9,171,624	\$ 9,171,624
Investment in State Treasurer's Investment Pool (STAROhio)				1,441,595
Total			<u>\$ 9,171,624</u>	<u>\$ 10,613,219</u>

NOTE 4: **RESTRICTED ASSETS**

Restricted asset deposits consist of the following:

**Escrow Retainage**

Laketrans maintains funds in escrow for retainages payable on construction contracts. The balances in escrow at December 31, 2002 and 2001 were \$44,390 and \$86,357, respectively.

NOTE 5: **GRANT ASSISTANCE**

**Federal Grant**

Preventive maintenance operating expenses became eligible for federal capital assistance under the Department of Transportation's 1998 appropriations act. Revenues are recognized in the year earned, which is the year in which eligible expenses are incurred. For the years ended December 31, 2002 and 2001, Laketrans recognized \$675,379 and \$653,438, respectively. In addition, Laketrans recognized capital grant reimbursements as revenue in 2002 and 2001 of \$1,558,396 and \$2,168,471, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

**State Grant**

The Ohio Department of Transportation typically enacts very similar regulations to those of the U.S. Department of Transportation. Preventive maintenance operating expenses are eligible for state capital assistance with certain restrictions which depend upon availability of federal funds. For the years ended December 31, 2002 and 2001, Laketrans recognized revenue of \$485,160 and \$643,507, respectively. In addition, Laketrans recognized capital grant reimbursements as revenue in 2002 and 2001 of \$70,291 and \$728,924, respectively.

**State of Ohio Elderly and Disabled Transit Fare Assistance**

The State of Ohio provides a grant each year to help defray the high costs of transporting Lake County residents who are elderly or have disabilities. For the years ended December 31, 2002 and 2001, Laketrans received \$302,838 and \$288,339, respectively.

NOTE 6: **OTHER REVENUE**

In May, 1994, the Lake County electorate voted to continue a levy of one-quarter of one percent sales tax, which shall be in effect for ten years, to provide local funding for all transit purposes for the years 1994 through 2004.

For the years ended December 31, 2002 and 2001, sales tax revenues totaled \$7,202,698 and \$7,175,596, respectively. Laketrans records sales tax revenues and receivables as the sales taxes are earned, which is the year in which the related exchange transaction is incurred.

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

Effective July 1, 1991, all employees of Laketrans are required to be members of the Ohio Public Employees Retirement System of Ohio (OPERS), a cost-sharing, multiple-employer pension plan.

**Ohio Public Employees Retirement System**

The following information was provided by OPERS to assist Laketrans in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

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

Laketrans contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The 2002 and 2001 employer contribution rates were 13.55 percent of covered payroll of which 5 percent and 4.3 percent were the portions used to fund health care for the years 2002 and 2001, respectively. Laketrans's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$640,406, \$631,178, and \$450,376, respectively, which were equal to the required contributions for each year.

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The portions of the 2002 and 2001 employer contributions used to fund health care were \$240,214 and \$200,300, respectively.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the System's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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

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

assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of OPERS' net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten year "cliff" eligibility standards for the present plan.

The benefit recipients will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipients to apply their allowance toward specific medical expenses, much like a medical spending account.

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, 2002 and 2001 amounted to approximately \$426,591 and \$435,613, respectively.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

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**NOTE 9: VOLUNTARY RETIREMENT INCENTIVE PLAN**

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

The total expense recognized in 2002 was \$355,565 and is included in operating activities. The amount recognized was based on estimates of costs of the retirement incentive plan to Laketran for eligible employees provided by OPERS and adjusted to reflect the amount that is probable to become a liability to Laketran for the plan.

**NOTE 10: RISK MANAGEMENT**

Laketran is a member of the Ohio Transit Risk Pool Association, Inc. (OTRP). OTRP is a joint self-insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for 10 member transit agencies. Laketran pays an annual premium to OTRP for its general insurance coverage and pays quarterly into a loss and administration fund pursuant to its bylaws. The Agreement of Formation provides that OTRP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and casualty losses in excess of \$250,000 for each insured occurrence. Laketran has a \$1,000 deductible for any claim or occurrence. The pool-shared losses are \$99,000 maximum combined per occurrence for property losses and \$249,000 maximum combined per occurrence for casualty losses. Laketran's share of the potential losses is 7.89 percent at December 31, 2002.

