

**LAKETRAN
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR
ENDED DECEMBER 31, 2019**

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

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Laketran
555 Lakeshore Blvd.
Painesville, Ohio 44077

We have reviewed the *Independent Auditor's Report* of the Laketran, Lake County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2020

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**LAKETRAN
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**LAKETRAN
LAKE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grantor Number	Ependitures
<u>U.S. Department of Transportation</u>			
<i>Direct Awards:</i>			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	OH-90-X721	\$ 157,689
Federal Transit Formula Grants	20.507	OH-90-X833	6,689
Federal Transit Formula Grants	20.507	OH-90-0859	30,171
Federal Transit Formula Grants	20.507	OH-90-0878	82,537
Federal Transit Formula Grants	20.507	OH-90-0083	2,801,091
Federal Transit Formula Grants	20.507	OH-90-0086	976,601
Federal Transit Formula Grants	20.507	OH-95-0013	40,045
Federal Transit Formula Grants	20.507	OH-95-0016	1,397,418
Federal Transit Formula Grants	20.507	OH-95-0020	852,130
<i>Total CFDA #20.507</i>			<u>6,344,371</u>
Bus and Bus Facilities Formula Program	20.526	OH-34-0004	77,846
Bus and Bus Facilities Formula Program	20.526	OH-34-0047	106,269
Bus and Bus Facilities Formula Program	20.526	OH-34-0052	233,710
Bus and Bus Facilities Formula Program	20.526	OH-34-0060	59,251
Bus and Bus Facilities Formula Program	20.526	OH-34-0070	38,506
<i>Total CFDA 20.526</i>			<u>515,582</u>
Total Federal Transit Cluster			<u>6,859,953</u>
Transit Services Programs Cluster:			
New Freedom Program	20.521	OH-57-X021	3,715
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-16-X037	691,768
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-16-X073	105,578
<i>Total CFDA 20.513</i>			<u>797,346</u>
Total Transit Services Programs Cluster			<u>801,061</u>
<i>Total Direct Awards</i>			<u>7,661,014</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 7,661,014</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Laketran under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Laketran it is not intended to and does not present the financial position, changes in net position, or cash flows of Laketran.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Laketran has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Laketrans, Lake County, Ohio, (the Transit Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements, and have issued our report thereon dated April 17, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Transit Authority.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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



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

April 17, 2020

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

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited Laketrans, Lake County, Ohio's (the Transit Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Transit Authority's major federal programs for the year ended December 31, 2019. The Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Transit Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Transit Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Laketran complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Transit Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 the Transit Authority's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the Transit Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements. We issued our report thereon dated April 17, 2020, which contained unmodified opinions on those financial statements, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Transit Authority. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



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

April 17, 2020

**LAKETRAN
LAKE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

2019(i)	Type of Financial Statement Opinion	Unmodified
2019(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2019(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2019(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2019(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2019(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2019(v)	Type of Major Programs' Compliance Opinions	Unmodified
2019(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2019(vii)	Major Programs (list): Federal Transit Cluster: Federal Transit Formula Grants - CFDA #20.507 Bus and Bus Facilities Formula Program - CFDA #20.526 Transit Service Programs Cluster: New Freedom Program - CFDA #20.521 Enhanced Mobility of Seniors and Individuals with Disabilities - CFDA #20.513	
2019(viii)	Dollar Threshold: A/B Program	Type A: >\$750,000 Type B: >All Others
2019(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
LAKE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The prior audit report, as of December 31, 2018, included no findings or management letter recommendations.

**Comprehensive
Annual Financial Report
For the Years Ended December 31, 2019 and 2018**

LAKETRAN

LAKE COUNTY, OHIO

*Brian Falkowski
President
Board of Trustees*

*Benjamin Capelle
General Manager
Secretary-Treasurer*



Introductory Section

2019

Comprehensive
Annual Financial Report
For the Years Ended December 31, 2019 and 2018

LAKE COUNTY, OHIO

LAKETRAN



Brian Falkowski
President
Board of Trustees

Benjamin Capelle
General Manager/
Secretary-Treasurer

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**LAKETRAN
LAKE COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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Government Finance Officers Association

Certificate of
Achievement
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Presented to

Laketran
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laketrans, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2018. 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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1-888-LAKETRAN | www.laketran.com

555 Lakeshore Blvd. Painesville Twp., OH 44077

April 17, 2020

Mr. Brian Falkowski, 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, 2019. This is the nineteenth 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 eighteen previous CAFRs earned the recognition of the Government Finance Officers' 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 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 accountant's report and provides a narrative summarizing and analyzing the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

REPORTING ENTITY

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

A nine-member Board of Trustees (Board) establishes policy and sets direction for the management of Laketran. All Board members are appointed by the County Commissioners and serve overlapping three-year terms. Under the provisions of GASB Statement No. 14, (as amended by GASB Statement No. 61) Laketran is considered to be a jointly governed organization.

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

Administration:

Director of Finance
Director of Human Resources
Director of Communications

Maintenance:

Director of Maintenance

Operations:

Director of Operations
Asst. Director of Operations

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

In 2019, Laketran had 209 active employees. The system delivered 886,763 revenue miles of motor bus service and 2,312,091 revenue miles of directly operated paratransit service. The service fleet was composed of 40 motor bus coaches and 95 paratransit buses.

CURRENT YEAR REVIEW

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

- The Distinguished Budget Presentation Award for the 2019 operating and capital budget from the GFOA.
- Certificate of Achievement for Excellence in Financial Reporting for the 2018 CAFR from the GFOA.

Ridership changes from 2018 to 2019 for all modes of services were down 3.0 percent overall. Dial-a-Ride ridership increased 1.0 percent and Motor Bus ridership was down 4 percent netting an overall decrease in ridership of 3 percent for 2019 vs 2018 for all modes of service.

MISSION STATEMENT

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

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

FUTURE PLANS

Laketran currently has a capital improvement plan in place through the year 2024. This plan was developed to provide for the future transportation needs of all Lake County residents and includes:

- **Fleet Improvement:** Laketran has a regular vehicle replacement program for Dial-a-Ride buses. These are very high mileage vehicles that need to be replaced regularly. An approximately equal number of buses are replaced each year in a number sufficient enough to replace all buses every six years.

Bus purchases planned to be ordered in 2020 are: Six Fixed Route electric buses, nine Fixed Route diesel buses, one electric charger and eight Dial-a-Ride vans. Funding is anticipated as follows: Fixed Route buses paid via 59.9% (\$6,415,885) federal, 14.7% (1,575,000) State and 25.4% (\$2,713,660) local funding. Dial-a-Ride buses paid via 59.0% (\$633,253) federal and 41.0% (\$432,555) local funding.

Bus purchases planned to be ordered in 2021 are: Sixteen Dial-a-Ride vans. Funding is anticipated to be paid 80.0% (\$1,845,760) federal and 20.0% (\$461,440) local.

Bus purchases planned to be ordered in 2022 are: Sixteen Dial-a-Ride vans. Funding is anticipated to be paid 80.0% (\$1,899,520) federal and 20.0% (\$474,880) local.

Bus purchases planned to be ordered in 2023 are: Fourteen Dial-a-Ride vans. Funding is anticipated to be paid 80.0% (\$1,290,000) federal and 20.0% (\$322,500) local.

Bus purchases planned to be ordered in 2024 are: Sixteen Dial-a-Ride vans. Funding is anticipated to be paid 80.0% (\$1,490,944) federal and 20.0% (\$372,736) local.

- **Construction Projects:** Wickcliffe park-n-ride is projected to be started in 2020 for an approximate cost of \$2.7 million. Funding is anticipated to be paid with 80.0% (\$2,160,000) federal and 20.0% (\$540,001) local.

Laketran Headquarter renovations is projected to be started in 2021 and take approximately one and a half to two years to complete. The estimated cost for construction is \$12 million. Funding is anticipated to be 8.0% (\$1,000,000) state and 92.0% (\$11,000,000) local.

Blacktop the Eastlake Park-n-Ride parking lot is projected to be completed in 2023 for an approximate cost of \$151,000. Funding is anticipated to be paid with 80.0% (\$120,800) federal and 20.0% (\$30,200) local.

Blacktop the Mentor Park-n-ride parking lot is projected to be completed in 2024 for an approximate cost of \$150,000. Funding is anticipated to be paid with 80.0% (\$120,000) federal and 20.0% (\$30,000) local.

- **Professional Services:** Architect/Engineering for the headquarters expansion is planned to take place in 2020 and is estimated to cost \$800,000. Funding is anticipated to be paid with 100.0% (\$800,000) local.
- **Transit Enhancements:** Transit enhancements include things, such as: shelters, benches and passenger information. Shelters, benches and/or passenger information located on each shelter is updated annually as needed. Also included in passenger information are such things as: Laketrans APP, Real-Time Bus & Stop Locator, Trip Planner, Click to call, get a text, rider alerts, bus buzz, Laketrans phone number & web-site.

Funding for 2020 is anticipated to be \$50,000 for shelters and \$25,000 for signage. Funding is anticipated to be 80.0% (\$60,000) federal and 20.0% (\$15,000) local.

Funding for 2021 is anticipated to be \$50,000 for shelters and \$200,000 for signage. Funding is anticipated to be 80.0% (\$200,000) federal and 20.0% (\$50,000) local.

Funding for 2022 is anticipated to be \$50,000 for shelters and \$0 for signage. Funding is anticipated to be 80.0% (\$40,000) federal and 20.0% (\$10,000) local.

Funding for 2023-2024 is anticipated to be \$50,000 for shelters and \$25,000 for signage for each year. Funding is anticipated to be 80.0% (\$60,000) federal and 20.0% (\$15,000) local for each year 2023-2024.

- **Equipment:** Approximately \$20,000 annually is spent on miscellaneous equipment. This could be for a copier, desktop/laptop computers, printers, etc. Funding is anticipated to be 80.0% (\$16,000) federal and 20.0% (\$4,000) local for each year 2020-2024.

- **Non-Revenue Vehicles:**
Non-Revenue purchases planned for 2020 are: \$40,000 for a maintenance truck, \$30,000 for a van, \$60,000 for two SUVs, and \$55,000 for a Road Supervisor SUV. Funding is anticipated to be 100.0% (\$185,000) local.

