

LAKETRAN

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 28, 2008

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**LAKETRAN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Board of Trustees
Laketran
Grand River, Ohio

We have audited the financial statements of the business-type activities of Laketran, Ohio as of and for the year ended December 31, 2007, which collectively comprise Laketran, Ohio's basic financial statements and have issued our report thereon dated March 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Laketran, Ohio, in a separate letter dated March 31, 2008.

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


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

March 31, 2008

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

*Certified Public Accountants
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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, Ohio, 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, 2007. Laketran, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Laketran, Ohio's management. Our responsibility is to express an opinion on Laketran, Ohio's compliance based on our audit.

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

In our opinion, Laketran, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Laketran, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Laketran, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Laketran, Ohio's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.


A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of Laketran, Ohio as of and for the year ended December 31, 2007, and have issued our report thereon dated March 31, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Laketran, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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


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

March 31, 2008

LAKETRAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE	Federal CFDA Number	Grant Number	Grand Total
<u>U.S. Department of Transportation</u>			
Federal Transit Cluster			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-90-0462	\$ 593,253
		OH-90-0505	549,884
		OH-90-0529	126,938
		OH-90-0591	<u>1,837,980</u>
Subtotal CFDA #20.507			<u>3,108,055</u>
Federal Transit Administration Capital Improvement Grants	20.500	OH-03-0007	809,628
		OH-03-0004	<u>161,926</u>
Total U.S. Department of Transportation			<u>971,554</u>
Total Federal Expenditures			<u><u>\$ 4,079,609</u></u>

LAKETRAN
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: BASIS OF ACCOUNTING

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

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

LAKETRAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
FOR THE YEAR ENDED DECEMBER 31, 2007

1. Summary of Auditor's Results

2007(i)	Type of Financial Statement Opinion	Unqualified
2007(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2007(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2007(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2007(iv)	Were there any material significant deficiency conditions reported for major federal programs?	No
2007(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2007(v)	Type of Major Programs' Compliance Opinion	Unqualified
2007(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list): Federal Transit Cluster: Federal Transit Administration Capital and Operating Assistance Formula Grants - CFDA #20.507 Federal Transit Administration Capital Improvement Grants - CFDA #20.500	
2007(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: > All Others
2007 (ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**LAKETRAN
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**Comprehensive
Annual Financial Report
For The Years Ended December 31, 2007 and 2006**

LAKETRAN

LAKE COUNTY, OHIO



Introductory Section

2007

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**Comprehensive
Annual Financial Report
For The Years Ended December 31, 2007 and 2006**

LAKETRAN

LAKE COUNTY, OHIO



J.Terrell Dillard
President
Board of Trustees

Raymond Jurkowski
General Manager/
Secretary-Treasurer

LAKETRAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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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, 2006

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.



Charles S. Cox

President

Jeffrey R. Enos

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laketran, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



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March 31, 2008

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Laketran for the year ended December 31, 2007. This is the seventh such report issued by Laketran. It has become the standard format used in presenting the results of Laketran's operations, financial position, cash flows, and related statistical information.

Laketran takes great pride in the fact that its six previous CAFRs earned the recognition of the Government Finance Officer's Association of the United States and Canada (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting.

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

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



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

REPORTING ENTITY

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

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

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

Administration:

- Controller
- 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 2007, Laketran had 169 full-time equivalent employees. The system delivered 829,584 revenue miles of motor bus service and 2,360,718 revenue miles of directly operated paratransit service. The service fleet was composed of 38 motor bus coaches and 76 paratransit buses.

LAKETRAN'S SERVICE AREA

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

CURRENT YEAR REVIEW

During the year 2007, Laketran received the following national awards for financial reporting::

- The Distinguished Budget Presentation Award for the 2007 operating and capital budget from the GFOA..
- Certificate of Achievement for Excellence in Financial Reporting for the 2006 CAFR from the GFOA.

Ridership changes from 2006 to 2007 are as follows: Directly operated Dial-a-Ride decreased 7.2 percent while contract Dial-a-Ride increased by 60.4 percent (overall, Dial-a-Ride ridership decreased 0.2% but more service was contracted while less was directly operated). Local fixed route service increased 0.7 percent and commuter express service decreased 1.1 percent. Jitney service was turned over to Lakeland Community College during the year. Ridership figures and percentage increases/(decreases) over the prior year, for the past ten years, are as follows:

1998: 785,491	7.5%	2003: 947,609	(1.0%)
1999: 845,279	7.6%	2004: 1,018,742	7.5%
2000: 905,084	7.1%	2005: 1,070,754	5.1%
2001: 961,331	6.2%	2006: 1,058,926	(1.1%)
2002: 957,120	(0.4%)	2007: 1,017,211	(3.9%)

Note: Exclusive of the elimination of jitney service, overall ridership decreased 1.9%. Much of this was commuter express ridership and is attributed to route changes necessitated by the Euclid Corridor project in downtown Cleveland.

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 2007, eighteen high mileage demand response vehicles were taken out of service. Eighteen new vehicles were purchased to replace them. The total cost of these eighteen vehicles was \$1,214,442. Laketran operates one of the largest directly operated Dial-A-Ride services in the United States. The fleet consists of seventy-six buses.

Design work began on the facility improvements the Laketran headquarters during 2004. One building addition contains a larger driver's room and dispatch center. It is located adjacent to the garage entrance and exit. Another building addition expanded the parts room in the maintenance department. Additionally, improvements were made to the maintenance department, farebox room, and administrative offices. This "facility modification" project was complete in early 2007 and cost \$3,476,000.

The passenger information program began in 2004 and is expected to continue until 2008. This involves installing ride guides at many bus stops along Laketrans' local fixed route system. Ride guides will be affixed to bus stop sign poles and contain such valuable passenger information as bus schedules, maps of the various routes, fares, how to contact Laketrans, etc. \$143,000 has been spent to date and it is expected another \$75,000 will be spent in 2008.

Commuter express service from Classic Ballpark (Route 14), started in April 2004. The Federal Transit Administration provided operating funds for this route for a period of three years which ended on March 31, 2007. The final \$25,000 of the \$300,000 grant was received during 2007.

With the exception of the two small areas of the building just constructed, the entire roof was replaced in 2007. At the end of 2007, the project was nearly complete and cost \$1,253,000.

Fourteen 1998 MCI motor buses have reached the halfway point in their useful lives and need major engine work in order to remain in service until 2014. This work, began in 2007, and will be complete in 2008. The total cost is expected to be \$857,000

FUTURE PLANS

Laketrans currently has a capital improvement plan in place through the year 2012. This plan was developed to provide for the future transportation needs of all Lake County residents and includes:

- **Paratransit Buses:** Up to 90 small (seating capacity 11 to 13) and large (seating capacity 15 to 17) vehicles will be purchased over the next five years. Most are expected to replace older, high mileage vehicles scheduled to be taken out of service. Some may serve as fleet additions if fewer vehicles are disposed of than are purchased. This decision will be made annually based on demand for additional service and budget constraints. Total cost is expected to be \$6,496,000.
- **Replace 12 35' Low Floor Motor Buses:** The entire fleet of New Flyer CNG powered buses is scheduled for replacement in 2009. Total cost is expected to be \$4,468,000.
- **Replace 4 30' Optima Local Fixed Route Motor Buses:** All four of these buses are scheduled to be replaced in 2010. Total cost is expected to be \$1,489,000.
- **Non-Revenue Vehicles:** Assorted cars and pick-up trucks, some of which are more than ten years old. Total cost is expected to be \$108,000 from 2008-2012.
- **Headquarters Parking Lots:** The employee parking lot and the park-n-ride lot at the Laketrans headquarters need major repairs and resurfacing. Total cost is expected to be \$194,000.
- **Miscellaneous facility repairs:** Repairs as needed are expected to cost \$105,000 from 2008-2012.
- **Madison park-n-ride landscaping:** Landscaping at this facility is in very poor shape. It is estimated it will cost \$20,000 to make necessary renovations.