Beginning January 1, 2002, the deductible for auto physical damage claims increased from \$1,000 to \$25,000 per occurrence. As of March 1, 2003, the deductible was reduced to \$10,000 per occurrence. Commercial property claims and liability claims remained at \$1,000 per occurrence.

Pool paid losses exceeded contributions for the OTRP in fiscal year 1999. An assessment on pool members was made in the amount of \$256,717. Laketran's share of this assessment was 7.89 percent or \$20,255. This assessment was made during 2001. To date, no such assessment has been made for OTRP for fiscal years 2002, 2001, or 2000.

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001**  
**(CONTINUED)**

**NOTE 10: RISK MANAGEMENT (Continued)**

Adequate commercial insurance was carried in each of the years 2000, 2001, and 2002 to cover losses in excess of pool coverage limits.

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

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

**NOTE 11: CAPITAL ASSETS**

Capital assets consist of the following at December 31, 2002 and 2001:

<u>2002</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Beginning Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	2,668,830	1,065,704	(2,757,147)	977,387
<b>Total Capital Assets Not Being Depreciated</b>	<b>5,111,473</b>	<b>1,065,704</b>	<b>(2,757,147)</b>	<b>3,420,030</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings	11,378,152	523	0	11,378,675
Transportation Vehicles and Equipment	20,244,152	3,634,011	(761,815)	23,116,348
Furniture, Vehicles, and Equipment	573,946	16,357	(63,860)	526,443
Total Capital Assets Being Depreciated	32,196,250	3,650,891	(825,675)	35,021,466
Less: Accumulated Depreciation	11,036,205	3,035,648	(714,019)	13,357,834
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>21,160,045</b>	<b>615,243</b>	<b>(111,656)</b>	<b>21,663,632</b>
<b>Total Capital Assets, Net</b>	<b>\$ 26,271,518</b>	<b>\$ 1,680,947</b>	<b>\$ (2,868,803)</b>	<b>\$ 25,083,662</b>
	=====	=====	=====	=====
<u>2001</u>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	4,495,524	2,200,792	(4,027,486)	2,668,830
<b>Total Capital Assets Not Being Depreciated</b>	<b>6,938,167</b>	<b>2,200,792</b>	<b>(4,027,486)</b>	<b>5,111,473</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings	10,168,596	1,209,556	0	11,378,152
Transportation Vehicles and Equipment	15,657,252	5,473,852	(886,952)	20,244,152
Furniture, Vehicles, and Equipment	568,151	33,171	(27,376)	573,946
Total Capital Assets Being Depreciated	26,393,999	6,716,579	(914,328)	32,196,250
Less: Accumulated Depreciation	9,317,004	2,509,339	(790,138)	11,036,205
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>17,076,995</b>	<b>4,207,240</b>	<b>(124,190)</b>	<b>21,160,045</b>
<b>Total Capital Assets, Net</b>	<b>\$ 24,015,162</b>	<b>\$ 6,408,032</b>	<b>\$ (4,151,676)</b>	<b>\$ 26,271,518</b>
	=====	=====	=====	=====

**LAKETRAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**  
**(CONTINUED)**

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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, 2002 or 2001.