Non-Revenue purchases planned for 2021 are: \$41,200 for a maintenance truck, \$56,650 for a Road Supervisor SUV. Funding is anticipated to be 100.0% (\$97,850) local.

Non-Revenue purchases planned for 2022 are none.

Non-Revenue purchases planned for 2023 are: \$91,560 for three SUVs. Funding is anticipated to be 100.0% (\$91,560) local.

Non-Revenue purchases planned for 2024 are: \$28,000 for one vehicle. Funding is anticipated to be 100.0% (\$28,000) local.

INTERNAL CONTROL

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

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

The concept of reasonable assurance recognizes that:

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

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

BASIS OF ACCOUNTING

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

BUDGETARY CONTROL

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

OTHER INFORMATION

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

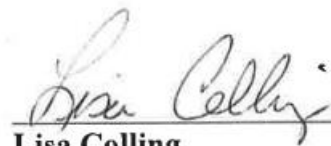
Laketran also participates in the federal single audit program, which consists of a single audit of all federally funded programs administered by Laketran. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including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

ACKNOWLEDGMENT

The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this CAFR is extended to all contributors, but especially those employees in the Department of Finance who have spent their time and energy on various parts of the report and to the staff from James G. Zupka, Certified Public Accountants, Incorporated, for their assistance in compiling the Comprehensive Annual Financial Report. In addition, we would like to thank the Board of Trustees for their support in striving for excellence in financial reporting and disclosure.



Benjamin Capelle
General Manager/Secretary-Treasurer



Lisa Colling
Director of Finance

**LAKETRAN
LAKE COUNTY, OHIO
BOARD OF TRUSTEES AND MANAGEMENT
AS OF DECEMBER 31, 2019**

Board of Trustees

Chairman	Brian J. Falkowski
Vice-Chairman	Chuck J. Zibbel
Trustees	David Anderson Jon P. Martin Dennis Montrella Donna P. McNamee Lane H. Sheets Dale Schiavoni Sara Spence

Management

General Manager and Secretary-Treasurer	Benjamin Capelle
Director of Finance	Lisa Colling
Director of Human Resources	Mike Austin
Director of Communications	Julia Schick
Director of Operations	Matthew Maier
Director of Maintenance	Keith Bare



Lakeland's Local Bus Routes 1-6

Lakeland's Local Bus Routes 1-6 travel along the major corridors of Lake County. Stops can be found at approximately 14 mile intervals. Routes 1, 2, 3, 5 and 6 travel hourly Monday through Friday. All buses on Routes 1-6 are equipped with bicycle racks that can accommodate up to two bikes.

Route	Principle Street Operated Over	Connecting
1	Mentor Ave.	Painesville, Mentor, Great Lakes Mall, Lakeland College, Mentor, Great Lakes Hall, Lakeland College, Willoughby, Wickliffe, Euclid
2	Euclid Ave.	Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid
3	Lake Shore Blvd.	Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid
4	Madison-Painesville	Painesville, Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid
5	Painesville-Fairport	Painesville, Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid
6	Vine St.	Painesville, Mentor, Great Lakes Mall, Lakeland College, Willoughby, Wickliffe, Euclid

Lakeland's ADA Service Area

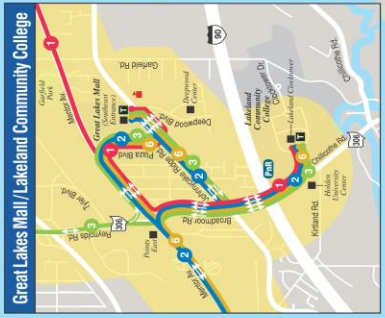
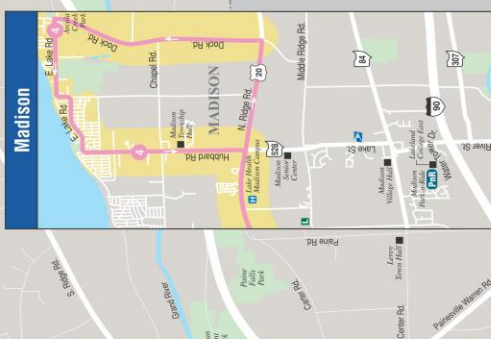
The yellow-highlighted region on Lakeland's system map is the service area that is federally mandated for ADA (Americans with Disabilities) Dial-a-Ride service. And, although Lakeland is only federally mandated to provide curb-to-curb service to people with disabilities in the yellow ADA service area, Lakeland provides service to anyone in Lake County, and to anywhere in Lake County.

Just more ways Lakeland goes above and beyond for Lake County!

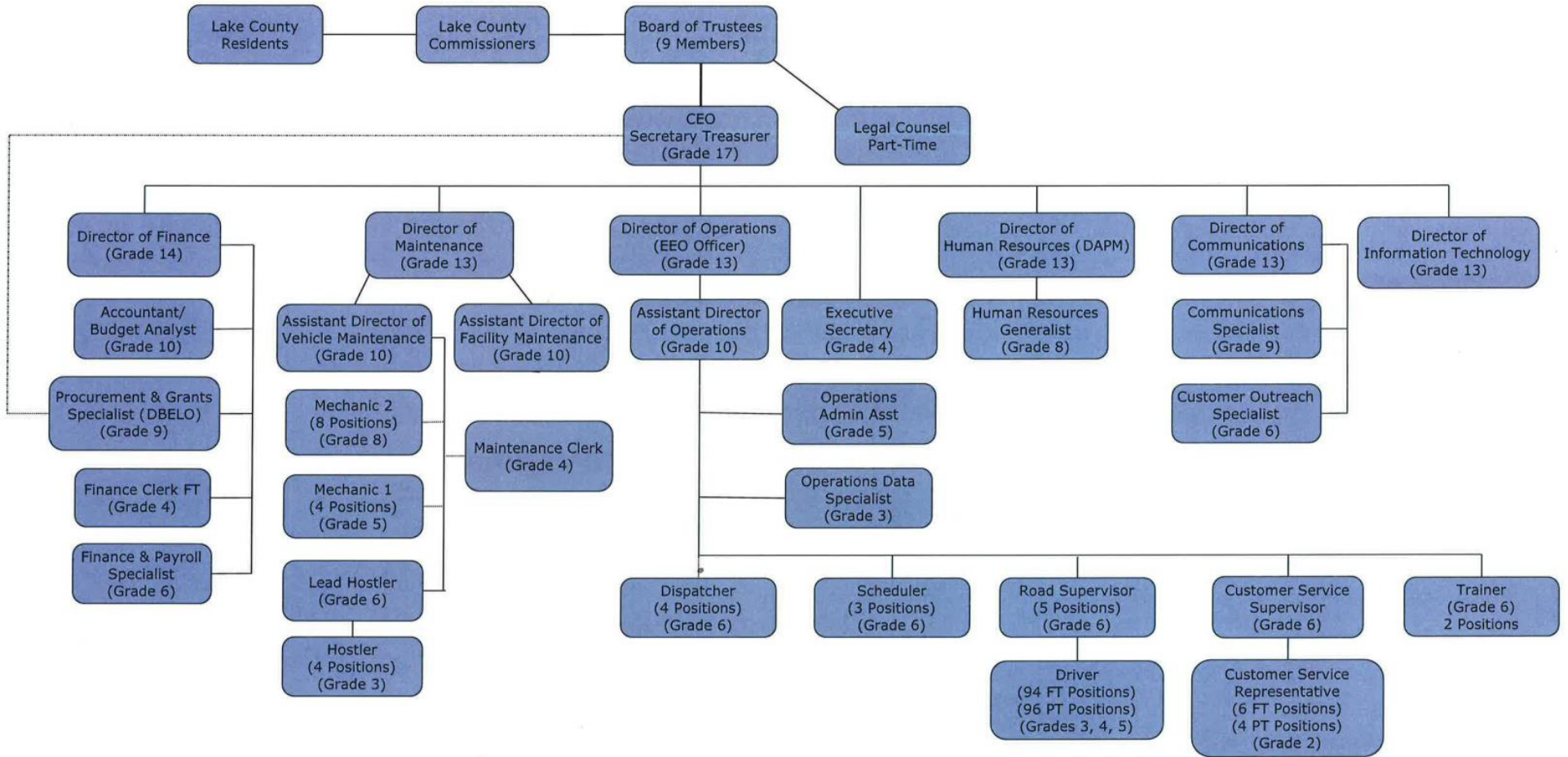
Legend

- Bus Route
- GCRTA Route
- State Highway
- U.S. Highway
- Interstate
- Hospital
- Library
- Landmark
- Transfer
- Post Office
- School
- Park
- Park-n-Ride

Miles 14 | 12 | 8 | 4 | 1



LAKETRAN
LAKE COUNTY, OHIO
ORGANIZATION CHART AS OF DECEMBER 16, 2019
FOR THE YEAR ENDED DECEMBER 31, 2019



Financial Section

2019

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Laketran
Grand River, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Laketran, Lake County, Ohio, (the Transit Authority) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, which collectively comprise the Transit Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Laketran as of December 31, 2019 and December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Transit Authority. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transit Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, on our consideration of the Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transit Authority's internal control over financial reporting and compliance.