- **Transit Centers:** These are structures providing shelter for passengers at strategic points such as the start/end of one or more routes. Passengers can wait for and transfer between buses with minimal exposure to harsh weather conditions. Comfortable seating is also provided. Construction of one small center is planned for The Great Lakes Mall in 2009. Total cost of this project is expected to be \$50,000.
- **Repair of Bus Lane at Shoregate:** The asphalt in the bus lane at Shoregate Shopping Center needs replacing. It is proposed to install a concrete pad as this will be a permanent repair. Total cost is expected to be \$20,000.
- **Bus Shelters and Benches:** Additional bus shelters are to be constructed over the next five years at selected bus stops. They will provide seating and protection from harsh weather conditions while people wait for buses. At other stops, new benches are to be installed for rider comfort. Purchase and installation costs from 2008-2012 are expected to be \$126,000.
- **Ride Guides:** These are four sided information holders attached to bus stops. They provide such information as bus schedules, route maps, phone numbers for Laketrans, and assorted other information customers may find useful. This project has been underway for several years and is expected to be complete in 2008. The remaining cost is expected to be \$75,000.
- **Office/Computer Equipment:** It is necessary to continue to upgrade computer equipment so Laketrans employees can continue to provide the kind of service customers are accustomed to. Total cost from 2008-2012 is expected to be \$25,000.
- **Information Systems Development:** As requirements change, systems must be updated. Programming costs from 2008-2012 are expected to cost \$25,000.
- **County Radio System:** The county-wide radio system will become obsolete by 2010. A new system needs to be purchased and installed during 2009. Users of the system are being asked to contribute to the cost based on their percentage of total usage. Laketrans' usage is 11% of the total. Therefore, the contribution being requested is \$1,200,000.
- **Professional Services:** Costs of engineering and design on miscellaneous projects is expected to cost up to \$105,000 from 2008-2012.
- **Miscellaneous Shop Equipment:** This category includes maintenance equipment necessary to maintain all buses in the fleet, as well as proper maintenance of the Laketrans facility. Total cost is expected to be \$125,000 from 2008-2012.

FINANCIAL INFORMATION

Internal Control

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

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

The concept of reasonable assurance recognizes that:

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

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

Basis of Accounting

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

Budgetary Control

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

Retirement Plan

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

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

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

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

Debt

Laketrans has never had any debt.

Cash Management

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

OTHER INFORMATION

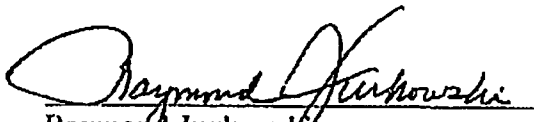
Independent Audit

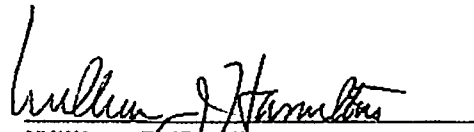
The Laketrans independent audit was conducted by James G. Zupka, CPA, Inc., who has issued an unqualified audit report on the financial statements.

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


Raymond Jurkowski
General Manager/Secretary-Treasurer


William J. Hamilton
Controller and
Certified Public Finance Officer

LAKETRAN
BOARD OF TRUSTEES AND MANAGEMENT
AS OF DECEMBER 31, 2007

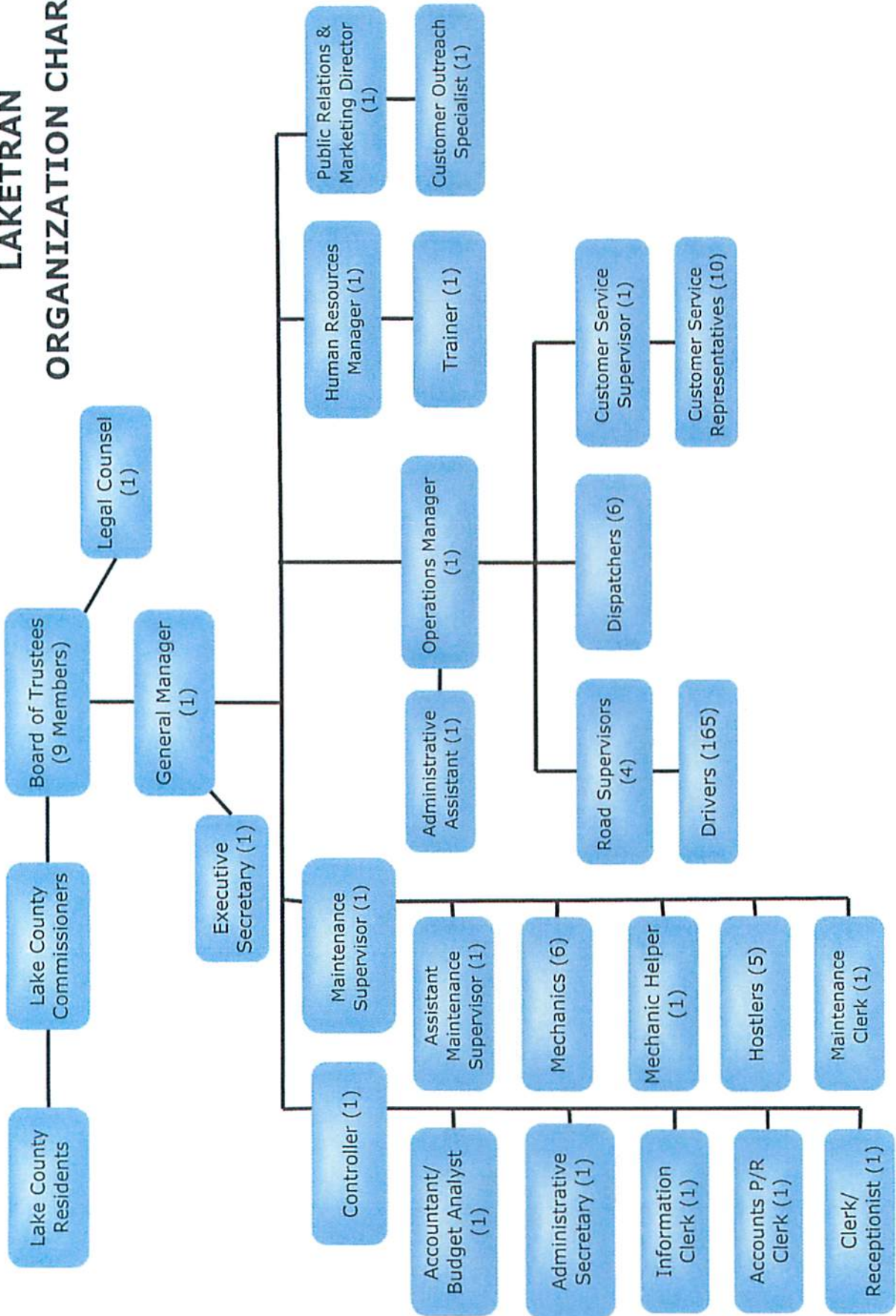
Board of Trustees

Chairman	J. Terrell Dillard
Vice-Chairman	Kevin D. Malecek
Trustees	Jason Boyd Jeanette Crislip Donna P. McNamee Edward J. Podojil Denise J. Powell John C. Redmond Robert C. Roberti

Management

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

LAKETRAN ORGANIZATION CHART



Financial Section

2007

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

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laketran
Grand River, Ohio

We have audited the accompanying financial statements of Laketrans, Ohio, as of and for the years ended December 31, 2007 and 2006, which collectively comprise Laketrans's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Laketrans, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Laketrans, Ohio, as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2008, on our consideration of Laketrans, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 16 through 23 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laketran, Ohio's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



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

March 31, 2008

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007, 2006, and 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5 through 11 of this report.

FINANCIAL HIGHLIGHTS

- Laketran's net assets decreased as a result of current year operations by \$1,938,235 or 4.7 percent over 2006. Net assets for 2006 increased \$487,792, or 1.2 percent from 2005.
- Operating expenses, exclusive of depreciation, were \$12,271,288 in 2007, \$11,427,945 in 2006, and \$11,181,649 in 2005. These represent increases of 7.4 percent and 2.2 percent, respectively.
- Net capital assets were \$27,761,112 at December 31, 2007, \$28,544,750 at December 31, 2006, and \$25,879,519 at December 31, 2005. These represent a decrease of 2.7 percent and an increase of 10.3 percent, respectively.
- Cash and cash equivalents were \$3,084,012 at December 31, 2007, \$3,233,423 at December 31, 2006, and \$3,320,159 at December 31, 2005. These represent decreases of 4.6 percent and 2.6 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$6,526,871 at December 31, 2007, \$8,474,009 at December 31, 2006, and \$10,004,796 at December 31, 2005. These represent a decrease of 23.0 percent and an increase of 15.3 percent, respectively.