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**Statistical  
Section  
2002**

**LAKETRAN**

**FARE BOX RECOVERY PERCENTAGE  
LAST TEN YEARS**

	<u>Percentage</u>
1993 .....	N/A
1994 .....	N/A
1995 .....	N/A
1996 .....	22.27
1997 .....	21.16
1998 .....	20.95
1999 .....	21.16
2000 .....	19.13
2001 .....	17.02
2002 .....	15.43

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

**Fare Structure - December 31, 2002**

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

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

LAKETRAN

REVENUES BY SOURCE  
LAST TEN YEARS

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Fares	\$ 384,791	\$ 414,323	\$ 454,822	\$ 539,139
Sales Tax	4,398,476	5,846,187	5,453,031	5,648,412
Federal:				
Operating Grants	200,000	200,000	500,000	315,135
Capitalized Maintenance	0	0	0	0
Capital Grant Reimbursement	0	0	0	0
State:				
Operating Grants	566,653	511,573	518,150	513,341
Capitalized Maintenance	0	0	0	0
Special Fare Assistance	118,953	126,712	144,557	185,048
Capital Grant Reimbursement	0	0	0	0
Investment Income	138,876	318,473	421,132	505,584
Other	14,344	136,702	107,910	170,403
Total Revenues	<u>\$5,822,093</u>	<u>\$7,553,970</u>	<u>\$7,599,602</u>	<u>\$7,877,062</u>

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<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$ 556,237	\$ 637,223	\$ 722,634	\$ 783,561	\$ 786,591	\$ 725,450
5,923,447	6,718,865	6,731,568	7,130,985	7,175,596	7,202,698
280,152	51,991	0	0	0	0
0	662,897	538,921	729,505	653,438	675,379
0	0	0	0	2,168,471	1,558,396
420,569	513,779	0	0	0	0
0	40,120	207,343	181,158	643,507	485,160
186,996	222,595	251,187	262,596	288,339	302,838
0	0	0	0	728,923	70,291
637,990	740,433	804,563	942,995	671,678	455,738
180,887	353,748	68,397	279,759	71,475	71,016
<u>\$8,186,278</u>	<u>\$9,941,651</u>	<u>\$9,324,613</u>	<u>\$10,310,559</u>	<u>\$13,188,018</u>	<u>\$11,546,966</u>
=====	=====	=====	=====	=====	=====

**LAKETRAN**

**EXPENSES BY FUNCTION  
LAST TEN YEARS**

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	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Transportation	\$ 2,217,807	\$ 2,369,186	\$ 2,875,845	\$ 3,189,385
Maintenance	672,507	790,162	889,781	985,394
General and Administrative	1,047,978	1,187,402	1,013,692	944,063
Depreciation	853,230	895,341	1,188,698	1,328,291
Total Operating Expenses	<u>4,791,522</u>	<u>5,242,091</u>	<u>5,968,016</u>	<u>6,447,133</u>
Non-Operating Expenses	<u>0</u>	<u>158,064</u>	<u>0</u>	<u>0</u>
Total Expenses	<u><u>\$ 4,791,522</u></u>	<u><u>\$ 5,400,155</u></u>	<u><u>\$ 5,968,016</u></u>	<u><u>\$ 6,447,133</u></u>

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<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$ 3,434,824	\$ 3,786,149	\$ 4,200,339	\$ 5,343,398	\$ 5,919,510	\$ 6,426,428
1,182,494	1,230,277	1,367,045	932,218	1,183,482	1,330,986
1,017,067	1,277,764	1,337,006	1,473,154	1,447,123	1,718,676
1,564,648	2,020,213	1,957,379	2,244,237	2,509,339	3,035,648
<u>7,199,033</u>	<u>8,314,403</u>	<u>8,861,769</u>	<u>9,993,007</u>	<u>11,059,454</u>	<u>12,511,738</u>
<u>0</u>	<u>11,075</u>	<u>134,694</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 7,199,033</u>	<u>\$ 8,325,478</u>	<u>\$ 8,996,463</u>	<u>\$ 9,993,007</u>	<u>\$11,059,454</u>	<u>\$12,511,738</u>

## LAKETRAN

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

Transportation Industry (1):

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other</u>	<u>Total</u>	<u>Federal</u>	<u>State &amp; Local</u>	<u>Total</u>	
1993	36.8	4.4	41.2	5.6	53.2	58.81	100.0
1994	37.6	12.6	50.2	5.1	44.7	49.8	100.0
1995	37.3	15.4	52.7	4.5	42.8	47.3	100.0
1996	38.7	15.3	54.0	3.1	42.9	46.0	100.0
1997	38.7	17.0	55.7	3.3	41.0	44.3	100.0
1998	37.8	17.5	55.3	3.6	41.1	44.7	100.0
1999	37.3	16.4	53.7	3.9	42.4	46.3	100.0
2000	36.1	17.4	53.5	4.1	42.4	46.5	100.0
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Laketran:

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other(2)</u>	<u>Total</u>	<u>Federal</u>	<u>State &amp; Local(3)</u>	<u>Total</u>	
1993	6.6	2.6	9.2	3.4	87.4	90.8	100.0
1994	5.6	4.0	9.6	2.7	87.7	90.4	100.0
1995	6.0	7.0	13.0	6.6	80.4	87.0	100.0
1996	6.8	8.6	15.4	4.0	80.6	84.6	100.0
1997	6.8	10.1	16.9	3.4	79.7	83.1	100.0
1998	6.4	10.9	17.3	7.2	75.5	82.7	100.0
1999	7.9	8.0	15.9	5.9	78.2	84.1	100.0
2000	7.6	11.9	19.5	7.1	73.4	80.5	100.0
2001	7.6	8.0	15.6	6.3	78.1	84.4	100.0
2002	7.3	5.3	12.6	6.8	80.6	87.4	100.0

(1) Source: American Public Transit Association, APTA 2003 Transit Fact Book, table 17

(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 percents)

Transportation Industry (1):

<u>Year</u>	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services</u>	<u>Materials and Supplies</u>	<u>Utilities</u>	<u>Casualty and Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Operating Expenses</u>
1993	45.7	25.4	5.3	8.9	3.6	3.4	10.4	(2.7)	100.0
1994	45.9	24.8	4.7	8.9	3.6	3.4	10.9	(2.2)	100.0
1995	46.0	25.1	4.8	9.0	3.5	2.9	10.8	(2.1)	100.0
1996	46.0	24.0	5.0	9.1	3.6	2.7	11.8	(2.2)	100.0
1997	46.3	23.8	5.6	9.2	3.6	2.7	11.6	(2.8)	100.0
1998	46.7	24.5	5.9	9.4	3.3	2.4	10.8	(3.0)	100.0
1999	46.3	24.6	5.9	9.2	3.3	2.2	11.5	(3.0)	100.0
2000	45.9	23.9	5.7	10.0	3.2	2.2	12.2	(3.1)	100.0
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Laketran:

<u>Year</u>	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services</u>	<u>Materials and Supplies</u>	<u>Utilities</u>	<u>Casualty and Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Operating Expenses</u>
1993	45.5	23.1	6.6	9.0	1.8	5.5	3.8	4.7	100.0
1994	45.2	20.9	4.7	11.3	1.6	5.1	6.8	4.4	100.0
1995	46.6	20.2	4.9	9.3	1.8	4.5	8.3	4.4	100.0
1996	48.9	21.2	4.4	9.6	2.3	3.6	5.6	4.4	100.0
1997	47.3	20.2	6.4	11.0	2.2	2.4	6.1	4.4	100.0
1998	47.5	20.4	8.4	9.4	1.9	2.7	5.0	4.7	100.0
1999	48.4	21.3	6.1	10.5	1.8	2.6	3.4	5.9	100.0
2000	48.4	22.3	7.3	9.5	1.6	2.1	3.4	5.4	100.0
2001	49.5	22.7	5.7	11.6	1.6	1.9	2.9	4.1	100.0
2002	45.3	21.2	6.6	9.8	1.7	3.4	2.8	9.2	100.0

(1) Source: American Public Transit Association, APTA 2003 Transit Fact Book, table 24