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

April 17, 2020

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

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, 2019, 2018, and 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- Laketran's 2019 net position decreased as a result of current year operations by \$6,077,312 or 17.5 percent over 2018. Net position for 2018 decreased by \$201,234 or 0.6 percent from 2017.
- Operating expenses, exclusive of depreciation, were \$20,417,877 at December 31, 2019, \$16,374,437 at December 31, 2018, and \$15,431,377 at December 31, 2017. This represents an increase of 24.7 percent and an increase of 6.1 percent, respectively.
- Net capital assets were \$26,106,586 at December 31, 2019, \$27,147,851 at December 31, 2018, and \$26,324,591 at December 31, 2017. This represents a decrease of 3.8 percent and an increase of 3.1 percent, respectively.
- Cash and cash equivalents were \$5,526,893 at December 31, 2019, \$6,304,223 at December 31, 2018, and \$5,661,619 at December 31, 2017. This represents a decrease of 12.3 percent and an increase of 11.4 percent, respectively.
- Investments at fair value, other than those included in cash and cash equivalents, were \$9,780,590 at December 31, 2019, \$10,482,762 at December 31, 2018, and \$10,827,842 at December 31, 2017. This represents a decrease of 6.7 percent and a decrease of 3.2 percent, respectively.
- Cash and cash equivalents, and investments at fair value combined were \$15,307,483 at December 31, 2019, \$16,786,985 at December 31, 2018, and \$16,489,461 at December 31, 2017. This represents a decrease of 8.8 percent and an increase of 1.8 percent, respectively. These cash reserves are used to pay Laketran's share of capital improvements and operating expenses as necessary.
- Laketran had current grants receivable of \$50,217 at December 31, 2019, \$3,795,655 at December 31, 2018 and \$2,981,087 at December 31, 2017. This represents a decrease of 98.7 percent and an increase of 27.3 percent, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)

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

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

Table 1 - Net Position

	2019	2018	2017 Restated
<u>Assets</u>			
Current Assets	\$ 18,552,328	\$ 23,523,006	\$ 22,103,203
Grants Receivable	5,661,738	3,517,145	2,249,072
Net Pension Asset	132,303	143,125	54,995
Capital Assets, Net	26,106,586	27,147,851	26,324,591
Fair Value of Derivative Instruments	5,943	0	0
Total Assets	50,458,898	54,331,127	50,731,861
<u>Deferred Outflows of Resources</u>			
Pensions	4,787,410	2,013,078	4,359,269
OPEB	936,911	427,714	76,844
Fair Value of Derivative Instruments	0	10,324	0
Total Deferred Outflows of Resources	5,724,321	2,451,116	4,436,113
<u>Liabilities</u>			
Current Liabilities	1,564,019	3,004,239	1,649,289
Non-Current Liabilities	336,817	327,012	300,077
Net Pension Liability	14,153,830	7,431,435	10,728,536
Net OPEB Liability	7,027,418	5,319,953	4,913,815
Fair Value of Derivative Instruments	0	10,324	0
Total Liabilities	23,082,084	16,092,963	17,591,717
<u>Deferred Inflows of Resources</u>			
Grants	4,178,154	3,760,350	2,526,457
Pension	256,204	1,813,550	95,450
OPEB	19,067	396,301	0
Fair Value of Derivative Instruments	5,943	0	34,037
Total Deferred Inflows of Resources	4,459,368	5,970,201	2,655,944
<u>Net Position</u>			
Investment in Capital Assets	26,106,586	27,147,851	26,324,591
Restricted for Insurance Claims	418,042	227,977	227,973
Unrestricted	2,117,139	7,343,251	8,367,749
Total Net Position	\$ 28,641,767	\$ 34,719,079	\$ 34,920,313

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

The net pension liability (NPL) and the net OPEB liability (NOL) are the largest liabilities reported by Laketrans at December 31, 2019 and are reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of Laketrans's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal Laketrans's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, Laketrans is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised code permits, but does not require the retirement systems to provide healthcare to eligible recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, Laketran's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability not accounted for as deferred inflows/outflows.

Laketran's net position was \$28,641,767 at December 31, 2019, \$34,719,079 at December 31, 2018, and \$34,920,313 at December 31, 2017. These represent a decrease of 17.5 and a decrease of 0.6 percent, respectively. Unrestricted net position was \$2,117,139 at December 31, 2019, \$7,343,251 at December 31, 2018, and \$8,367,749 at December 31, 2017. This represents a decrease of 71.2 percent and a decrease of 12.2 percent, respectively.

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

FINANCIAL RATIOS

Working capital is the amount by which current assets exceed current liabilities.

2019	2018	2017	2016	2015
\$ 16,988,309	\$ 20,518,767	\$ 20,453,914	\$ 19,556,942	\$ 20,132,211

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

2019	2018	2017	2016	2015
11.9	7.8	13.4	6.5	21

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

2019	2018	2017	2016	2015
282	369	375	383	412

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

2019	2018	2017	2016	2015
96.2%	63.5%	58.0%	33.2%	39.0%

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

In addition, Laketrans has never incurred debt by borrowing (issuing bonds, obtaining a bank loan, etc.). The "borrowing" in the ratio above is solely a result of unpaid liabilities at year end. These consist of 1) payments due vendors, 2) accrued payroll liabilities, and 3) deferred inflows of resources. Deferred inflows of resources primarily consist of amounts related to pension and OPEB and of capital grant funding received before time requirements are met.

Table 2 - Changes in Net Position

	2019	2018	2017
Revenues			
Operating Revenues			
Passenger Fares	\$ 2,787,979	\$ 2,711,452	\$ 2,519,175
Auxiliary Transportation Revenue	84,703	86,863	80,584
Total Operating Revenue	2,872,682	2,798,315	2,599,759
Non-Operating Revenues			
Sales Tax Revenue	9,615,330	9,504,880	9,281,207
Federal Grants and Reimbursements	1,672,789	2,329,763	2,406,505
State Grants, Reimbursements, and Special Fare Assistance	1,919,074	757,975	867,502
Gain on Disposal of Assets	0	162,032	0
Interest Income	335,408	220,271	88,428
Other	185,204	162,607	128,786
Total Non-Operating Revenue	13,727,805	13,137,528	12,772,428
Capital Funding			
Federal Grants and Reimbursements	2,242,787	4,400,331	1,460,535
Capital contribution	0	98,000	0
Total Capital Funding	2,242,787	4,498,331	1,460,535
Total Revenues	18,843,274	20,434,174	16,832,722
Expenses			
Operating Expenses Other Than Depreciation			
Labor	7,063,745	6,811,645	6,185,758
Fringe Benefits	8,351,435	5,246,450	5,287,015
Services	1,353,478	1,209,679	1,137,955
Fuel and Lubricants	939,024	1,087,095	768,323
Materials and Supplies	675,948	724,789	809,242
Utilities	235,528	198,613	238,139
Claims and Insurance	1,185,297	464,329	374,728
Purchased Transportation	285,402	275,562	264,456
Miscellaneous	328,020	356,275	365,761
Total Operating Expenses Other Than Depreciation	20,417,877	16,374,437	15,431,377
Depreciation	4,349,343	4,260,971	4,009,596
Total Operating Expenses	24,767,220	20,635,408	19,440,973
Non-Operating Expenses			
Loss on Disposal of Assets	153,366	0	145,853
Total Non-Operating Expenses	153,366	0	145,853
Total Expenses	24,920,586	20,635,408	19,586,826
Increase (Decrease) in Net Position	(6,077,312)	(201,234)	(2,754,104)
Total Net Position Beginning of Year, as restated	34,719,079	34,920,313	N/A
Total Net Position End of Year	\$ 28,641,767	\$ 34,719,079	\$ 34,920,313

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

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

- Federal and capital grants and reimbursements decreased from 2018 to 2019 by 41.8 percent and increased from 2017 to 2018 by 74.0 percent. Deferred inflows of resources (formerly deferred revenues) fluctuate greatly from year to year. This primarily represents grant funds approved but did not meet time requirements, which decreased from 2018 to 2019 by 25.3 percent and increased from 2017 to 2018 by 124.8 percent.
- Sales tax revenues, Laketran's largest source of revenue, increased from 2018 to 2019 by 1.2 percent and increased from 2017 to 2018 by 2.4 percent. Laketran receives a 1/4 percent sales tax.
- Investment income increased 52.3 percent from 2018 to 2019 and increased 149.1 percent from 2017 to 2018 due to changes in interest rates.
- Operating expenses, excluding depreciation, increased 24.7 percent from 2018 to 2019 and increased 6.1 percent from 2017 to 2018, respectively.
- Significant changes in operating expenses are:

Fuel and oil costs decreased 13.6 percent from 2018 to 2019 and increased 41.5 percent from 2017 to 2018. Laketran hedged its fuel costs for 2017, 2018 and 2019. By hedging this cost Laketran was able to lock into a fixed fuel rate so it could put back Saturday Service for DAR and Fixed Route Bus Service.

Labor costs increased 3.7 percent from 2018 to 2019 and increased 10.1 percent from 2017 to 2018. The increase in labor costs is attributed to a 3 percent wage increase for employees in 2019 and 3 percent wage increase for employees in 2018.

Fringe benefits increased 59.2 percent from 2018 to 2019 and decreased 0.8 percent from 2017 to 2018, due primarily to pension expense per GASB 68 and the implementation of GASB 75 in 2018.

Table 3 - Changes in Cash Flows

	2019	2018	2017
Net Cash Used for Operating Activities	\$ (15,694,666)	\$ (10,675,312)	\$ (12,983,843)
Net Cash Provided by Noncapital Financing Activities	13,038,570	11,967,177	13,428,309
Net Cash Provided (Used) by Capital and Related Financing Activities	860,832	(690,056)	(103,974)
Net Cash Provided (Used) by Investment Activities	827,869	40,791	(316,286)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (967,395)	\$ 642,600	\$ 24,206

Net cash used for operating activities increased 47 percent from 2018 to 2019 and decreased 17.8 percent from 2017 to 2018 due to fluctuations in operating costs.

Net cash provided by noncapital financing activities increased 26.3 percent from 2018 to 2019 and decreased 10.9 percent from 2017 to 2018 due to fluctuations in sales tax and grant revenue.

Net cash provided/(used) by capital and related financing activities changed by -224.7 percent from 2018 to 2019 and increased 563.7 percent from 2017 to 2018 due to more capital asset additions in 2018.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

Net cash provided/(used) by investment activities increased 1929.5 percent from 2018 to 2019 and changed by -112.9 percent from 2017 to 2018 due to more investment proceeds in 2019 and less insurance services in 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For years ended December 31, 2019, 2018 and 2017, Laketran had invested in a broad range of capital assets, including land, buildings and improvements, equipment, office furniture/fixtures/equipment, parking lots, communication equipment, and vehicles for \$26,106,586, \$27,147,851 and \$26,324,591, (net), respectively. This represents a net decrease of \$1,041,265, or 3.8 percent from 2018 to 2019 which is attributable to the disposition of assets. A net increase of \$823,260, or 3.1 percent from 2017 to 2018 which is attributable to the purchase of additional transportation vehicles and equipment.