NOTE: Cash and cash equivalents, and investments at fair value combined were \$9,610,883 at December 31, 2007, \$11,707,432 at December 31, 2006, and \$13,324,955 at December 31, 2005. These represent decreases of 17.9 percent and 12.1 percent respectively. These cash reserves were used to pay Laketran's local share of capital improvements.

Laketran had Federal and State operating grants receivable of \$1,310,911 at December 31, 2007, \$370,555 at December 31, 2006 and \$769,536 at December 31, 2005. These represent an increase of 253.8% and a decrease of 51.8% respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Laketran's basic financial statements. Laketran's basic financial statements are comprised of four components: **1)** Statements of Net Assets, **2)** Statements of Revenues, Expenses, and Changes in Net Assets, **3)** Statements of Cash Flows, and **4)** Notes to the Basic Financial Statements. The Statements of Net Assets and Statements of Revenue, Expenses, and Changes in Net Assets (pages 24 and 25) provide information about the activities of Laketran and present a longer-term view of its finances.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

One of the most important questions asked about Laketrans finances is, "Is Laketrans 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 Laketrans and its activities in a way that helps answer this question. These statements are prepared on the accrual basis of accounting. Revenues are recorded when earned as opposed to received and expenses are recorded when incurred as opposed to paid.

The basic financial statements report Laketrans net 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 are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors need to be considered such as the condition of Laketrans capital assets (property, equipment, vehicles, etc.).

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

Table 1 - Net Assets

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Assets</u>			
Current Assets	\$ 13,094,943	\$ 14,145,602	\$ 16,083,040
Restricted Assets	116,928	129,015	76,370
Other Assets	3,462,844	4,197,998	1,986,365
Capital Assets	<u>27,761,112</u>	<u>28,544,750</u>	<u>25,879,519</u>
Total Assets	<u>44,435,827</u>	<u>47,017,365</u>	<u>44,025,294</u>
<u>Liabilities</u>			
Current Liabilities	1,759,097	1,652,508	1,628,977
Other Liabilities	<u>3,717,221</u>	<u>4,467,113</u>	<u>1,986,365</u>
Total Liabilities	<u>5,476,318</u>	<u>6,119,621</u>	<u>3,615,342</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Debt	27,741,282	28,515,959	25,872,012
Unrestricted	<u>11,218,227</u>	<u>12,381,785</u>	<u>14,537,940</u>
Total Net Assets	<u>\$ 38,959,509</u>	<u>\$ 40,897,744</u>	<u>\$ 40,409,952</u>

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

Laketrans net assets were \$38,959,509 at December 31, 2007, \$40,897,744 at December 31, 2006, and \$40,409,952 at December 31, 2005. These represent a decrease of 4.7 percent and an increase of 1.2 percent, respectively. Unrestricted net assets were \$11,218,227 at December 31, 2007, \$12,381,785 at December 31, 2006, and \$14,537,940 at December 31, 2005. These represent decreases of 9.4 percent and 14.8 percent, respectively.

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

FINANCIAL RATIOS

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$11,452,774	\$12,622,109	\$14,530,433	\$16,531,397	\$16,462,886

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
7.51	8.64	9.92	16.16	14.16

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
286	374	435	512	563

Liabilities to Net Assets indicates the extent of borrowing.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
14.1%	15.0%	8.9%	8.1%	5.4%

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

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

Table 2 - Changes in Net Assets

	2007	2006	2005
REVENUES			
Operating Revenues			
Passenger Fares	\$ 1,190,339	\$ 1,079,002	\$ 907,448
Auxiliary Transportation Revenue	82,411	76,270	66,241
Total Operating Revenue	1,272,750	1,155,272	973,689
Operating Expenses Other Than Depreciation			
Labor	5,384,569	5,311,698	5,228,225
Fringe Benefits	3,022,379	2,826,144	2,838,873
Services	572,486	511,675	528,066
Fuel and Lubricants	1,089,416	1,002,631	823,304
Materials and Supplies	547,379	445,966	504,858
Utilities	213,375	205,505	179,927
Claims and Insurance	579,289	551,421	567,312
Purchased Transportation	573,128	236,015	233,256
Miscellaneous	289,267	336,890	277,828
Total Operating Expenses Other Than Depreciation	12,271,288	11,427,945	11,181,649
Depreciation	4,397,417	3,669,160	3,524,459
Total Operating Expenses	16,668,705	15,097,105	14,706,108
Operating Loss	(15,395,955)	(13,941,833)	(13,732,419)
Non-Operating Revenues and Expenses			
Sales Tax Revenue	7,913,161	7,728,332	7,552,508
Federal Grant Reimbursements	1,438,721	1,171,239	1,247,047
State Grants, Reimbursements, and Special Fare Assistance	698,419	785,133	717,666
Interest Income	446,010	381,885	345,810
Net Increase (Decrease) in Fair Value of Investments	57,782	136,913	(29,862)
Non-Transportation Revenues	149,763	38,768	9,807
Gain (Loss) on Disposal of Assets	75,339	3,000	81,170
Total Non-Operating Revenue and Expenses	10,779,195	10,245,270	9,924,146
Loss Before Capital Contributions	(4,616,760)	(3,696,563)	(3,808,273)
Capital Funding			
Federal Grants and Reimbursements	2,640,882	4,072,472	2,071,662
State Grants and Reimbursements	37,643	111,883	142,664
Total Capital Funding	2,678,525	4,184,355	2,214,326
Increase (Decrease) in Net Assets	(1,938,235)	487,792	(1,593,947)
Total Net Assets Beginning of Year	40,897,744	40,409,952	42,003,899
Total Net Assets End of Year	\$ 38,959,509	\$ 40,897,744	\$ 40,409,952

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

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

- Federal grant reimbursements decreased from 2006 to 2007 by 22.2 percent and increased from 2005 to 2006 by 58.0 percent. Deferred revenue fluctuates greatly from year to year. This represents federal grant funds approved but not yet eligible to be received, which decreased from 2006 to 2007 by 16.8 percent, and increased from 2005 to 2006 by 124.9 percent.
- Sales tax revenues, Laketran's largest source of revenue, increased from 2006 to 2007 by 2.4 percent, and from 2005 to 2006 by 2.3 percent, respectively. Although these are not extraordinary increases they are encouraging because they come at a time when consumers must spend more for gasoline and home heating fuel. Laketran receives a 1/4% sales tax.
- Investment income increased 16.8 percent from 2006 to 2007 and 10.4 percent from 2005 to 2006, respectively. Rising interest rates and good investment practices contributed to the increase in interest income as the investment portfolio declines because the local portion of capital purchases is now funded by cash reserves.
- Operating expenses, excluding depreciation, increased 7.4 percent from 2006 to 2007 and 2.2 percent from 2005 to 2006, respectively.
- Significant changes in operating expenses are:

Workers compensation increased 18.1% from 2006 to 2007 and 4.7 percent from 2005 to 2006, respectively. This is due to much higher premiums charged by the state.

Fuel and oil costs increased 8.7% from 2006 to 2007 and 21.8% from 2005 to 2006, respectively. This is due to significantly higher fuel costs. Laketran participates in a fuel consortium that has an annual fuel contract. This has proven to be very cost effective.

Custodial and bus shelter cleaning increased by 134.6 percent from 2006 to 2007. Laketran rewrote a much more detailed cleaning specification which caused prices to increase.

Non-vehicle repairs and services increased 344.4 percent from 2006 to 2007 due to the implementation of a new facility maintenance program. Many items that were only repaired as needed are now on a regular maintenance schedule. This is expected to save money.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

Table 3 - Changes in Cash Flows

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Cash Used for Operating Activities	\$(10,783,791)	\$(10,254,068)	\$ (9,698,195)
Net Cash Provided by Noncapital Financing Activities	9,044,481	9,938,252	9,743,622
Cash Flows (Used) by Capital and Related Financing	(874,654)	(1,726,771)	(1,627,167)
Net Cash Provided (Used) by Investment Activities	<u>2,452,466</u>	<u>2,008,496</u>	<u>(129,490)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (161,498)</u>	<u>\$ (34,091)</u>	<u>\$ (1,711,230)</u>

Net cash used for operating activities increased 5.2 percent from 2006 to 2007 and 5.7 percent from 2005 to 2006, respectively.