(2) Excludes depreciation expense

**LAKETRAN**

**OPERATING STATISTICS  
LAST TEN YEARS**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b><u>System Ridership</u></b>				
Motor Bus (directly operated)	213,867	227,269	241,547	277,220
Motor Bus (contract service)	98,880	100,855	102,563	100,857
Dial-A-Ride (directly operated)	193,677	215,632	223,940	250,563
Dial-A-Ride (contract service)	33,487	42,396	48,138	48,128
Van Pool (contract service)	3,530	3,072	0	0
Jitney (contract service)	0	0	0	0
<b><u>Average Daily System Ridership</u></b>				
Motor Bus (directly operated)	697	740	787	903
Motor Bus (contract service)	388	396	402	396
Dial-A-Ride (directly operated)	631	702	729	816
Dial-A-Ride (contract service)	131	166	189	189
Van Pool (contract service)	22	24	0	0
Jitney (contract service)	0	0	0	0
<b><u>Average Daily Miles Operated</u></b>				
Motor Bus (directly operated)	1,413	1,475	1,398	1,638
Motor Bus (contract service)	419	426	426	426
Dial-A-Ride (directly operated)	5,613	5,769	6,271	7,526
Dial-A-Ride (contract service)	312	801	872	583
Van Pool (contract service)	150	150	0	0
Jitney (contract service)	0	0	0	0
<b><u>Revenue Miles</u></b>				
Motor Bus (directly operated)	330,217	344,818	326,166	360,777
Motor Bus (contract service)	41,200	42,024	43,872	42,024
Dial-A-Ride (directly operated)	1,480,576	1,521,479	1,660,935	2,004,585
Dial-A-Ride (contract service)	76,285	177,171	193,549	134,866
Van Pool (contract service)	22,050	19,200	0	0
Jitney (contract service)	0	0	0	0

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<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
326,649	424,172	519,414	553,050	579,536	572,382
100,857	46,222	0	0	0	0
256,244	266,369	279,564	295,025	309,067	310,784
46,958	48,728	44,245	43,858	44,496	43,596
140	0	2,056	2,048	0	0
0	0	0	11,103	28,232	30,358
1,064	1,382	1,691	1,801	1,887	1,864
396	396	0	0	0	0
835	868	911	961	1,007	1,012
184	191	174	172	174	171
7	0	8	8	0	0
0	0	0	131	141	152
2,113	2,746	3,159	3,407	3,425	3,356
426	426	0	0	0	0
7,541	7,610	8,224	8,524	8,864	8,660
631	769	783	775	748	750
29	0	50	49	0	0
0	0	0	28	34	37
477,543	594,755	659,722	737,318	748,786	758,717
42,024	19,261	0	0	0	0
1,937,076	2,022,898	2,190,313	2,260,533	2,364,512	2,317,045
142,398	173,609	170,506	175,273	171,727	168,406
580	0	12,850	12,800	0	0
0	0	0	2,373	6,702	7,469

LAKETRAN

OPERATING STATISTICS  
LAST TEN YEARS

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	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b><u>Passenger Miles</u></b>				
Motor Bus (directly operated)	1,156,244	1,229,525	2,405,182	3,224,630
Motor Bus (contract service)	1,977,600	2,017,152	2,058,096	2,017,152
Dial-A-Ride (directly operated)	2,110,495	2,196,361	2,281,949	3,072,304
Dial-A-Ride (contract service)	165,340	209,429	237,802	277,284
Van Pool (contract service)	264,600	249,600	0	0
Jitney (contract service)	0	0	0	0

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<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
3,512,907	4,715,989	6,154,820	6,533,682	6,643,894	6,416,873
2,017,152	924,528	0	0	0	0
2,918,130	3,098,459	3,297,086	3,593,193	3,601,893	3,502,979
308,984	321,893	297,441	319,212	318,333	296,365
0	0	46,260	46,080	0	0
0	0	0	3,701	9,411	10,119