Table 4 - Capital Assets at Year End

	2019	2018	2017
Land	\$ 1,898,151	\$ 1,898,151	\$ 2,442,643
Buildings and Improvements	15,570,099	15,534,098	15,534,098
Transportation Vehicles and Equipment	45,898,568	43,370,385	40,003,790
Furniture and Equipment	587,123	583,507	583,507
Construction in Progress	290,804	1,399,618	811,253
	<u>64,244,745</u>	<u>62,785,759</u>	<u>59,375,291</u>
Less Accumulated Depreciation	38,138,159	35,637,908	33,050,700
Total Capital Assets, Net	<u><u>\$ 26,106,586</u></u>	<u><u>\$ 27,147,851</u></u>	<u><u>\$ 26,324,591</u></u>

For more detailed information on capital asset activity, see Note 11 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. Laketran owns one building which is being depreciated over a period of forty-five years.

LONG TERM OBLIGATIONS

Laketran has long-term obligations consisting of net pension liability, net OPEB liability and compensated absences. See Notes 6, 7, and 8 of the financial statements for additional detail.

DISCUSSION OF CURRENTLY KNOWN FACTS

During 2019, operating and non-operating revenues increased 3.2 percent while operating expenses (other than depreciation) increased 24.7 percent. Wages and benefits are 75.5 percent of operating expenses other than depreciation, and these increased 27.8 percent. Employees pay 10 or 15 percent of their health insurance costs.

Exclusive of capital grant reimbursements, Laketran has experienced moderate sales tax revenue increases the last couple of years. Capital grant reimbursements can be very volatile from one year to the next because they are based upon the availability of governmental funds for capital purchases rather than bus operations and any special types of projects going on in any given year.

**LAKETRAN
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(UNAUDITED)**

Fuel and oil which comprises 4.6 percent of the operating expenses decreased 13.6 percent. This decrease is due to fuel prices being lower in 2019 than in 2018.

During November 2019, Lake County voters overwhelmingly voted for an additional ¼ percent sales tax making Laketrans total sales to ½ of one percent. The new levy takes effect April 1, 2020.

During 2019, sales tax revenue increased 1.2 percent over 2018. Sales tax provided Laketrans with 47.1 percent of its operating costs in 2019.

Requests for Information

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

**LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 5,108,851	\$ 6,076,246
Cash and Cash Equivalents Held with Other Governments	418,042	227,977
Investments in Segregated Accounts	498,995	476,716
Investments	9,780,590	10,482,762
Receivables:		
Federal Grants	17,315	1,683,264
Capital Grants	32,902	2,112,391
Trade	372,407	272,551
Sales Tax	1,655,075	1,547,292
Accrued Interest	33,198	35,831
Materials and Supplies	634,953	607,976
Total Current Assets	18,552,328	23,523,006
<u>Non-Current Assets:</u>		
Federal Grants Receivable	1,213,262	681,046
Capital Grants Receivable	2,964,892	2,836,099
State Grants Receivable	1,483,584	0
Non-Depreciable Capital Assets	2,188,955	3,297,769
Depreciable Capital Assets, Net	23,917,631	23,850,082
Fair Value of Derivative Instruments	5,943	0
Net Pension Asset	132,303	143,125
Total Non-Current Assets	31,906,570	30,808,121
TOTAL ASSETS	50,458,898	54,331,127
<u>Deferred Outflows of Resources</u>		
Pension	4,787,410	2,013,078
OPEB	936,911	427,714
Fair Value of Derivative Instruments	0	10,324
Total Deferred Outflows of Resources	5,724,321	2,451,116
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 56,183,219	\$ 56,782,243
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 308,614	\$ 546,313
Contracts Payable	0	1,399,618
Accrued Payroll and Benefits	788,247	605,762
Compensated Absences	467,158	452,546
Total Current Liabilities	1,564,019	3,004,239
<u>Non-Current Liabilities</u>		
Compensated Absences	336,817	327,012
Net Pension Liability	14,153,830	7,431,435
Net OPEB Liability	7,027,418	5,319,953
Fair Value of Derivative Instruments	0	10,324
Total Non-Current Liabilities	21,518,065	13,088,724
TOTAL LIABILITIES	23,082,084	16,092,963
<u>Deferred Inflows of Resources</u>		
Pension	256,204	1,813,550
OPEB	19,067	396,301
Federal Grants	1,213,262	681,046
Capital Grants	2,964,892	2,836,099
State Grants	0	243,205
Fair Value of Derivative Instruments	5,943	0
Total Deferred Inflows of Resources	4,459,368	5,970,201
<u>Net Position</u>		
Investment in Capital Assets	26,106,586	27,147,851
Restricted for Insurance Claims	418,042	227,977
Unrestricted	2,117,139	7,343,251
Total Net Position	28,641,767	34,719,079
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 56,183,219	\$ 56,782,243

See accompanying notes to the basic financial statements.

LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>Operating Revenues</u>		
Passenger Fares for Transit Service	\$ 1,425,562	\$ 1,388,568
Special Transit Fares	1,362,417	1,322,884
Auxiliary Transportation Revenue	84,703	86,863
Total Operating Revenues	2,872,682	2,798,315
<u>Operating Expenses Other Than Depreciation</u>		
Labor	7,063,745	6,811,645
Fringe Benefits	8,351,435	5,246,450
Services	1,353,478	1,209,679
Fuel and Lubricants	939,024	1,087,095
Materials and Supplies	675,948	724,789
Utilities	235,528	198,613
Claims and Insurance	1,185,297	464,329
Purchased Transportation	285,402	275,562
Miscellaneous	328,020	356,275
Total Operating Expenses Other Than Depreciation	20,417,877	16,374,437
Depreciation	4,349,343	4,260,971
Total Operating Expenses	24,767,220	20,635,408
Operating Loss	(21,894,538)	(17,837,093)
<u>Non-Operating Revenues (Expenses)</u>		
Sales Tax Revenue	9,615,330	9,504,880
Federal Grants and Reimbursements	1,672,789	2,329,763
State Grants, Reimbursements, and Special Fare Assistance	1,919,074	757,975
Interest Income	335,408	220,271
Gain (Loss) on Disposal of Capital Assets	(153,366)	162,032
Non-Transportation Revenues	185,204	162,607
Total Non-Operating Revenues (Expenses)	13,574,439	13,137,528
Loss before Capital Contributions	(8,320,099)	(4,699,565)
<u>Capital Funding</u>		
Capital Grants and Reimbursements	2,242,787	4,400,331
Capital Contribution	0	98,000
Total Capital Funding	2,242,787	4,498,331
Decrease in Net Position	(6,077,312)	(201,234)
Total Net Position, Beginning of Year	34,719,079	34,920,313
Total Net Position, End of Year	\$ 28,641,767	\$ 34,719,079

See accompanying notes to the basic financial statements.

LAKETRAN
LAKE COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 2,772,826	\$ 3,001,896
Cash Payments for Goods and Services	(6,666,991)	(3,081,562)
Cash Payments for Employees' Services	(11,985,705)	(10,758,253)
Non-Transportation Revenue	185,204	162,607
Net Cash Used for Operating Activities	(15,694,666)	(10,675,312)
<u>Cash Flows from Noncapital Financing Activities</u>		
Sales Tax Received	9,507,547	9,461,999
Federal Grants and Reimbursements	3,338,738	1,781,383
State Grants and Reimbursements	192,285	723,795
Net Cash Provided by Noncapital Financing Activities	13,038,570	11,967,177
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital Grants and Reimbursements	4,322,276	4,134,143
Acquisition and Construction of Capital Assets	(3,703,298)	(6,625,065)
Net Proceeds from Sale of Assets	241,854	1,800,866
Net Cash Provided (Used) for Capital and Related Financing Activities	860,832	(690,056)
<u>Cash Flows from Investing Activities</u>		
Interest Received	338,041	172,431
Purchase of Investment Securities	(15,206,174)	(2,780,504)
Proceeds from Maturities of Investments	15,886,067	2,648,868
Insurance Reserves	(190,065)	(4)
Net Cash Provided by Investment Activities	827,869	40,791
Net Increase (Decrease) in Cash and Cash Equivalents	(967,395)	642,600
Cash and Cash Equivalents at Beginning of Year	6,076,246	5,433,646
Cash and Cash Equivalents at End of Year	\$ 5,108,851	\$ 6,076,246
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>		
Operating Loss	\$ (21,894,538)	\$ (17,837,093)
Adjustments to Reconcile Operating Loss to		
Net Cash Used for Operating Activities:		
Depreciation	4,349,343	4,260,971
Non-Transportation Revenue	185,204	162,607
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Trade Accounts Receivable	(99,856)	203,581
Materials and Supplies	(26,977)	22,108
Net Pension Asset	10,822	(88,130)
(Increase) Decrease in Deferred Outflows of Resources:		
Deferred Outflows - Pension	(2,774,332)	2,346,191
Deferred Outflows - OPEB	(509,197)	(350,870)
Increase (Decrease) in:		
Accounts Payable	(237,699)	(186,946)
Contracts Payable	(1,399,618)	1,399,618
Accrued Payroll and Benefits	206,902	169,213
Net Pension Liability	6,722,395	(3,297,101)
Net OPEB Liability	1,707,465	406,138
Increase (Decrease) in Deferred Inflows of Resources:		
Deferred Inflows - Pension	(1,557,346)	1,718,100
Deferred Inflows - OPEB	(377,234)	396,301
Total Adjustments	6,199,872	7,161,781
Net Cash Used for Operating Activities	\$ (15,694,666)	\$ (10,675,312)

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 \$100,039 and \$(2,182) as of December 31, 2019 and 2018, respectively.

There were capital contributions of \$98,000 for year ended December 31, 2018.

Notes to the Basic Financial Statements

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: **ORGANIZATION**

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

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

Summary of Significant Accounting Policies

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

The more significant of Laketran's accounting policies are described below.

Financial Reporting Entity

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

Under the current GASB guidelines, 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 2019 or 2018.

Basis of Presentation

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

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

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

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Laketrans'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.

Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, Laketrans 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 Statement of Revenues, Expenses, and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

During 2019, Laketrans invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79 *Certain External Investment Pools and Pool Participants*. Laketrans measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2019, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Cash, Cash Equivalents, and Investments (Continued)

In 2019, Laketran had \$418,042 of cash and cash equivalents held with the Ohio Transit Risk Pool. These funds will be used to insure future claims. For additional information, see Note 9 of the basic financial statements.

Laketran has investments in segregated accounts in 2019 of \$498,995. These funds are used for fuel hedging.

Derivative and Hedging Activities

Laketran's derivative instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Under GASB 53, derivatives are either categorized as hedging derivative instruments or investment derivatives. Hedging derivative instruments are associated with specific hedging transactions wherein the intent is to significantly reduce risks. Changes in fair value of hedges are reported as either deferred inflows of resources or deferred outflows of resources in the statement of net position. For accounting purposes, in order to qualify as a hedge, the relationship between the derivative and the underlying item must result in a hedge that is "effective" in mitigating risk. If the hedge transaction is considered "ineffective" the valuation of the instrument is considered investment income or loss in the flows of resources statements.

Laketran has adopted GASB 53 to account for future contracts to hedge variability in future cash flows resulting from volatility in diesel fuel prices. Fair value is determined based on quoted prices in active markets for the derivative instrument. Because the fuel hedge is an effective hedge as defined by GASB 53, the unrealized gain (loss) on the fuel hedge is reported as deferred inflow/outflow of resources in the statement of net position.

Inventory

Inventory is stated at cost.

Capital Assets and Depreciation

Property, facilities, and equipment are stated at cost. Donated property is capitalized at acquisition value at the date donated. Laketran's capitalization threshold is \$1,500.

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 and Improvements	5 - 45
Equipment	5 - 10
Furniture and Office Equipment	5 - 10
Parking Lots and Bus Shelters	10
Communication System	15
Vehicles	4 - 12

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

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Compensated Absences

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

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.

Pension

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2019 there was \$418,042 restricted component of net position.

Recognition of Revenue and Receivables

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

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

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. For Laketran, deferred outflows of resources include pension and OPEB (Notes 6 and 7) and fair value of derivative instruments for 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For Laketran, deferred inflows of resources include pension and OPEB (See Notes 6 and 7); grants for 2019 and 2018 that have not met time requirements; and fair value of derivative instruments (Note 10) for 2019.

Investment Policy

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash On Hand

At December 31, 2019 and 2018, Laketran had undeposited cash on hand, including petty cash, of \$500 and \$500, respectively.

Deposits

At December 31, 2019, \$563,298 of Laketran's bank balance of \$3,579,622 was covered by Federal Depository Insurance, \$2,350,998 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in Laketran's name, and \$665,326 was uninsured and uncollateralized. At December 31, 2018, \$573,447 of Laketran's bank balance of \$4,575,459 was covered by Federal Depository Insurance and \$4,002,012 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in Laketran's name. One of Laketran's financial institutions was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, Laketran will not be able to recover deposits or collateral securities that are in the possession of an outside party. Laketran has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

Deposits (Continued)

1. Eligible securities pledged to Laketran and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Laketran's financial institutions had enrolled in OPCS as of December 31, 2019.

Cash Held with Other Governments

At December 31, 2019 and 2018, Laketran has cash held with other governments of \$418,042 and \$227,977, respectively.

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, 2019, fair value was \$100,039 above Laketran's net cost for investments, and at December 31, 2018 fair value was \$2,182 below Laketran's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, 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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Laketran has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Laketran will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Laketran has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such balances to the controller or qualified trustee. Laketran's investment in negotiable certificates of deposit were insured by Federal Depository Insurance in the amount of \$4,161,643.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Laketrans places no limit on the amount it may invest in any one issuer. Laketrans's investment in Star Ohio, money market mutual fund, negotiable certificates of deposit, and U.S. Government and agency securities, represent 13.86, 2.43, 36.71, and 47.0 percent, respectively, of Laketrans's total investments.

Cash and investments at 2019 year-end were as follows:

Measurement/Investment	Balance Sheet	GASB 3 Reclass	Measurement Amount	Credit Rating *	Investment Maturities (in Years)		
					<1	1-2	>2-5
NAV Share:							
STAR Ohio	\$ 0	\$ 1,573,466	\$ 1,573,466	AAAm	\$ 1,573,466	\$ 0	\$ 0
Fair Value:							
Money Market Mutual Fund	275,467	0	275,467	N/A	275,467	0	0
Certificates of Deposit	4,167,693	0	4,167,693	N/A	2,150,052	407,412	1,610,229
U.S. Government and Agency Securities	5,337,430	0	5,337,430	AA+	0	0	5,337,430
Total Investments	9,780,590	1,573,466	11,354,056		\$ 3,998,985	\$ 407,412	\$ 6,947,659
Carrying Amount of Deposits	5,108,351	(1,573,466)	3,534,885				
Cash Held with Other Governments	418,042	0	418,042				
Investments in Segregated Accounts	498,995	0	498,995				
Petty Cash	500	0	500				
Totals	\$ 15,806,478	\$ 0	\$ 15,806,478				

* Standard & Poor's rating.
N/A- Not Available/Rated

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. Laketrans categorizes its fair value measurements within the fair value of hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). Laketrans's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

NOTE 4: GRANT ASSISTANCE

Federal and Capital 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, 2019 and 2018, Laketrans recognized \$1,672,789 and \$2,329,763, respectively. In addition, Laketrans recognized capital grants reimbursements as revenue in 2019 and 2018 of \$2,242,787 and \$4,400,331, respectively.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

State Grants

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, 2019 and 2018, Laketran recognized revenue of \$192,284 and \$237,384, respectively.

State of Ohio Elderly and Disabled Transit Fare Assistance

The State of Ohio provides a grant each year to help defray the high costs of transporting Lake County residents who are elderly or have disabilities. For the years ended December 31, 2019 and 2018 Laketran received \$493,206 and \$520,591, respectively.

Ohio Transit Partnership Program

Laketran was awarded grant funding through the Ohio Transit Partnership Program (OTP2). The goals of OPT2 are to modernize and adapt service to increase transit competitiveness, expand service availability and improve service quality, increase ridership, address local needs, and develop integrated regional transit networks. Laketran's use of funds include capitalized maintenance and renovations at Lakeland Community College for a new transit center. For the year ended December 31, 2019, Laketran recognized revenue of \$1,233,584.

NOTE 5: **OTHER REVENUE**

In November 2013, Lake County electorate voted to renew a levy of 1/4 percent sales tax, and make it continuing beginning August 1, 2014, to provide local funding for all transit purposes. For the years ended December 31, 2019 and 2018, sales tax revenues totaled \$9,615,330 and \$9,504,880, respectively. Laketran records sales tax revenues and receivables as the sales taxes are earned, which is the year in which the related exchange transaction is incurred.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents Laketran's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

Net Pension Liability (Continued)

Ohio Revised Code limits Laketrans obligation for this liability to annually required payments. Laketrans cannot control benefit terms or the manner in which pensions are financed; however, Laketrans does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature.

Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included *in accrued payroll and benefits* on the accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Laketrans employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Laketrans employees) may elect the member-directed plan and the combined plan, substantially all employee members are in the OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 60 months of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost of living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits**	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** The pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Laketrans' contractually required contribution was \$1,074,853 for 2019. Of this amount, \$128,616 is reported as accrued payroll and benefits.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

Pension Liabilities/Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. Laketrans's proportion of the net pension liability/asset was based on Laketrans's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.047370%	0.105137%
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.051679%</u>	<u>0.118315%</u>
Change in Proportionate Share	<u>0.004309%</u>	<u>0.013178%</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$ 14,153,830	\$ (132,303)
Pension Expense	\$ 3,441,728	\$ 34,664

At December 31, 2019, Laketrans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan
<u>Deferred Outflows of Resources</u>		
Net difference between projected and actual earnings on pension plan investments	\$ 1,921,070	\$ 28,501
Changes of Assumptions	1,232,120	29,549
Differences between expected and actual experience	652	0
Changes in proportion and differences between Laketrans contributions and proportionate share of contributions	499,743	922
Laketrans contributions subsequent to the measurement date	<u>1,010,566</u>	<u>64,287</u>
Total Deferred Outflows of Resources	<u>\$ 4,664,151</u>	<u>\$ 123,259</u>
<u>Deferred Inflows of Resources</u>		
Net difference between projected and actual earnings on pension plan investments		
Difference between expected and actual experience	\$ 185,847	\$ 54,038
Changes in proportion and differences between Laketrans contributions and proportionate share of contributions	0	16,319
Total Deferred Inflows of Resources	<u>\$ 185,847</u>	<u>\$ 70,357</u>

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Pension Liabilities/Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,074,853 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>
Deferred Outflows of Resources:		
Year Ending June 30:		
2020	\$ 1,544,296	\$ 2,419
2021	851,786	(3,275)
2022	178,218	(2,673)
2023	893,438	6,250
2024	0	(5,469)
Thereafter	0	(8,637)
Total	<u>\$ 3,467,738</u>	<u>\$ (11,385)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are present below:

Wage Inflation	3.25 percent
Future Salary Increases, including Inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including Inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performances, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 2.94 percent for 2018.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long- Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other Investments	18.00%	5.50%
Total	<u>100.00%</u>	<u>5.95%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Laketrans Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents Laketrans proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what Laketrans proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

<u>Laketrans proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Traditional Pension Plan	\$ 20,909,323	\$ 14,153,830	\$ 8,539,955
Combined Plan	\$ (43,777)	\$ (132,303)	\$ (196,403)

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 7: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents Laketrans' proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits Laketrans' obligation for this liability to annually required payments. Laketrans cannot control benefit terms or the manner in which OPEB are financed; however, Laketrans does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued payroll payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Laketrans' contractually required contribution was \$12,229 for 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. Laketrans' proportion of the net OPEB liability was based on Laketrans' share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability	
Prior Measurement Date	0.048990%
Proportion of the Net OPEB Liability	
Current Measurement Date	0.053901%
Change in Proportionate Share	0.004911%
Proportionate Share of the Net OPEB Liability	\$ 7,027,418
OPEB Expense	\$ 833,263

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019, Laketran reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$322,165
Differences between expected and actual experience	2,380
Changes of assumptions	226,573
Changes in proportion and differences between Laketran contributions and proportionate share of contributions	373,564
Laketran contributions subsequent to the measurement date	12,229
Total Deferred Outflows of Resources	\$936,911
Deferred Inflows of Resources	
Differences between expected and actual experience	\$19,067
Total Deferred Inflows of Resources	\$19,067

\$12,229 reported as deferred outflows of resources related to OPEB resulting from Laketran contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2020	\$ 440,951
2021	243,869
2022	58,500
2023	162,295
Total	\$ 905,615

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 25.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of Laketrans Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents Laketrans proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what Laketrans proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Laketrans proportionate share of the net OPEB liability	\$ 8,990,687	\$ 7,027,418	\$ 5,466,100

Sensitivity of Laketrans Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Laketran's proportionate share of the net OPEB liability	\$ 6,754,873	\$ 7,027,418	\$ 7,341,316

NOTE 8: **COMPENSATED ABSENCES**

Employees of Laketran earn vacation and sick leave at various rates under Laketran policy. In case of death, termination, or retirement, an employee or their estate is paid for portions of these benefits. Laketran records a liability for vacation, holiday, and sick hours earned but not used at year-end at the employees' current wage rate. Laketran's obligations for these amounts at December 31, 2019 and 2018 amounted to approximately \$803,975 and \$779,558, respectively.