Net cash provided by noncapital financing activities decreased 9.0 percent from 2006 to 2007 and increased 2.0 percent from 2005 to 2006.

Net cash provided/(used) by capital and related financing activities decreased 49.3 percent from 2006 to 2007 and increased 6.1 percent from 2005 to 2006.

Net cash provided/(used) by investment activities increased 22.1 percent from 2006 to 2007 and very substantially from 2005 to 2006. This was primarily caused by the fact that two large capital projects (the facility modification and the MDT/AVL project) required a large amount of local funding. Cash reserves had to be used to pay for this.

CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of 2006, most of the costs of the three major projects (facility modification, New Flyer rebuilds, and the MDT/AVL project) had been incurred. Those two projects account for why net capital assets increased 10.3 percent from 2005 to 2006.

Capital spending was much less in 2007. The roof replacement and a much less extensive refurbishment of the 1998 MCI's were the only non-recurring capital projects of any consequence. The added value of these did not exceed annual depreciation so the value of net capital assets decreased during 2007.

At the end of 2007, Laketrans had \$27,761,112 (net) invested in a broad range of capital assets including land, buildings, equipment, office furniture/fixtures/equipment, parking lots, communication equipment, and vehicles. This amount represents a net decrease of \$783,638 or 2.7 percent from 2006.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

Table 4 - Capital Assets at Year End

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$ 2,442,643	\$ 2,442,643	\$ 2,442,643
Buildings	14,664,271	14,484,030	11,394,545
Transportation Vehicles and Equipment	35,888,575	33,058,374	29,185,566
Furniture and Equipment	796,311	789,318	723,612
Construction in Progress	<u>1,329,577</u>	<u>1,622,711</u>	<u>2,322,145</u>
	55,121,377	52,397,076	46,068,511
Less: Accumulated Depreciation	<u>27,360,265</u>	<u>23,852,326</u>	<u>20,188,992</u>
Total Capital Assets, Net	<u>\$ 27,761,112</u>	<u>\$ 28,544,750</u>	<u>\$ 25,879,519</u>

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

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

DISCUSSION OF CURRENTLY KNOWN FACTS

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

During 2007, operating and non-operating revenues increased 5.7 percent while operating expenses (other than depreciation) increased 7.4 percent. Wages and benefits are 68.5 percent of operating expenses but these only increased 3.3 percent. Included in this modest 3.3 percent increase in wages and benefits were increases in healthcare costs and workers' compensation costs.

Fuel and oil which comprises 11 percent of the operating budget increased 8.7 percent.

Services increased 11.9 percent primarily because a new facility maintenance schedule was put in place. Initially, quite a bit of catch up work had to be done. It is now felt these expenses are under control and will not be excessive in the future and maintenance becomes more preventive than after the fact.

During November, 2003, Lake County voters overwhelmingly approved the 1/4 percent sales tax which provides Laketrans with a majority of its funding. This levy was approved by a margin of 67 percent for and 33 percent against. The old levy expired July 31, 2004, and the new levy took effect on August 1, 2004. The current levy expires July 31, 2014.

LAKETRAN
MANAGEMENT'S DISCUSSION & ANALYSIS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

Sales tax revenue has been relatively flat for several years. During 2007, sales tax revenue increased 2.4 percent over 2006. The average increase over the past five years is only 1.91 percent. Sales tax provided Laketrans with 65.7 percent of its operating costs in 2007.

During this same period, fuel costs have increased 62.9 percent and workers compensation has increased 91.8 percent. It should be noted that being in a workers comp. Group currently saves Laketrans about \$233,000 a year.

Another major budget item is healthcare coverage. The increase over the past five years has been much more modest at 13.9 percent but this still exceeds the rate at which additional revenues can be generated.

Laketrans needs additional revenue in order to maintain the high quality of premium services offered to its riders.

LAKETRAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2007 AND 2006

	2007	2006
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,084,012	\$ 3,233,423
Investments	6,526,871	8,474,009
Receivables:		
Federal Grants	1,310,712	369,117
State Grants	199	1,438
Trade	78,544	64,887
Sales Tax	1,240,956	1,175,491
Accrued Interest	91,489	93,025
Alternative Fuel Tax Credit	88,141	0
Materials and Supplies	619,810	717,569
Prepaid Expenses	54,209	16,643
Restricted Cash	116,928	129,015
Total Current Assets	13,211,871	14,274,617
Non-Current Assets:		
Federal Grants Receivable	3,462,844	4,197,998
Non-Depreciable Capital Assets	3,772,220	4,065,354
Depreciable Capital Assets, net	23,988,892	24,479,396
Total Non-Current Assets	31,223,956	32,742,748
TOTAL ASSETS	\$ 44,435,827	\$ 47,017,365
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 443,365	\$ 399,971
Capital Leases Payable	19,830	28,791
Accrued Payroll and Benefits	1,178,974	1,044,905
Accrued OTRP Special Assessments	0	45,767
Payable from Restricted Assets:		
Retainage Payable	116,928	133,074
Total Current Liabilities	1,759,097	1,652,508
Other Liabilities:		
Deferred Revenue	3,717,221	4,467,113
Total Other Liabilities	3,717,221	4,467,113
Total Liabilities	5,476,318	6,119,621
 <u>Net Assets</u>		
Invested in Capital Assets	27,741,282	28,515,959
Unrestricted	11,218,227	12,381,785
Total Net Assets	38,959,509	40,897,744
TOTAL LIABILITIES AND NET ASSETS	\$ 44,435,827	\$ 47,017,365

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
<u>Operating Revenues</u>		
Passenger Fares for Transit Service	\$ 1,186,476	\$ 1,071,268
Special Transit Fares	3,863	7,734
Auxiliary Transportation Revenue	82,411	76,270
Total Operating Revenues	1,272,750	1,155,272
<u>Operating Expenses Other Than Depreciation</u>		
Labor	5,384,569	5,311,698
Fringe Benefits	3,022,379	2,826,144
Services	572,486	511,675
Fuel and Lubricants	1,089,416	1,002,631
Materials and Supplies	547,379	445,966
Utilities	213,375	205,505
Claims and Insurance	579,289	551,421
Purchased Transportation	573,128	236,015
Miscellaneous	289,267	336,890
Total Operating Expenses Other Than Depreciation	12,271,288	11,427,945
Depreciation	4,397,417	3,669,160
Total Operating Expenses	16,668,705	15,097,105
Operating Loss	(15,395,955)	(13,941,833)
<u>Non-Operating Revenues and Expenses</u>		
Sales Tax Revenue	7,913,161	7,728,332
Federal Grants and Reimbursements	1,438,721	1,171,239
State Grants, Reimbursements, and Special Fare Assistance	698,419	785,133
Interest Income	446,010	381,885
Net Increase in Fair Value of Investments	57,782	136,913
Gain/(Loss) on Disposal of Capital Assets	75,339	3,000
Non-Transportation Revenues	149,763	38,768
Total Non-Operating Revenues and Expenses	10,779,195	10,245,270
Loss before Capital Contributions	(4,616,760)	(3,696,563)
<u>Capital Funding</u>		
Federal Grants and Reimbursements	2,640,882	4,072,472
State Grants and Reimbursements	37,643	111,883
Total Capital Funding	2,678,525	4,184,355
Increase (Decrease) in Net Assets	(1,938,235)	487,792
Total Net Assets, Beginning of Year	40,897,744	40,409,952
Total Net Assets, End of Year	\$ 38,959,509	\$ 40,897,744

See accompanying notes to the basic financial statements.