**LAKETRAN**

**OPERATING STATISTICS  
LAST TEN YEARS**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b><u>Energy Consumption</u></b>				
Motor Bus				
Gallons of diesel	49,617	58,392	57,522	73,975
Gallons of natural gas	0	0	0	0
Gallons of purinox	0	0	0	0
Dial-A-Ride				
Gallons of diesel	129,390	159,137	153,984	181,697
Gallons of gasoline	16,529	0	0	0
Gallons of natural gas	0	0	175	197
Gallons of purinox	0	0	0	0
<b><u>Fleet Requirement</u></b>				
Motor Bus (directly operated)	8	9	10	11
Motor Bus (contract service)	0	0	1	0
Dial-A-Ride (directly operated)	34	34	40	50
Dial-A-Ride (contract service)	5	7	7	7
Van Pool (contract service)	1	1	0	0
<b><u>Total Active Vehicles</u></b>				
Motor Bus (directly operated)	12	13	16	16
Motor Bus (contract service)	0	0	1	0
Dial-A-Ride (directly operated)	45	48	55	54
Dial-A-Ride (contract service)	5	9	10	8
Van Pool (contract service)	1	1	0	0
<b><u>Number of Employees</u></b>				
Full Time Equivalent	88	92	107	116

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<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
67,076	77,115	102,521	112,050	69,880	78,966
61,931	106,477	114,212	127,596	127,966	124,599
0	0	0	0	42,180	42,622
171,672	179,404	194,211	201,290	214,472	161,074
0	0	0	0	0	0
214	267	0	0	0	0
0	0	0	0	13,743	86,907
17	24	24	30	30	30
0	0	0	0	0	0
51	51	54	54	60	60
9	8	8	9	9	9
0	0	1	1	0	0
30	29	29	36	36	36
0	0	0	0	0	0
55	55	60	60	66	65
9	11	14	16	15	15
0	0	1	1	1	0
121	132	132	150	156	154

# LAKETRAN

## LAKE COUNTY DEMOGRAPHICS

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### County Population by Decade

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

### Age and Population Distribution - 2000

<u>Age</u>	<u>Total</u>	<u>Female</u>	<u>Percentage Female</u>
0-14	45,471	22,329	49.11
15-24	26,149	12,698	48.56
25-34	29,247	14,593	49.90
35-44	38,345	19,453	50.73
45-54	33,689	17,184	51.01
55-64	22,566	11,810	52.34
65 +	32,044	18,913	59.02
2000	227,511	116,980	51.42



LAKETRAN

LAKE COUNTY DEMOGRAPHICS

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Population By Race - 2000

<u>Race</u>	<u>Total</u>	Percentage of <u>Population</u>
White	217,041	95.40
African-American	4,527	1.99
Asian	2,048	0.90
Two or more races	2,098	0.92
Other	1,797	0.79
	<u>227,511</u>	<u>100.00</u>
	=====	=====

Note: The Hispanic population included above is 3,879 and may be of any race.

# LAKETRAN

## LAKE COUNTY DEMOGRAPHICS

### Average Weekly Earnings by Industry

<u>Industry</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Manufacturing	697.78	716.66	755.66	779.62	799.81	820.08
Trade	328.60	39.62	352.46	366.08	386.59	399.03
Services	397.91	420.20	427.40	446.39	457.44	476.86
Government	517.13	540.18	558.85	579.36	584.24	606.77
Construction	578.47	601.59	625.08	668.52	741.88	673.18
Financial Services	497.03	544.81	592.17	639.82	665.86	675.45
Transportation/Utilities	700.98	763.29	797.85	800.31	693.92	699.01

### Employment By Industry

<u>Industry</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Manufacturing	27,468	28,114	28,504	28,341	27,922	28,519
Trade	23,924	24,061	24,471	25,530	26,367	26,370
Services	19,509	20,207	21,152	22,214	22,872	22,934
Government	10,790	10,802	10,903	10,976	11,272	11,632
Construction	4,032	4,141	4,577	4,804	4,927	4,843
Financial Services	2,728	2,670	2,749	2,996	2,996	3,012
Transportation/Utilities	2,808	2,995	2,805	2,610	2,617	2,905
All Other	2,204	2,202	2,243	1,931	2,137	2,139
Total	<u>93,463</u>	<u>95,192</u>	<u>97,404</u>	<u>99,402</u>	<u>101,110</u>	<u>102,354</u>

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

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



**Auditor of State  
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**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  
SEPTEMBER 4, 2003**