Changes in compensated absences liabilities are as follows:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year	Due Within One Year
2019	\$ 779,558	\$ 476,963	\$ 452,546	\$ 803,975	\$ 467,158
2018	\$ 718,954	\$ 479,481	\$ 418,877	\$ 779,558	\$ 452,546

NOTE 9: **RISK MANAGEMENT**

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

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

During the loss year of December 1, 2018 - November 30, 2019, 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. Crime coverage limits are \$4,000,000. The following coverages were also provided: auto/transit liability, general liability, E&O, and EBL \$10,000,000. These limits are per occurrence no aggregate limits apply. For each of these lines the pool retained \$2,000,000.

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

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

As of December 31, 2019, 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 an unfunded special assessment.

Laketran pays OTRP through an initial contribution for reinsurance and/or excess insurance and quarterly payments for their loss and administrative fee. Laketran's contribution percentage for 2019 was 110.429 percent.

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

Laketran provides medical and life insurance to its employees by participating in the self-insured pooled network offered by the Health Transit Pool of Ohio.

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

NOTE 10: **DERIVATIVE INSTRUMENTS**

Pursuant to Ohio Revised Code Sections 9.835 (A), (B), and (C) and Section 135.14, Laketran utilizes futures contracts to manage the volatility of fuel costs. These techniques are traditionally used to limit exposure to price fluctuations. Management recognized that fluctuations in fuel prices could have a negative impact on Laketran's financial affairs. Accordingly, Laketran has utilized futures contracts and firm-fixed price contracts to offset the price volatility of diesel fuel in accordance with the Energy Price Risk Management Policy established by the Board of Trustees. The futures contracts are in the form of derivative investments.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 10: DERIVATIVE INSTRUMENTS

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2019, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statement are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at 12/31/2019</u>		Notional
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
<u>Cash Flow Hedges:</u>					
Futures contracts	Deferred outflow/ inflow of resources	\$ 16,267	Derivative Instruments	\$ 5,943	336,000 Gallons

The hedging instruments are New York Harbor Ultra Low Sulfur Diesel (NYHRBRULSD) futures contracts with a notional amount of 42,000 gallons each as listed on the NYMEX. As of December 31, 2019, Laketran had eight futures contracts. The aggregate fuel hedge contracts cover a 3-year period.

Basis Risk – Laketran is exposed to basis risk on its expected fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts are expected to settle (New York Harbor Ultra Low Sulfur Diesel).

NOTE 11: CAPITAL ASSETS

Capital assets consist of the following at December 31, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 1,898,151	\$ 0	\$ 0	\$ 1,898,151
Construction in Progress	1,399,618	290,804	(1,399,618)	290,804
Total Capital Assets Not Being Depreciated	<u>3,297,769</u>	<u>290,804</u>	<u>(1,399,618)</u>	<u>2,188,955</u>
Capital Assets Being Depreciated				
Buildings	15,534,098	36,001	0	15,570,099
Transportation Vehicles and Equipment	43,370,385	4,772,495	(2,244,312)	45,898,568
Furniture and Office Equipment	583,507	3,616	0	587,123
Total Capital Assets Being Depreciated	<u>59,487,990</u>	<u>4,812,112</u>	<u>(2,244,312)</u>	<u>62,055,790</u>
Less: Accumulated Depreciation				
Buildings	(10,063,195)	(478,702)	0	(10,541,897)
Transportation Vehicles and Equipment	(25,055,556)	(3,820,057)	1,849,090	(27,026,523)
Furniture and Office Equipment	(519,157)	(50,582)	0	(569,739)
Total Accumulated Depreciation	<u>(35,637,908)</u>	<u>(4,349,341)</u>	<u>1,849,090</u>	<u>(38,138,159)</u>
Total Capital Assets Being Depreciated, Net	<u>23,850,082</u>	<u>462,771</u>	<u>(395,222)</u>	<u>23,917,631</u>
Total Capital Assets, Net	<u>\$ 27,147,851</u>	<u>\$ 753,575</u>	<u>\$ (1,794,840)</u>	<u>\$ 26,106,586</u>

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 11: **CAPITAL ASSETS** (Continued)

2018	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,442,643	\$ 0	\$ (544,492)	\$ 1,898,151
Construction in Progress	811,253	1,665,786	(1,077,421)	1,399,618
Total Capital Assets Not Being Depreciated	3,253,896	1,665,786	(1,621,913)	3,297,769
Capital Assets Being Depreciated				
Buildings	15,534,098	0	0	15,534,098
Transportation Vehicles and Equipment	40,003,790	5,057,279	(1,690,684)	43,370,385
Furniture and Office Equipment	583,507	0	0	583,507
Total Capital Assets Being Depreciated	56,121,395	5,057,279	(1,690,684)	59,487,990
Less: Accumulated Depreciation				
Buildings	(9,588,057)	(475,138)	0	(10,063,195)
Transportation Vehicles and Equipment	(23,011,078)	(3,718,241)	1,673,763	(25,055,556)
Furniture and Office Equipment	(451,565)	(67,592)	0	(519,157)
Total Accumulated Depreciation	(33,050,700)	(4,260,971)	1,673,763	(35,637,908)
Total Capital Assets Being Depreciated, Net	23,070,695	796,308	(16,921)	23,850,082
Total Capital Assets, Net	\$ 26,324,591	\$ 2,462,094	\$ (1,638,834)	\$ 27,147,851

NOTE 12: **CONTINGENCIES**

Litigation

Laketrans is not a party to any legal proceedings.

Grants

Laketrans received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Laketrans at December 31, 2019 or 2018.

NOTE 13: **CHANGE IN ACCOUNTING PRINCIPLES**

During the year, Laketrans implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The implementation of this Statement did not have an effect on the financial statements of Laketrans.

LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this Statement did not have an effect on the financial statements of Laketrans.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of Laketrans.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of this Statement did not have an effect on the financial statements of Laketrans.

NOTE 14: **SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of Laketrans. Laketrans’s investment portfolio and the investments of the pension and other employee benefit plan in which Laketrans participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on Laketrans’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1)**

Traditional Plan	2019	2018	2017	2016	2015	2014
Laketran's Proportion of the Net Pension Liability	0.051679%	0.047370%	0.047245%	0.046532%	0.044494%	0.044494%
Laketran's Proportionate Share of the Net Pension Liability	\$14,153,830	\$7,431,435	\$10,728,536	\$8,059,929	\$5,366,474	\$5,245,263
Laketran's Covered Payroll	\$6,985,207	\$6,256,969	\$6,108,075	\$5,799,475	\$5,473,033	\$5,220,008
Laketran's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.63%	118.77%	175.65%	138.98%	98.05%	100.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2019	2018	2017	2016	2015	2014
Laketran's Proportion of the Net Pension (Asset)	0.118315%	0.105137%	0.098810%	0.101700%	0.086530%	0.086537%
Laketran's Proportionate Share of the Net Pension (Asset)	(\$132,303)	(\$143,125)	(\$54,995)	(\$49,491)	(\$33,320)	(\$9,080)
Laketran's Covered Payroll	\$503,886	\$430,585	\$384,617	\$365,267	\$318,717	\$299,615
Laketran's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	26.26%	33.24%	14.30%	13.55%	10.45%	3.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S CONTRIBUTION - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>							
Traditional Plan	1,010,566	977,929	813,406	732,969	695,937	656,764	678,601
Combined Plan	<u>64,287</u>	<u>70,544</u>	<u>55,976</u>	<u>46,154</u>	<u>43,832</u>	<u>38,246</u>	<u>38,950</u>
Total Required Contributions	\$1,074,853	\$1,048,473	\$869,382	\$779,123	\$739,769	\$695,010	\$717,551
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,074,853)</u>	<u>(\$1,048,473)</u>	<u>(\$869,382)</u>	<u>(\$779,123)</u>	<u>(\$739,769)</u>	<u>(\$695,010)</u>	<u>(\$717,551)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Laketran's Covered Payroll</u>							
Traditional Plan	\$7,218,329	\$6,985,207	\$6,256,969	\$6,108,075	\$5,799,475	\$5,473,033	\$5,220,008
Combined Plan	\$459,193	\$503,886	\$430,585	\$384,617	\$365,267	\$318,717	\$299,615
<u>Pension Contributions as a Percentage of Covered Payroll</u>							
Traditional Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE YEARS (1)**

	2019	2018	2017
Laketrans Proportion of the Net OPEB Liability	0.053901%	0.048990%	0.048650%
Laketrans Proportionate Share of the Net OPEB Liability	\$ 7,027,418	\$ 5,319,953	\$ 4,913,815
Laketrans Covered Payroll	\$ 78,818,416	\$ 6,939,037	\$ 6,723,447
Laketrans Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.92%	76.67%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the Laketrans measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LAKETRAN'S CONTRIBUTIONS – OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1)**

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 12,229	\$ 13,173	\$ 76,844	\$ 139,099	\$ 123,229
Contributions in Relation to the Contractually Required Contribution	(12,229)	(13,173)	(76,844)	(139,099)	(123,229)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Laketran Covered Payroll	\$ 7,895,904	\$ 78,818,416	\$ 6,939,037	\$ 6,723,447	\$ 6,313,569
Contributions as a Percentage of Covered Payroll	0.15%	0.02%	1.11%	2.07%	1.95%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**LAKETRAN
LAKE COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

**Statistical
Section
2019**

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.