LAKETRAN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,170,952	\$1,143,716
Cash Payments for Goods and Services	(3,259,141)	(3,392,353)
Cash Payments for Employees' Services	(8,845,365)	(8,044,199)
Non-Transportation Revenue	149,763	38,768
Net Cash Used for Operating Activities	(10,783,791)	(10,254,068)
 <u>Cash Flows from Noncapital Financing Activities</u>		
Sales Tax Received	7,847,697	7,712,765
Operating Grants Received	1,196,784	2,225,487
Net Cash Provided by Noncapital Financing Activities	9,044,481	9,938,252
 <u>Cash Flows from Capital and Related Financing Activities</u>		
Proceeds from Capital Leases	0	21,284
Capital Grants Received	2,663,787	4,583,336
Acquisition and Construction of Capital Assets	(3,613,894)	(6,334,391)
Net Proceeds from Sale of Assets	75,453	3,000
Net Cash Provided (Used) by Capital and Related Financing Activities	(874,654)	(1,726,771)
 <u>Cash Flows from Investing Activities</u>		
Interest Received	447,546	340,796
Purchase of Investment Securities	(5,995,080)	(4,532,300)
Proceeds from Maturities of Investments	8,000,000	6,200,000
Net Cash Provided (Used) by Investment Activities	2,452,466	2,008,496
Net Increase (Decrease) in Cash and Cash Equivalents	(161,498)	(34,091)
Cash and Cash Equivalents at Beginning of Year	3,362,438	3,396,529
Cash and Cash Equivalents at End of Year	\$ 3,200,940	\$ 3,362,438
 <u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>		
Operating Loss	\$(15,395,955)	\$(13,941,833)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	4,397,417	3,669,160
Non-Transportation Revenue	149,763	38,768
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	(101,798)	(11,557)
Materials and Supplies	97,759	(27,656)
Prepaid Expenses	(37,566)	16,803
Increase (Decrease) in:		
Accounts Payable (includes Capital Lease payable)	34,433	(45,630)
Accrued Payroll and Benefits	134,069	36,939
Accrued Pension and Other Payables	(61,913)	10,938
Total Adjustments	4,612,164	3,687,765
Net Cash Used for Operating Activities	\$(10,783,791)	\$(10,254,068)

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 \$57,782 and \$136,913 as of December 31, 2007 and 2006, respectively.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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 2007 or 2006.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

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

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

Use of Estimates

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

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, Laketran considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents. The carrying amount of cash equivalents and investments is fair value. The net change in fair value of investments is recorded on the Statements of Revenues, Expenses, and Changes in Net 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. Laketran maintains a capitalization threshold of \$300.

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

<u>Description</u>	<u>Years</u>
Buildings	30
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 probably that the conditions of compensation will be met in the future.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Compensated Absences (Continued)

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

Net 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 2007 and 2006, 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, 2007 and 2006, there were no restricted net assets.

Recognition of Revenue, Receivables, and Deferred Revenues

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

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

Investment Policy

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

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Change in Accounting Principles

For fiscal year 2007, Laketran implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold.

The establishment of GASB Statement No. 48 did not have an effect on the financial statements of Laketran.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash On Hand

At December 31, 2007 and 2006, Laketran had undeposited cash on hand, including petty cash, of \$1,456 and \$1,456, respectively.

At December 31, 2007 and 2006, the carrying value amount of Laketran's cash deposits were \$2,798,435 and \$3,359,985, respectively. Based on criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosures*, as of December 31, 2007 and 2006, deposits totaling \$300,000 and \$200,000, respectively, were covered by Federal Depository Insurance and deposits totaling \$2,756,087 and \$3,134,485, respectively, were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in Laketran's name.

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

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Investments

Laketran has a formal investment policy. Laketran follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2007 and 2006 fair value was \$57,782 and \$136,913 above Laketran's net cost for investments, respectively. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

Laketran places no limit on the amount it may invest in any one issuer. Laketran's investment in U.S. Government Securities represents 99.9 percent of Laketran's total investments.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Cash and investments at 2007 year-end were as follows:

Investment Type	Fair Value	Credit Rating (*)	Investment Maturities (in Years)	
			< 1	1-2
STAROhio	\$ 1,049	AAA	\$ 1,049	\$ 0
Repurchase Agreement	400,000	AAA	400,000	0
U.S. Government and Agency Securities	6,526,871	AAA	1,500,605	5,026,266
Carrying Amount of Deposits	2,798,435		2,798,435	0
Petty Cash	1,456		1,456	0
Totals	<u>\$ 9,727,811</u>		<u>\$ 4,701,545</u>	<u>\$5,026,266</u>

* Standard & Poor's rating.

NOTE 4: **RESTRICTED ASSETS**

Restricted asset deposits consist of the following:

Escrow Retainage

Laketran maintains funds in escrow for retainage payable on construction contracts. The balances in escrow at December 31, 2007 and 2006 were \$116,928 and \$129,015, 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, 2007 and 2006, Laketran recognized \$1,438,721 and \$1,171,239, respectively. In addition, Laketran recognized capital grants reimbursements as revenue in 2007 and 2006 of \$2,640,882, and \$4,072,472, respectively. Laketran received federal CMAQ funding to help fund new service. The amount received in 2007 was \$48,416.

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, 2007 and 2006, Laketran recognized revenue of \$174,931 and \$140,067, respectively. In addition, Laketran recognized capital grant reimbursements as revenue in 2007 and 2006 of \$37,643 and \$111,883, respectively.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

State of Ohio Elderly and Disabled Transit Fare Assistance

The State of Ohio provides a grant each year to help defray the high costs of transporting Lake County residents who are elderly or have disabilities. For the years ended December 31, 2007 and 2006, Laketrans received \$523,488 and \$645,066, respectively.

NOTE 6: **OTHER REVENUE**

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

For the years ended December 31, 2007 and 2006, sales tax revenues totaled \$7,913,161 and \$7,728,332, 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: **PENSION PLAN**

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, by calling (614) 222-6705 or 1-800-222-7377 or by using the OPERS website at www.opers.org.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. Laketran's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Laketran's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$842,308, \$802,393, and \$712,103, respectively; 92.06 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member directed plan for 2007 were \$17,456 made by Laketran and \$11,973 made by the plan members.

NOTE 8: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2007 local employer contribution rate was 13.85 percent of covered payroll, 5.00 percent from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Ohio Public Employees Retirement System (Continued)

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

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$304,082. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

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

NOTE 9: **COMPENSATED ABSENCES**

Employees of Laketrans earn vacation and sick leave at various rates under Laketrans policy. In case of death, termination, or retirement, an employee or their estate is paid for portions of these benefits. Laketrans records a liability for vacation, holiday, and sick hours earned but not used at year-end at the employees' current wage rate. Laketrans' obligations for these amounts at December 31, 2007 and 2006 amounted to approximately \$659,246 and \$600,526 respectively.

Changes in compensated absences liabilities are as follows:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
2007	\$ 600,526	\$ 572,878	\$ 514,158	\$ 659,246
2006	506,834	554,174	460,482	600,526

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

NOTE 10: VOLUNTARY RETIREMENT INCENTIVE PLAN

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

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

NOTE 11: RISK MANAGEMENT

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

During the loss year of December 1, 2006 - November 30, 2007, OTRP provided to Laketran, commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage, the pool provided \$50,000,000 in coverage and retained \$250,000. The following coverages were also provided: auto liability \$7,500,000, crime \$4,000,000, general liability, E&O, and EBL \$5,000,000. For each of these lines the pool retained \$1,000,000.

Laketran's deductible for all claims was \$1,000 except for auto physical damage which was \$5,000.

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

As of December 31, 2007, Laketran has met all obligations to OTRP. There are no special assessments being billed at this time and there are no known loss developments which would lead to a special assessment.

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

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

Laketran pays OTRP through an initial contribution for excess insurance and quarterly payments for their loss and administrative fee. Laketran's contribution percentage for 2007 was 15.892 percent in the primary layer and 12.205 percent in the secondary layer.

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

The final installment was paid in January of 2007 and was reduced by OTRP to \$22,884. This is included in operating activities.

OTRP has announced that in early 2008 they will be closing out loss year 2003 and there is a surplus that all members will share in. Laketran's share is \$199,703. OTRP has made two recommendations as follows: 1) A portion of this be drawn down and 2) Approximately \$100,000 be left on deposit with OTRP in an interest bearing account to shelter us against future assessments that may occur.