Contents

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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.

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Revenue Capacity

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

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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.

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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.

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**LAKETRAN
LAKE COUNTY, OHIO
NET POSITION BY COMPONENT
LAST TEN YEARS**

	2010	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018	2019
Net Investment in Capital Assets	\$ 28,484,693	\$ 25,694,276	\$ 23,154,984	\$ 22,732,058	\$ 23,007,176	\$ 22,392,621	\$ 28,533,635	\$ 26,324,591	\$ 27,147,851	\$ 26,106,586
Unrestricted	11,965,611	13,857,445	15,226,561	16,878,213	13,464,453	14,927,462	13,977,753	8,367,749	7,343,251	2,117,139
Restricted for Insurance Claims	0	0	0	0	0	0	0	227,973	227,977	418,042
Total Net Position	\$ 40,450,304	\$ 39,551,721	\$ 38,381,545	\$ 39,610,271	\$ 36,471,629	\$ 37,320,083	\$ 42,511,388	\$ 34,920,313	\$ 34,719,079	\$ 28,641,767

(1) Restated for GASB Statement No. 68 Implementator

(2) Restated for GASB Statement No. 75 Implementator

**LAKETRAN
LAKE COUNTY, OHIO
REVENUE AND EXPENSES BY TYPE AND CHANGES IN NET POSITION
LAST TEN YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Fares	\$ 2,041,948	\$ 2,122,234	\$ 1,997,777	\$ 2,063,623	\$ 2,169,712	\$ 2,266,754	\$ 2,578,993	\$ 2,519,175	\$ 2,711,452	\$ 2,787,979
Auxiliary Transportation Revenue	71,970	74,311	67,911	89,234	118,933	100,954	81,683	80,584	86,863	84,703
Total Operating Revenues	2,113,918	2,196,545	2,065,688	2,152,857	2,288,645	2,367,708	2,660,676	2,599,759	2,798,315	2,872,682
Non Operating Revenues										
Sales Tax	7,294,636	7,759,654	7,869,357	8,152,976	8,592,079	8,890,398	9,291,442	9,281,207	9,504,880	9,615,330
Federal Grants and Reimbursements	2,716,460	1,862,159	1,715,565	2,222,531	2,032,462	2,583,970	2,312,824	2,406,505	2,329,763	1,672,789
State Grants, Reimbursements, and Special Fare Assistance	960,893	1,072,110	1,030,575	998,468	1,025,496	1,015,728	1,001,943	867,502	757,975	1,919,074
Interest Income	126,201	125,753	87,610	(20,666)	129,858	87,693	77,309	88,428	220,271	335,408
Gain on Disposal of Capital Assets	0	0	23,887	0	25,771	4,174	0	0	162,032	0
Non-Transportation Revenue	44,057	29,219	9,876	2,302	41,699	16,266	9,573	128,786	162,607	185,204
Total Non-Operating Revenues	11,142,247	10,848,895	10,736,870	11,355,611	11,847,365	12,598,229	12,693,091	12,772,428	13,137,528	13,727,805
Capital Funding										
Capital Grants and Reimbursements	5,290,845	832,135	1,337,655	2,589,114	2,104,454	1,892,460	7,543,724	1,460,535	4,498,331	2,242,787
Total Capital Funding	5,290,845	832,135	1,337,655	2,589,114	2,104,454	1,892,460	7,543,724	1,460,535	4,498,331	2,242,787
Total Revenues	18,547,010	13,877,575	14,140,213	16,097,582	16,240,464	16,858,397	22,897,491	16,832,722	20,434,174	18,843,274
Operating Expenses										
Labor	\$ 4,531,669	\$ 4,620,888	\$ 4,682,349	\$ 4,881,371	\$ 5,165,363	\$ 5,588,600	\$ 6,047,861	\$ 6,185,758	\$ 6,811,645	\$ 7,063,745
Fringe Benefits	2,952,196	3,108,797	3,277,370	3,107,366	3,207,603	3,151,044	3,744,019	5,287,015	5,246,450	8,351,435
Services	684,110	561,160	705,399	722,139	741,945	1,062,125	1,069,254	1,137,955	1,209,679	1,353,478
Fuel and Lubricants	908,789	952,784	958,003	1,207,040	1,277,228	1,458,161	617,090	768,323	1,087,095	939,024
Materials and Supplies	224,232	332,494	432,403	511,588	568,017	655,246	675,621	809,242	724,789	675,948
Utilities	126,948	149,479	133,408	165,311	195,902	200,415	205,210	238,139	198,613	235,528
Claims and Insurance	520,668	492,649	467,232	473,198	466,908	489,963	415,128	374,728	464,329	1,185,297
Purchased Transportation	549,875	658,741	703,294	733,470	255,594	262,528	263,897	264,456	275,562	285,402
Miscellaneous	131,062	129,698	186,735	348,459	320,883	334,109	349,378	365,761	356,275	328,020
Total Operating Expense	10,629,549	11,006,690	11,546,193	12,149,942	12,199,443	13,202,191	13,387,458	15,431,377	16,374,437	20,417,877
Excluding Depreciation										
Depreciation	3,703,483	3,350,100	3,764,197	2,711,924	2,638,490	2,807,752	3,611,857	4,009,596	4,260,971	4,349,343
Total Operating Expenses	14,333,032	14,356,790	15,310,390	14,861,866	14,837,933	16,009,943	16,999,315	19,440,973	20,635,408	24,767,220
Non-Operating Expenses										
Loss on Disposal of Capital Assets	622,534	419,368	0	6,990	0	0	706,871	145,853	0	153,366
Total Expenses	14,955,566	14,776,158	15,310,390	14,868,856	14,837,933	16,009,943	17,706,186	19,586,826	20,635,408	24,920,586
Change in Net Position	\$ 3,591,444	\$ (898,583)	\$ (1,170,177)	\$ 1,228,726	\$ 1,402,531	\$ 848,454	\$ 5,191,305	\$ (2,754,104)	\$ (201,234)	\$ (6,077,312)

**LAKETRAN
LAKE COUNTY, OHIO
FAREBOX RECOVERY AND PERCENTAGE
LAST TEN YEARS**

	<u>Percentage</u>
2010	13.5
2011	13.2
2012	13.05
2013	13.89
2014	14.62
2015	11.6
2016	11.3
2017	10.47
2018	9.2
2019	8.63

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

Fare Structure - December 31, 2019

	Dial-A-Ride	Fixed Route	Local Commuter Express
Regular Adult Fare	\$ 10.00	\$ 1.75	\$ 3.75
Citizens with Buckeye or Medicare Cards (Senior citizens and those with disabilities)	2.50	0.75	N/A
Children ages 2-12	2.50	0.75	N/A
Children under 2	FREE	FREE	N/A
Monthly Pass	N/A	N/A	135.00
All Day Pass - Fixed Route			
Seniors and Disabled	N/A	2.00	N/A
Regular Fare	N/A	\$ 4.00	N/A
Electronic Fare Boxes accept cash/fare media - will return value card if excess cash is deposited			
Transfers	N/A	FREE	FREE

**LAKETRAN
LAKE COUNTY, OHIO
REVENUES AND OPERATING ASSISTANCE
COMPARISON TO INDUSTRY TREND DATA – LAST TEN YEARS
(expressed in percent)**

Transportation Industry (1)

Year	Operating and Other Miscellaneous Revenue			Operating Assistance			Total Revenues
	Fares	Other	Total	Federal	State & Local	Total	
2009	31.5	12.4	43.9	8.2	47.9	56.1	100.0
2010	32.1	11.9	44.0	9.4	46.6	56.0	100.0

Laketran:

Year	Operating and Other Miscellaneous Revenue			Operating Assistance			Total Revenues
	Fares	Other (2)	Total	Federal	State & Local (3)	Total	
2010	11.4	(2.1)	9.3	44.7	46.0	90.7	100.0
2011	11.5	(1.5)	10.0	20.0	70.0	90.0	100.0
2012	14.6	0.9	15.5	21.6	62.9	84.5	100.0
2013	13.4	(0.1)	13.3	29.9	56.8	86.7	100.0
2014	14.1	1.2	15.3	25.5	59.2	84.7	100.0
2015	14.0	0.6	14.6	26.6	58.8	85.4	100.0
2016	11.6	0.4	12.0	43.0	45.0	88.0	100.0
2017	15.6	0.4	16.0	23.2	60.8	84.0	100.0
2018	13.3	3.1	16.4	33.4	50.2	83.6	100.0
2019	14.8	3.2	18.0	20.8	61.2	82.0	100.0

- (1) Source: **2012 Public Transportation Fact Book**, table 63. This book contains data through 2010 which is the latest available.
- (2) Other miscellaneous revenue includes advertising, interest income and other non-operating income.
- (3) State and local operating assistance includes sales tax, operating grants, and special fare assistance.