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

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

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

NOTE 12: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2007 and 2006:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>2007</u>				
Capital Assets Not Being Depreciated				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	1,622,711	2,120,964	(2,414,098)	1,329,577
Total Capital Assets Not Being Depreciated	<u>4,065,354</u>	<u>2,120,964</u>	<u>(2,414,098)</u>	<u>3,772,220</u>
Capital Assets Being Depreciated				
Buildings	14,484,030	180,241	0	14,664,271
Transportation Vehicles and Equipment	33,058,374	3,684,449	(854,248)	35,888,575
Furniture and Office Equipment	789,318	42,338	(35,345)	796,311
Total Capital Assets Being Depreciated	<u>48,331,722</u>	<u>3,907,028</u>	<u>(889,593)</u>	<u>51,349,157</u>
Less: Accumulated Depreciation				
Buildings	(4,779,059)	(510,028)	0	(5,289,087)
Transportation Vehicles and Equipment	(18,542,461)	(3,804,470)	854,246	(21,492,685)
Furniture and Office Equipment	(530,806)	(82,919)	35,232	(578,493)
Total Accumulated Depreciation	<u>(23,852,326)</u>	<u>(4,397,417)</u>	<u>889,478</u>	<u>(27,360,265)</u>
Total Capital Assets Being Depreciated, Net	<u>24,479,396</u>	<u>(490,389)</u>	<u>(115)</u>	<u>23,988,892</u>
Total Capital Assets, Net	<u>\$ 28,544,750</u>	<u>\$ 1,630,575</u>	<u>\$ (2,414,213)</u>	<u>\$ 27,761,112</u>
<u>2006</u>				
Capital Assets Not Being Depreciated				
Land	\$ 2,442,643	\$ 0	\$ 0	\$ 2,442,643
Construction in Progress	2,322,146	5,068,870	(5,768,305)	1,622,711
Total Capital Assets Not Being Depreciated	<u>4,764,789</u>	<u>5,068,870</u>	<u>(5,768,305)</u>	<u>4,065,354</u>
Capital Assets, Being Depreciated				
Buildings	11,394,545	3,089,485	0	14,484,030
Transportation Vehicles and Equipment	29,185,564	3,878,635	(5,825)	33,058,374
Furniture and Office Equipment	723,612	65,706	0	789,318
Total Capital Assets Being Depreciated	<u>41,303,721</u>	<u>7,033,826</u>	<u>(5,825)</u>	<u>48,331,722</u>
Less: Accumulated Depreciation				
Buildings	(4,380,263)	(398,796)	0	(4,779,059)
Transportation Vehicles and Equipment	(15,337,722)	(3,210,564)	5,825	(18,542,461)
Furniture and Office Equipment	(471,006)	(59,800)	0	(530,806)
Total Accumulated Depreciation	<u>(20,188,991)</u>	<u>(3,669,160)</u>	<u>5,825</u>	<u>(23,852,326)</u>
Total Capital Assets Being Depreciated, Net	<u>21,114,730</u>	<u>3,364,666</u>	<u>0</u>	<u>24,479,396</u>
Total Capital Assets, Net	<u>\$ 25,879,519</u>	<u>\$ 8,433,536</u>	<u>\$ (5,768,305)</u>	<u>\$ 28,544,750</u>

LAKETRAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006
(CONTINUED)

NOTE 13: CAPITAL LEASES

In prior years, Laketran entered into leases for the acquisition of copiers. Laketran's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13, *Accounting for Leases*.

Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2007:

<i>Capital Assets being Depreciated:</i>	
Furniture and Office Equipment	\$ 36,323
Less Accumulated Depreciation:	
Furniture, Fixtures, and Equipment	<u>(15,612)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>\$ 20,711</u>
Year Ending	
<u>December 31</u>	
2008	\$ 7,264
2009	5,289
2010	4,894
2011	<u>4,158</u>
Total Minimum Lease Payments	21,605
Less: Amount Representing Interest	<u>(1,775)</u>
Present Value of Minimum Lease Payments	<u>\$ 19,830</u>

NOTE 14: 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, 2007 or 2006.

LAKETRAN

LAKE COUNTY, OHIO



Statistical Section

2007

STATISTICAL SECTION

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

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Financial Trends

These schedules contain trend information to help the reader understand how Laketrans' financial performance and well being have changed over time. 42-44

Revenue Capacity

These schedules contain information to help the reader assess Laketrans' operating revenues and comparisons to the transportation industry. 45-47

Operating Information

These schedules contain service data to help the reader understand how the information in Laketrans' financial report relates to the services Laketrans provides and the activities it performs. 48-52

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Laketrans' financial activities take place. 53-55

LAKETRAN
NET ASSETS BY COMPONENT
LAST SEVEN YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Invested in Capital Assets	\$ 26,271,518	\$ 25,083,662	\$ 27,780,052	\$ 25,793,484	\$ 26,209,778	\$ 28,515,959	\$ 27,741,282
Unrestricted	<u>17,098,287</u>	<u>17,321,371</u>	<u>16,472,278</u>	<u>16,540,674</u>	<u>14,530,433</u>	<u>12,381,785</u>	<u>11,218,227</u>
Total Net Assets	<u>\$ 43,369,805</u>	<u>\$ 42,405,033</u>	<u>\$ 44,252,330</u>	<u>\$ 42,334,158</u>	<u>\$ 40,740,211</u>	<u>\$ 40,897,744</u>	<u>\$ 38,959,509</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Operating Revenue</u>										
Fares	\$ 637,223	\$ 722,634	\$ 783,561	\$ 786,591	\$ 725,450	\$ 761,657	\$ 822,817	\$ 907,448	\$ 1,079,002	\$ 1,190,339
Auxiliary Transportation Revenue	<u>45,357</u>	<u>50,947</u>	<u>69,723</u>	<u>52,763</u>	<u>62,033</u>	<u>55,235</u>	<u>59,125</u>	<u>66,241</u>	<u>76,270</u>	<u>82,411</u>
Total Operating Revenues	<u>682,580</u>	<u>773,581</u>	<u>853,284</u>	<u>839,354</u>	<u>787,483</u>	<u>816,892</u>	<u>881,942</u>	<u>973,689</u>	<u>1,155,272</u>	<u>1,272,750</u>
<u>Non Operating Revenues</u>										
Sales Tax	6,718,865	6,731,568	7,130,985	7,175,596	7,202,698	7,440,528	7,637,134	7,552,508	7,728,332	7,913,161
Federal Grants and Reimbursements	714,888	538,921	729,505	653,438	675,379	884,993	1,468,880	1,247,047	1,171,239	1,438,721
State Grants, Reimbursements, and Special Fare Assistance	776,494	458,530	443,754	931,846	787,998	740,021	568,148	717,666	785,133	698,419
Interest Income	740,433	804,563	942,995	671,678	455,738	323,731	295,111	345,810	381,885	446,010
Net (Increase)/Decrease in Fair Value of Investments	0	(134,694)	169,466	20,898	26,426	(86,703)	(128,814)	(29,862)	136,913	57,782
Gain/(Loss) on Disposal of Capital Assets	1,103	16,625	0	(124,464)	(71,289)	0	61,909	81,170	3,000	75,339
Non-Transportation Revenues	<u>296,213</u>	<u>825</u>	<u>40,570</u>	<u>84,364</u>	<u>53,846</u>	<u>6,322</u>	<u>28,425</u>	<u>9,807</u>	<u>38,768</u>	<u>149,763</u>
Total Non-Operating Revenues	<u>9,247,996</u>	<u>8,416,338</u>	<u>9,457,275</u>	<u>9,413,356</u>	<u>9,130,796</u>	<u>9,308,892</u>	<u>9,930,793</u>	<u>9,924,146</u>	<u>10,245,270</u>	<u>10,779,195</u>
<u>Capital Funding</u>										
Federal Grants and Reimbursements	4,836,608	762,616	952,945	996,767	1,558,396	4,621,004	1,103,312	2,071,662	4,072,472	2,640,882
State Grants and Reimbursements	<u>628,329</u>	<u>544,566</u>	<u>515,272</u>	<u>199,397</u>	<u>70,291</u>	<u>350,678</u>	<u>170,461</u>	<u>142,664</u>	<u>111,883</u>	<u>37,643</u>
Total Capital Funding	<u>5,464,937</u>	<u>1,307,182</u>	<u>1,468,217</u>	<u>1,196,164</u>	<u>1,628,687</u>	<u>4,971,682</u>	<u>1,273,773</u>	<u>2,214,326</u>	<u>4,184,355</u>	<u>2,678,525</u>
Total Revenues	<u>15,395,513</u>	<u>10,497,101</u>	<u>11,778,776</u>	<u>11,448,874</u>	<u>11,546,966</u>	<u>15,097,466</u>	<u>12,086,508</u>	<u>13,112,161</u>	<u>15,584,897</u>	<u>14,730,470</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Operating Expenses</u>										
Labor	\$ 2,991,018	\$ 3,344,056	\$ 3,750,767	\$ 4,228,215	\$ 4,307,897	\$ 4,443,650	\$ 4,846,414	\$ 5,228,225	\$ 5,311,698	\$ 5,384,569
Fringe Benefits	1,285,588	1,473,962	1,730,369	1,939,807	1,983,644	2,449,787	2,517,417	2,838,873	2,826,144	3,022,379
Retirement Incentive Plan	0	0	0	0	355,565	0	0	0	0	0
Services	525,581	419,057	566,270	489,268	630,108	654,579	609,115	528,066	511,675	572,486
Fuel and Lubricants	241,505	300,496	454,963	485,857	465,342	531,737	668,839	823,304	1,002,631	1,089,416
Materials and Supplies	353,195	422,932	277,880	508,511	479,660	556,373	474,348	504,858	445,966	547,379
Utilities	120,087	126,062	127,819	133,201	153,070	152,147	155,817	179,927	205,505	213,375
Claims and Insurance	168,526	176,143	162,528	158,569	324,826	372,329	518,412	567,312	551,421	579,289
Purchased Transportation	313,114	236,368	259,492	247,401	266,025	253,288	208,593	233,256	236,015	573,128
Miscellaneous	<u>295,576</u>	<u>405,314</u>	<u>418,682</u>	<u>359,286</u>	<u>509,953</u>	<u>540,813</u>	<u>453,736</u>	<u>277,828</u>	<u>336,890</u>	<u>289,267</u>
Total Operating Expenses Excluding Depreciation	6,294,190	6,904,390	7,748,770	8,550,115	9,476,090	9,954,703	10,452,691	11,181,649	11,427,945	12,271,288
Depreciation	<u>2,020,213</u>	<u>1,957,379</u>	<u>2,244,237</u>	<u>2,509,339</u>	<u>3,035,648</u>	<u>3,295,466</u>	<u>3,551,989</u>	<u>3,524,459</u>	<u>3,669,160</u>	<u>4,397,417</u>
Total Operating Expenses	<u>8,314,403</u>	<u>8,861,769</u>	<u>9,993,007</u>	<u>11,059,454</u>	<u>12,511,738</u>	<u>13,250,169</u>	<u>14,004,680</u>	<u>14,706,108</u>	<u>15,097,105</u>	<u>16,668,705</u>
Change in Net Assets	<u>\$ 7,082,110</u>	<u>\$ 1,635,332</u>	<u>\$ 1,785,769</u>	<u>\$ 389,420</u>	<u>\$ (964,772)</u>	<u>\$ 1,847,297</u>	<u>\$ (1,918,172)</u>	<u>\$ (1,593,947)</u>	<u>\$ 487,792</u>	<u>\$ (1,938,235)</u>

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

	<u>Percentage</u>
1998	20.95
1999	21.16
2000	19.13
2001	17.02
2002	13.06
2003	13.07
2004	12.71
2005	18.94
2006	16.50
2007	17.85

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

Fare Structure - December 31, 2007

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

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

Transportation Industry (1):

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other</u>	<u>Total</u>	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>	
1998	37.8	17.5	55.3	3.6	41.1	44.7	100.0
1999	37.3	16.4	53.7	3.9	42.4	46.3	100.0
2000	36.1	17.4	53.5	4.1	42.4	46.5	100.0
2001	35.2	14.2	49.4	4.5	46.1	50.6	100.0
2002	32.5	17.3	49.8	5.0	45.2	50.2	100.0
2003	32.6	18.1	50.7	5.8	43.5	49.3	100.0
2004	32.9	16.7	49.6	7.0	43.4	50.4	100.0
2005	32.4	15.7	48.1	7.3	44.6	51.9	100.0
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Laketran:

<u>Year</u>	<u>Operating and Other Miscellaneous Revenue</u>			<u>Operating Assistance</u>			<u>Total Revenues</u>
	<u>Fares</u>	<u>Other(2)</u>	<u>Total</u>	<u>Federal</u>	<u>State & Local(3)</u>	<u>Total</u>	
1998	6.4	10.9	17.3	7.2	75.5	82.7	100.0
1999	7.9	8.0	15.9	5.9	78.2	84.1	100.0
2000	7.6	11.9	19.5	7.1	73.4	80.5	100.0
2001	7.6	8.0	15.6	6.3	78.1	84.4	100.0
2002	7.3	5.3	12.6	6.8	80.6	87.4	100.0
2003	7.5	2.9	10.4	8.7	80.9	89.6	100.0
2004	7.6	2.9	10.5	13.6	75.9	89.5	100.0
2005	8.3	4.4	12.7	11.4	75.9	87.3	100.0
2006	8.6	4.0	12.6	12.7	74.7	87.4	100.0
2007	9.9	6.7	16.6	11.9	71.5	83.4	100.0

(1) Source: American Public Transit Association, APTA 2007 Transit Fact Book, table 52. This book contains 2005 data which is the latest available.

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

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

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

Transportation Industry (1):

<u>Year</u>	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services</u>	<u>Materials and Supplies</u>	<u>Utilities</u>	<u>Casualty and Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Expenses</u>
1998	46.7	24.5	5.9	9.4	3.3	2.4	10.8	(3.0)	100.0
1999	46.3	24.6	5.9	9.2	3.3	2.2	11.5	(3.0)	100.0
2000	45.9	23.9	5.7	10.0	3.2	2.2	12.2	(3.1)	100.0
2001	45.2	24.3	5.9	10.0	3.3	2.1	12.7	(3.5)	100.0
2002	45.1	25.1	6.2	9.2	3.1	2.5	12.0	(3.2)	100.0
2003	43.3	25.7	6.0	9.0	3.0	2.6	13.4	(3.0)	100.0
2004	42.0	26.7	5.8	9.1	3.0	2.6	13.4	(2.6)	100.0
2005	40.2	26.7	5.8	10.1	3.2	2.5	13.8	(2.3)	100.0
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007	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>
1998	47.5	20.4	8.4	9.4	1.9	2.7	5.0	4.7	100.0
1999	48.4	21.3	6.1	10.5	1.8	2.6	3.4	5.9	100.0
2000	48.4	22.3	7.3	9.5	1.6	2.1	3.4	5.4	100.0
2001	49.5	22.7	5.7	11.6	1.6	1.9	2.9	4.1	100.0
2002	45.3	21.2	6.6	9.8	1.7	3.4	2.8	9.2	100.0
2003	44.6	24.6	6.6	10.9	1.5	3.7	2.5	5.6	100.0
2004	46.4	24.1	5.8	10.9	1.5	5.0	2.0	4.3	100.0
2005	46.8	25.4	4.7	11.9	1.6	5.1	2.1	2.4	100.0
2006	46.5	24.7	4.5	12.7	1.8	4.8	2.1	2.9	100.0
2007	43.9	24.6	4.7	13.3	1.7	4.7	4.7	2.4	100.0

(1) Source: American Public Transit Association, APTA 2007 Transit Fact Book, table 47. This book contains 2005 data which is the latest available.