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING EXPENSES
COMPARISON TO INDUSTRY TREND DATA – LAST TEN YEARS
(expressed in percent)**

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

Year	Salaries and Wages	Fringe Benefits	Services	Materials and Supplies	Utilities	Casualty and Liability	Purchased Transportation	Other Expenses	Total Expenses
2009	38.2	26.7	6.6	11.3	3.5	2.3	14.0	(2.6)	100.0
2010	37.8	27.4	6.6	10.7	3.4	2.6	13.8	(2.3)	100.0

Laketran:

Year	Salaries and Wages	Fringe Benefits	Services	Materials and Supplies	Utilities	Casualty and Liability	Purchased Transportation	Other Expenses	Total Expenses
2010	42.6	27.8	6.4	10.7	1.2	4.9	5.2	1.2	100.0
2011	42.0	28.2	5.0	11.7	1.4	4.5	6.0	1.2	100.0
2012	40.6	28.4	6.1	12.0	1.2	4.0	6.1	1.6	100.0
2013	40.2	25.6	5.9	14.1	1.4	3.9	6.0	2.9	100.0
2014	42.3	26.3	6.1	15.2	1.6	3.8	2.1	2.6	100.0
2015	42.3	23.9	8.1	16.0	1.5	3.7	2.0	2.5	100.0
2016	45.2	28.0	8.0	9.6	1.5	3.1	2.0	2.6	100.0
2017	40.1	34.3	7.4	10.2	1.5	2.4	1.7	2.4	100.0
2018	41.6	32.0	7.4	11.1	1.2	2.8	1.7	2.2	100.0
2019	34.6	40.9	6.6	7.9	1.2	5.8	1.4	1.6	100.0

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

(2) Excludes depreciation expense

(3) No information available after 2010.

**LAKETRAN
LAKE COUNTY, OHIO
SALES TAX REVENUE
LAST TEN YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales Tax Revenue	\$ 7,294,636	\$ 7,759,654	\$ 7,869,357	\$ 8,152,976	\$ 8,592,079	\$ 8,890,398	\$ 9,291,442	\$ 9,281,207	\$ 9,504,880	\$ 9,615,330
Population *	236,775	236,775	236,775	230,041	229,857	229,230	229,245	230,041	230,117	230,514
Sales Tax Per Capita	\$ 30.81	\$ 32.77	\$ 33.24	\$ 35.44	\$ 37.38	\$ 38.78	\$ 40.53	\$ 40.35	\$ 41.30	\$ 41.71

*Population - suburbanstats.org
OHIO.gov

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>System Ridership</u>										
Motor Bus (directly operated)	459,318	491,298	530,252	502,092	496,030	475,320	473,310	463,609	452,456	433,679
Dial-A-Ride (directly operated)	202,650	191,708	189,001	182,824	227,565	243,346	260,500	261,810	268,911	271,877
Dial-A-Ride (contract service)	49,639	59,577	61,339	67,776	31,977	32,444	29,882	29,762	25,711	21,990
<u>Average Dial System Ridership</u>										
Motor Bus (directly operated)	1,837	2,164	2,093	2,076	1,758	1,835	1,842	1,818	1,523	1,623
Dial-A-Ride (directly operated)	826	738	727	793	837	932	1,010	853	905	1,020
Dial-A-Ride (contract service)	90	237	147	265	124	128	116	116	104	86
<u>Average Daily Vehicle Miles operated</u>										
Motor Bus (directly operated)	7,649	4,422	4,066	4,398	4,463	4,465	4,514	4,504	4,380	4,442
Dial-A-Ride (directly operated)	4,255	7,399	7,316	7,381	8,211	9,118	9,915	8,601	10,096	10,181
Dial-A-Ride (contract service)	645	1,140	1,068	1,301	269	298	259	252	229	215
<u>Revenue Miles</u>										
Motor Bus (directly operated)	717,503	756,988	760,577	778,583	781,349	804,284	856,648	843,652	856,121	886,763
Dial-A-Ride (directly operated)	1,613,980	1,592,586	1,583,745	1,599,600	1,937,517	2,120,358	2,315,442	2,326,700	2,292,847	2,312,091
Dial-A-Ride (contract service)	188,623	232,873	227,344	272,074	62,206	68,773	60,414	57,475	53,424	50,017

Source: Laketrans Section 15 Statistics Report

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS
(CONTINUED)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Passenger Miles</u>										
Motor Bus (directly operated)	6,008,030	6,313,599	6,700,162	6,011,047	5,808,334	5,410,394	5,665,800	5,558,646	5,378,412	5,113,915
Dial-A-Ride (directly operated)	2,198,455	2,016,312	1,910,889	2,417,184	2,244,900	2,413,977	2,572,199	2,550,249	2,541,302	2,590,782
Dial-A-Ride (contract service)	340,665	451,087	540,101	562,966	175,983	178,442	164,351	163,691	141,410	120,945

Source: Public Transportation Fact Book

**LAKETRAN
LAKE COUNTY, OHIO
OPERATING STATISTICS
LAST TEN YEARS
(CONTINUED)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Energy Consumption</u>										
Motor Bus										
Gallons of diesel	97,880	117,162	183,572	182,348	189,663	195,245	203,505	196,924	199,889	197,396
Gallons of natural gas	1,561	0	0	0	0	0	0	0	0	0
Gallons of purinox	0	0	0	0	0	0	0	0	0	0
Gallons of Gas	0	0	4,593	3,841	3,777	3,764	3,836	5,565	10,612	7,688
Dial-A-Ride										
Gallons of diesel	189,984	176,156	192,770	199,247	195,555	212,282	232,899	228,995	230,025	187,938
Gallons of purinox	0	0	0	0	0	0	0	0	0	0
Gallons of Gas	0	0	10	4,870	10,268	6,895	10,157	9,291	14,562	20,915
Gallons of Propane	0	0	0	0	0	0	0	876	14,541	91,447
<u>Fleet Requirement</u>										
Motor Bus (directly operated)	24	24	25	25	26	25	25	25	27	27
Dial-A-Ride (directly operated)	75	75	75	53	60	72	73	71	68	67
Dial-A-Ride (contract service)	6	6	6	8	0	0	0	0	0	0
<u>Total Active Vehicles</u>										
Motor Bus (directly operated)	38	40	38	40	40	40	40	40	38	39
Dial-A-Ride (directly operated)	76	74	79	66	75	75	80	86	88	97
Dial-A-Ride (contract service)	9	11	11	11	0	0	0	0	0	0
Van Pool (contract service)	0	0	0	0	0	0	0	0	0	0

*2010 - stopped CNG early in year (January 2010) - Replaced by New Flyers - Diesel

Source: Financials and Ohio Department of Development

**LAKETRAN
LAKE COUNTY, OHIO
FULL-TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Administration</u>										
General Manager	1	1	1	1	1	1	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Director of Finance	1	1	1	1	1	1	1	1	1	1
Procurement and Grant Specialist	1	1	1	1	1	1	1	1	1	1
Director of Human Resources	1	1	1	1	1	1	1	1	1	1
Human Resources Specialist	0	0	0	0	0	1	1	1	1	1
Director of Communications	1	1	1	1	1	1	1	1	1	1
Communications Specialist	0	0	0	0	0	0	1	1	1	1
Accountant/Budget Analyst	0	1	1	1	1	1	1	1	1	1
Administrative Secretary	1	0	0	0	0	0	0	0	0	0
Finance Clerk	1	1	1	1	1	1	1	1	1	1
Information Specialist	0	0	0	0	0	0	0	0	0	0
Customer Outreach Specialist	1	1	0	1	1	1	1	1	1	1
Total Administrative	9	9	8	9	9	10	11	11	11	11

Source: Operations Department stats

**LAKETRAN
LAKE COUNTY, OHIO
FULL-TIME EQUIVALENT EMPLOYEES
LAST TEN YEARS
(CONTINUED)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Maintenance</u>										
Director of Maintenance	1	1	1	1	1	1	1	1	1	1
Assistant Director of Maintenance	1	1	1	1	1	1	1	1	1	1
Parts Clerk	0	0	1	1	1	1	1	1	1	1
Mechanic I	6	7	6	6	7	7	6	6	3	4
Mechanic II	1	1	1	1	1	1	2	2	7	6
Hostlers	5	4	4	3	3	3	3	3	4	3
Total Maintenance	<u>14</u>	<u>14</u>	<u>14</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>17</u>	<u>16</u>
<u>Operations</u>										
Director of Operations	1	1	1	1	1	1	1	1	1	1
Assistant Director of operations	0	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	2
Dispatchers/Schedulers	5	4	5	5	5	5	5	7	7	7
Clerk Receptionist	1	1	1	0	1	1	1	1	1	1
custmoer Service Supervisor	1	1	1	1	1	1	1	1	1	1
Customer Service Representatives	5	7	7	7	7	7	7	7	8	8
Road Supervisors	3	3	4	4	4	4	4	4	5	5
Trainer	0	0	0	0	0	1	1	1	1	1
Drivers	128	99	95	133	135	144	139	155	153	136
Total Operations	<u>145</u>	<u>118</u>	<u>115</u>	<u>151</u>	<u>156</u>	<u>165</u>	<u>161</u>	<u>179</u>	<u>179</u>	<u>163</u>
Grand Total	<u>168</u>	<u>141</u>	<u>137</u>	<u>173</u>	<u>179</u>	<u>189</u>	<u>186</u>	<u>204</u>	<u>207</u>	<u>190</u>

Source: Operations Department stats

**LAKETRAN
LAKE COUNTY, OHIO**

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
2010	230,041	1.11
2015	229,602	(0.19)
2020 Projection	233,290	1.61
2030 Projection	232,305	(0.42)

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

Age and Population Distribution - 2019

	<u>Age</u>	<u>Percentage</u>
Under 5	11,295	4.9
Under 18	46,103	20.0
18-64	127,013	55.1
65 and Over	46,103	20.0
Total	230,514	100.0

Source: quickfacts.census.gov

**LAKETRAN
LAKE COUNTY, OHIO**

LAKE COUNTY DEMOGRAPHICS

Population By Race - 2019 Estimate

<u>Race</u>	<u>Total</u>	<u>Percentage</u>
White	207,462	90.0
African American	9,220	4.0
Two or more races	2,305	1.0
Asian	2,305	1.0
Latino/Other	9,220	4.0
Native American	2	0.0
Total	230,514	100.0

Source: development.ohio.gov

Largest Populations in the County

Mentor	46,901
Willoughby	22,631
Eastlake	18,232
Painesville	19,776
Madison Township	15,599
Concord Township	18,245
Painesville Township	16,900
Willowick	13,957
Wickliffe	12,545
Willoughby Hills	9,382

Source: quickfacts.census.gov

LAKETRAN

LAKE COUNTY, OHIO



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OHIO AUDITOR OF STATE KEITH FABER



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 4, 2020