(2) Excludes depreciation expense

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>System Ridership</u>										
Motor Bus (directly operated)	427,172	519,414	553,050	579,536	572,382	563,785	614,303	661,603	634,184	615,656
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	266,369	279,564	295,025	309,067	310,784	301,491	323,126	342,483	337,226	312,831
Dial-A-Ride (contract service)	48,728	44,245	43,858	44,496	43,596	41,516	43,815	40,840	39,040	62,623
Van Pool (contract service)	2,056	2,048	0	0	0	0	0	0	0	0
Jitney (contract service)	0	0	11,103	28,232	30,358	40,817	37,532	25,828	48,476	26,101
<u>Average Daily System Ridership</u>										
Motor Bus (directly operated)	1,391	1,692	1,801	1,888	1,865	1,836	2,001	2,152	2,066	2,005
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	868	911	961	1,007	1,012	982	1,053	1,119	1,098	1,019
Dial-A-Ride (contract service)	191	174	172	174	171	163	172	160	153	246
Van Pool (contract service)	8	8	0	0	0	0	0	0	0	0
Jitney (contract service)	0	0	131	141	152	204	187	129	242	290
<u>Average Daily Vehicle Miles Operated</u>										
Motor Bus (directly operated)	2,746	3,159	3,407	3,425	3,356	3,606	3,904	4,232	4,090	4,018
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	7,610	8,224	8,524	8,864	8,660	8,586	9,164	8,971	8,685	8,650
Dial-A-Ride (contract service)	769	783	775	748	750	655	496	468	440	1,171
Van Pool (contract service)	0	50	49	0	0	0	0	0	0	0
Jitney (contract service)	0	0	28	34	37	38	36	23	45	38
<u>Revenue Miles</u>										
Motor Bus (directly operated)	594,755	659,722	737,318	748,786	758,717	801,365	845,532	886,826	829,455	829,584
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	2,022,898	2,190,313	2,260,533	2,364,512	2,317,045	2,288,492	2,417,107	2,378,128	2,298,482	2,360,718
Dial-A-Ride (contract service)	173,609	170,506	175,273	171,727	168,406	143,949	113,336	107,789	98,568	252,936
Van Pool (contract service)	0	12,850	12,800	0	0	0	0	0	0	0
Jitney (contract service)	0	0	2,373	6,702	7,469	7,686	7,225	4,552	8,980	5,018

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Passenger Miles</u>										
Motor Bus (directly operated)	4,715,989	6,154,820	6,533,682	6,643,894	6,416,873	6,458,013	7,197,352	7,897,397	7,708,043	7,553,957
Motor Bus (contract service)	924,528	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	3,098,459	3,297,086	3,593,193	3,601,893	3,502,979	3,383,030	3,253,833	3,479,600	3,482,573	3,179,646
Dial-A-Ride (contract service)	321,893	297,441	319,212	318,333	296,365	269,472	251,504	239,060	240,604	590,722
Van Pool (contract service)	0	46,260	46,080	0	0	0	0	0	0	0
Jitney (contract service)	0	0	3,701	9,411	10,119	13,606	12,499	8,609	16,159	8,700

**LAKETRAN
OPERATING STATISTICS
LAST TEN YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Energy Consumption</u>										
Motor Bus										
Gallons of diesel	77,115	102,521	112,050	69,880	78,966	93,520	116,314	123,576	123,533	117,116
Gallons of natural gas	106,477	114,212	127,596	127,966	124,599	126,718	109,403	120,939	130,387	136,452
Gallons of purinox	0	0	0	42,180	42,622	18,033	3,204	0	0	0
Dial-A-Ride										
Gallons of diesel	179,404	194,211	201,290	214,472	161,074	231,673	259,088	295,095	274,827	272,198
Gallons of natural gas	267	0	0	0	0	0	0	0	0	0
Gallons of purinox	0	0	0	13,743	86,907	14,175	10,321	0	0	0
<u>Fleet Requirement</u>										
Motor Bus (directly operated)	24	24	30	30	30	30	38	38	38	24
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	51	54	54	60	60	65	63	71	76	76
Dial-A-Ride (contract service)	8	8	9	9	9	9	9	9	9	12
Van Pool (contract service)	0	1	1	0	0	0	0	0	0	0
<u>Total Active Vehicles</u>										
Motor Bus (directly operated)	29	29	36	36	36	36	46	46	46	38
Motor Bus (contract service)	0	0	0	0	0	0	0	0	0	0
Dial-A-Ride (directly operated)	55	60	60	66	65	71	74	74	77	76
Dial-A-Ride (contract service)	11	14	16	15	15	17	18	18	18	20
Van Pool (contract service)	0	1	1	1	0	0	0	0	0	0

LAKERAN
FULL TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Administration</u>										
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Coordinator	1	1	1	1	1	1	1	1	1	1
Controller	1	1	1	1	1	1	1	1	1	1
Director of Development	1	1	1	1	1	1	1	1	1	0
Human Resources Manager	1	1	1	1	1	1	1	1	1	1
Public Relations/Marketing Director	0	0	0	1	1	1	1	1	1	1
Accountant/Budget Analyst	0	0	0	0	0	0	0	1	1	1
Administrative Secretary	1	1	1	1	1	1	1	1	1	1
Accounts Payable/Accounts Payable Representative	1	1	1	1	1	1	1	1	1	1
Information Specialist	1	1	1	1	1	1	1	1	1	1
Customer Outreach Specialist	0	0	0	0	0	0	0	1	1	1
Receptionist	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Administrative	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>	<u>11</u>

LAKERAN
FULL TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS
(CONTINUED)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Maintenance</u>										
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Assistant Maintenance Supervisor	0	0	0	0	0	0	0	1	1	1
Maintenance Clerk	1	1	1	1	1	1	1	1	1	1
Mechanics	5	5	5	5	5	5	5	6	6	6
Mechanics Helper	0	0	0	0	1	1	1	1	1	1
Hostler	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total Maintenance	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>15</u>
<u>Operations</u>										
Operations Manager	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Dispatchers/Schedulers	5	5	5	5	5	5	5	5	6	6
Customer Service Supervisor	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	6	6	6	6	6	6	6	6	6	8
Road Supervisors	3	3	3	4	4	4	4	4	4	4
Trainer	0	0	0	1	1	1	1	1	1	1
Drivers	<u>84</u>	<u>94</u>	<u>94</u>	<u>109</u>	<u>114</u>	<u>123</u>	<u>124</u>	<u>126</u>	<u>125</u>	<u>121</u>
Total Operations	<u>101</u>	<u>111</u>	<u>111</u>	<u>128</u>	<u>133</u>	<u>142</u>	<u>143</u>	<u>145</u>	<u>145</u>	<u>143</u>
Grand Total	<u>121</u>	<u>132</u>	<u>132</u>	<u>150</u>	<u>156</u>	<u>165</u>	<u>166</u>	<u>172</u>	<u>172</u>	<u>169</u>

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

County Population by Decade and Future Projections

<u>Decade</u>	<u>Population</u>	<u>Percent of Change</u>
1900	21,680	
1910	22,927	5.75
1920	28,667	25.04
1930	41,674	45.37
1940	50,020	20.03
1950	75,979	51.90
1960	148,700	95.71
1970	197,200	32.62
1980	212,801	7.91
1990	215,499	1.27
2000	227,511	5.57
2005 Projection	230,510	1.32
2010 Projection	233,890	1.47
2015 Projection	233,760	(0.06)
2020 Projection	233,520	(0.10)
2025 Projection	233,290	(0.10)
2030 Projection	232,340	(0.40)

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

Age and Population Distribution - 2000 Census

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

Ohio Department of Development

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

Population By Race - 2000 Census

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	217,162	95.45
African-American	3,914	1.72
Two or more races	2,428	1.07
Asian	2,234	0.98
Other	1,578	0.69
Native American	178	0.08
Pacific Islander	<u>17</u>	<u>0.01</u>
	<u>227,511</u>	<u>100.00</u>

Ohio Department of Development

**Largest Populations in the County
2000 Census**

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

Ohio Department of Development

LAKETRAN

LAKE COUNTY DEMOGRAPHICS

Unemployment Rate	<u>1997</u> 3.8	<u>1998</u> 3.5	<u>1999</u> 3.7	<u>2000</u> 3.4	<u>2001</u> 4.0	<u>2002</u> 5.1	<u>2003</u> 5.6	<u>2004</u> 5.4	<u>2005</u> 5.0	<u>2006</u> 4.8
Per Capita Income	<u>1996</u> \$ 25,200	<u>1997</u> \$ 26,895	<u>1998</u> \$ 28,281	<u>1999</u> \$ 29,168	<u>2000</u> \$ 30,493	<u>2001</u> \$ 30,500	<u>2002</u> \$ 30,513	<u>2003</u> \$ 31,515	<u>2004</u> \$ 32,153	<u>2005</u> \$ 33,298
Personal Income (millions)	<u>1996</u> \$ 5,431	<u>1997</u> \$ 5,796	<u>1998</u> \$ 4,045	<u>1999</u> \$ 6,286	<u>2000</u> \$ 6,937	<u>2001</u> \$ 6,939	<u>2002</u> \$ 6,942	<u>2003</u> \$ 7,170	<u>2004</u> \$ 7,315	<u>2005</u> \$ 7,576

Lake County Department of Development - Latest Information Available

LAKETRAN

LAKE COUNTY, OHIO





Mary Taylor, CPA
Auditor of State

LAKETRAN

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 10, 2008